



CITY OF MERCER ISLAND

CITY COUNCIL REGULAR HYBRID MEETING

Tuesday, December 02, 2025 at 5:00 PM

MERCER ISLAND CITY COUNCIL:

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

LOCATION & CONTACT:

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

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

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

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

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

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

- **Telephone:** Call 253.215.8782 and enter Webinar ID 828 8087 8690 and Password 730224
- **Zoom:** Click this [link](#) (Webinar ID 828 8087 8690; 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

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL

SPECIAL BUSINESS

1. AB 6828: Oath of Office for Councilmember Julie Hsieh

Recommended Action: No action necessary.

2. AB 6829: Recognition of Salim Nice's Service on the Mercer Island City Council (Resolution No. 1687)

Recommended Action: Approve Resolution No. 1687 acknowledging and commending Salim Nice's service on the Mercer Island City Council and his contributions to the Mercer Island community.

CLOSED RECORD HEARING (QUASI-JUDICIAL MATTER)

3. AB 6827: Rezone (RZN25-001) for Two City-Owned Properties Located at 9601 and 9611 SE 36th St (Ordinance No. 25C-29)

Recommended Action:

1. Adopt the Planning Commission's recommendation and adopt findings for the criteria for a reclassification of property consistent with the Planning Commission's findings, [as shown/as amended] in Exhibit A to Ordinance No. 25C-29.

2. Suspend City Council Rules of Procedure 6.3 requiring a second reading of Ordinance No. 25C-29. (Requires 2/3 majority of the City Council.)
3. Adopt Ordinance No. 25C-29 to reclassify parcel numbers 2655500075 and 2655500185 from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI).

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

4. AB 6821: November 25, 2025 Payroll Certification

Recommended Action: Approve the November 25, 2025 Payroll Certification in the amount of \$992,406.48 and authorize the Mayor to sign the certification on behalf of the entire City Council.

5. AB 6822: Certification for Claims Paid October 31, 2025 through November 15, 2025

Recommended Action: Approve the October 31, 2025 through November 15, 2025 Accounts Payable Certification of Claims in the amount of \$5,431,244.12 and authorize the Mayor to sign the certification on behalf of the entire City Council.

6. City Council Regular Hybrid Meeting Minutes of November 18, 2025

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of November 18, 2025.

7. AB 6823: Amendments to the Historical Designation Criteria in MICC 16.01.030 to Comply with HB 1576 (Ordinance No. 25C-28 Second Reading)

Recommended Action: Adopt Ordinance No. 25C-28 related to historical designation criteria in MICC 16.01.030.

8. AB 6824: 2026 Fee Schedule Adoption

Recommended Action: Approve Resolution No. 1685 adopting the 2026 Fee Schedule.

9. AB 6825: Code Amendments to Chapter 10.22 MICC Impounding (Ordinance No. 25C-32)

Recommended Action: Adopt Ordinance No. 25C-32, amending Title 10 of the Mercer Island City Code, as presented in Exhibit 1.

10. AB 6826: Seattle Public Utilities Water Supply Contract Amendment

Recommended Action: Authorize the City Manager to execute the amended Seattle Public Utilities Water Supply Contract, substantially in the form attached as Exhibit 1 to this AB, and to execute future technical non-substantive amendments to the Contract deemed by the City Manager to be in the best interest of the City.

REGULAR BUSINESS

11. AB 6830: Police Technology Upgrades

Recommended Action:

1. Place the Flock Pilot Program on hold and re-appropriate \$15,000 to replace the police in-car camera systems.
2. Authorize the City Manager to negotiate and execute a contractual service agreement to procure an in-car DVR system and a digital evidence management system and appropriate \$85,710 from the police in-car camera replacement reserve in the Technology and Equipment Fund (330).

OTHER BUSINESS

[12.](#) Planning Schedule

13. Councilmember Absences & Reports

ADJOURNMENT



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6828
December 2, 2025
Special Business

AGENDA BILL INFORMATION

TITLE:	AB 6828: Oath of Office for Councilmember Julie Hsieh	<input checked="" type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	No action necessary.	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	City Council
STAFF:	Ali Spietz, Chief of Administration Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	n/a
CITY COUNCIL PRIORITY:	n/a

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

EXECUTIVE SUMMARY

Pursuant to Chapter 35A.13 RCW (which governs optional municipal code cities under the Council-Manager plan of government), the Mercer Island City Code, and the City Council Rules of Procedure, newly elected and/or re-elected Councilmembers are sworn into office at the first Council meeting of the year, or upon certification of the election if filling a partial term.

BACKGROUND

Councilmember Jake Jacobson passed away on March 30, 2025, leaving Position No. 7 vacant. Staff notified King County Elections of Mr. Jacobson's passing on March 31, 2025.

When a City Council vacancy occurs, Washington State law outlines the conditions under which the position must appear on the General Election ballot. Key factors include the timing of the vacancy and whether the position was already scheduled for election that year.

State law requires that if, prior to the first day of the regular candidate filing period, a vacancy occurs in an office that is not scheduled to appear on the general election ballot, valid declarations of candidacy for that office will be accepted during the regular candidate filing period (see [RCW 42.12.040\(1\)](#)). King County Elections gave notice of the vacancy, and the notice included the date, time and place for filing declarations of

candidacy. Since the vacancy occurred before the first day of the regular candidate filing period, Position No. 7 appeared on the November 2025 General Election ballot.

In the interim, the City Council appointed Daniel Becker to fill the vacancy until the certification of the General Election. Mr. Becker ran for a different City Council position (Position No. 2) and was elected. He will be sworn into that position in January.

ISSUE/DISCUSSION

OATH OF OFFICE

In November 2025, Julie Hsieh (Position No. 7) was elected by the voters of Mercer Island to serve on the City Council. General Election results were certified on November 25, 2025. Ms. Hsieh will serve the remainder of the term for Position No. 7 until December 31, 2027.

The swearing-in ceremony will be conducted by the City Clerk who will administer the oath of office. Councilmember Hsieh will be asked to repeat the following:

I, _____, do solemnly swear that I will support the constitution of the United States of America, the laws of the State of Washington, and all local ordinances, and that I will faithfully and impartially perform and discharge the duties of the office of City of Mercer Island, Council Position No. ____ according to the law and to the best of my ability.

Each Councilmember is required to sign the oath of office and will receive their Certificates of Election as provided by King County Elections. The City clerk will record the signed oath of office with King County Recorder's Office.

RECOMMENDED ACTION

No action necessary.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6829
December 2, 2025
Special Business

AGENDA BILL INFORMATION

TITLE:	AB 6829: Recognition of Salim Nice's Service on the Mercer Island City Council (Resolution No. 1687)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Resolution No. 1687 acknowledging and commending Salim Nice's service on the Mercer Island City Council and his contributions to the Mercer Island community.	

DEPARTMENT:	City Attorney
STAFF:	David Rosenbaum, Deputy Mayor Andrea Larson, City Clerk
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Resolution No. 1687
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 recognize and memorialize Salim Nice's contributions to the Mercer Island community by serving on the City Council in Resolution No. 1687 (Exhibit 1).

BACKGROUND

Salim Nice has served the Mercer Island community with distinction in public office as a member of the Mercer Island City Council since July 2017. Salim's leadership qualities were recognized by the City Council when he was elected Deputy Mayor for 2018-2019 and subsequently as Mayor in 2022 through present.

Mayor Nice has served as a City Council liaison on numerous local and regional groups. Mayor Nice was deeply engaged in advocating for Mercer Island during state legislative sessions in Olympia, developing strong relationships with not only the City's legislative delegation, but also organizing regional mayors to increase local government participation in the legislative process.

Mayor Nice will be remembered for his unwavering dedication to the community, his joy in celebrating community efforts and events, fulfilling his mayoral duties with passion and grace, and the quickest meetings in Mercer Island's history!

RECOMMENDED ACTION

Approve Resolution No. 1687 acknowledging and commending Salim Nice's service on the Mercer Island City Council and his contributions to the Mercer Island community.

RESOLUTION OF ACKNOWLEDGEMENT AND COMMENDATION FOR SALIM NICE'S SERVICE TO THE MERCER ISLAND COMMUNITY

WHEREAS, Salim Nice has served the Mercer Island community with distinction in public office as a member of the Mercer Island City Council since July 2017. Salim's leadership qualities were recognized by the City Council when he was elected as Deputy Mayor for 2018-2019 and subsequently as Mayor in 2022 through present.

During Mayor Nice's two terms in office, the City Council has met 238 times, adopted 212 Ordinances and 151 Resolutions, and reviewed over 1,500 agenda bills on a wide variety of topics. These are citywide accomplishments from Mayor Nice's tenure on the City Council:

- Served on the City Council during the Global COVID-19 Pandemic
- Ensured that over \$7 million in federal stimulus funds were invested locally, which includes over \$5 million in public infrastructure and over \$1 million in human services.
- Freeman Avenue Reconstruction
- Established a full-time Sustainability Analyst and Sustainability Program
- Adoption of Residential Development Standards and Tree Code Update
- Implementation of First/Last Mile Solutions – Lyft, Uber, and LimeBike Pilot Projects
- Implementation of Metro's Route 630
- Critical Areas Ordinance Update
- Code Compliance Program Update
- Partnership and joint project with MISD for turf replacement at the South Mercer Playfields.
- Adoption of the solid waste contract with Recology
- Creation of the Parks & Recreation Commission
- Purchase and sale agreement for the Tully's/BP ARCO Site
- Appointment of City Manager Jessi Bon
- Authorization for installation of Mobile Automatic License Plate Readers for traffic enforcement.
- Reset for programs and services offered by the Recreation Division and at the Mercer Island Community & Event Center.
- Prairie of Possibilities temporary art event
- Establishment of Illuminate MI and Juneteenth Celebrations
- 5600 East Mercer Way Landslide Repairs
- Emergency Response Plan and Water System Plan Update
- Update of Financial Management Policies
- Authorization to hire two additional police officers to focus on the bus intercept / Town Center area.
- Modernized policies to effectively recover service costs from partner jurisdictions.
- Kirk Robinson Skate Park Dedication
- Parks, Recreation, and Open Space (PROS) Plan Adoption
- Adoption of Town Center Retail Requirements related to ground floor commercial requirements.
- Invested in modern financial software, improving organization functions and reporting.
- Climate Action Plan Adoption
- Special Event Sponsorship Policy, Parks Naming Policy, and Sponsorship Policy
- ADA Transition Plan Adoption
- 2022 Parks Levy renewal
- Creation of the Bike Skills Area and first Councilmember to take a lap.
- Permanent closure of City Hall.
- Led through 2023 water supply emergency water valve replacement, serving as on-site contact with SPU crews as well as city photographer and videographer.
- Transition to a regional fire services model and partnership with Eastside Fire & Rescue.
- 2024-2044 Comprehensive Plan Adoption
- 2023, 2024, 2025, and 2026 Comprehensive Plan and Code Amendment Docket Adoption
- Led through the 2024 water transmission pipe leak emergency and conservation that lasted 120 days.
- Adoption of Town Center Parking Study
- Reconstitution of the Planning Commission
- Interlocal Agreement with MISD for enrollment of City employee's children/dependents.
- Facility Condition Assessments for all City facilities

- Permanent ban on fireworks on Mercer Island
- Addition of the Childhood Cancer Awareness Proclamation to the standing yearly proclamation list.
- Championed response to Fentanyl crisis by linking YFS with DEA.
- Adoption of Proclamation No. 339 adopting the IHRA definition of Antisemitism
- Joined forces with Emergency Management Volunteers and City staff to go door-to-door to check on residents during the 2024 November Bomb Cyclone windstorm
- Creation of Parks Zone and Open Space Zone
- Support of YFS community needs assessment
- Dissolution of the Design Commission
- Compensation Plan with first-ever position classification and salary schedule to attract and retain top talent.
- Marine Patrol Vessel Replacement
- Acquisition of the 9655 Building
- Town Center Parking Regulations
- Adoption of Shopping Cart regulations
- East Mercer Way Emergency Water Main Replacement
- Adoption of E-motorcycle regulations
- Jake Jacobson Pickleball Courts Dedication
- Authorization to Replace Fire Apparatus
- Omnibus Legislation Adopting Regulations Related to Housing Production and Permit Streamlining.

During Mayor Nice's two terms in office, the City Council prioritized making once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks. Here are some of the infrastructure accomplishments from his tenure:

- SE 42nd Street and SE 28th Street Trail Improvements
- 81st Ave SE Backyard Sewer Access Manhole Improvements
- Sewer Basin 40 Inflow and Infiltration Study
- Phase 3 Air Vac Valve Upgrades
- SE 40th Street Corridor Improvements
- Arterial and Residential Street Resurfacing
- Sewer & Water Supervisory Control and Data Acquisition (SCADA) Master Plan
- Cure in Place Pipe Sewer Lining
- Fire Hydrant Replacements
- Water System Improvements
- Watercourse Conditions Assessments
- Aubrey Davis Park Master Plan Adoption
- Drainage System Extensions
- East Mercer Way Asphalt Overlays
- Pump Stations Generator Replacements
- Water SCADA System Upgrade
- I-90 Trail Crossing at West Mercer Way
- Reservoir Variable Frequency Drive Replacements
- Water Conveyance System Assessment
- Mercerdale Park Playground Renovation
- Booster Chlorination System
- East and West Mercer Way Trenchless Culvert Replacements.
- Sewer Pump Station Condition Assessment
- Basin 40 Sewer Lining Phase 1 and 2
- Sunset Highway & 77th Ave Intersection Improvements
- 76th Ave SE Mid-Block Crosswalk
- Asbestos-Cement (AC) Pipe Replacement Program
- Island Crest Way Corridor Improvements Analysis & Design
- North and South Reservoir Improvements
- Water Meter Replacement and Advanced Metering Infrastructure Program
- Reservoir Emergency Generator Replacement
- Booster Pump Station Pump Motor Assessment and Design
- Stormwater Trunkline Condition and Capacity Assessments
- Sewer SCADA System Replacement
- Pump Station Access Road Improvements, Generator Replacement, and R&R Assessment
- Special Catch Basin Rehabilitation
- Luther Burbank Park South Shoreline Trail Improvements and Shoreline Restoration
- Luther Burbank Park Dock Waterfront Improvements
- Aubrey Davis Park Trail Safety Improvements
- Clarke And Groveland Beach Parks Joint Park Planning
- Pressure Reducing Valve Replacement Program
- Town Center Sewer System Model
- Reservoir Booster Pump Station Pump Replacements
- Luther Burbank Park Boiler Building Seismic Retrofit
- Luther Burbank Sport Courts Renovation
- Island Crest Park Infield Turf Replacement

- 80th Ave SE Pedestrian Improvements
- Traffic Signal Safety Improvements
- Island Crest Way Crosswalk Improvements
- Water Supply Line Replacement Project
- Roanoke Park and First Hill Park Playground Replacements
- Reservoir Facility Security Improvements
- Water System Regulatory Compliance Plan Updates
- First Hill Generator Replacement
- Stormwater System Improvements
- Watercourse stabilization projects
- Island Crest Way Corridor Improvements – Shared Use Path Phase 1
- Mercer Ways Roadside Shoulder Improvements
- Launch of Sewer Lake Line Program to assess capacity and condition
- Ongoing ADA Transition Plan Implementation
- Construction of Town Center Parking Area

In addition, Mayor Nice has served as a City Council liaison for the:

- Arts Council (2017-2021, 2025)
- Disability Board (2023)
- Sustainability Committee (2018-2021)
- MISD PTA Advocacy Committee (2017)

Regionally, Mayor Nice has served on the Eastside Transportation Partnership (2017, 2022-2024), Renton Airport Advisory Committee (2018-2022), WRIA 8 Salmon Recovery Council (2017-2019), Safe Energy Leadership Alliance (2023-2025), and King County Growth Management Planning Council (2020-2025).

Statewide, Mayor Nice was deeply engaged in advocating for Mercer Island during state legislative sessions in Olympia, developing strong relationships with not only the City's legislative delegation, but also organizing regional mayors to increase local government participation in the legislative process. Mayor Nice testified virtually or in writing over 100 times on bills in Olympia, led the City in hiring lobbyists in Olympia to expand Mercer Island's influence, and helped secure a total of \$4.7 million dollars in state funding for Luther Burbank Park waterfront improvements and the new Mercer Island Water Supply Pipeline.

Mayor Nice will be remembered for his unwavering dedication to the community, his joy in celebrating community efforts and events, fulfilling his mayoral duties with passion and grace, and chairing the quickest meetings in Mercer Island's history—an achievement of such efficiency that may stand as the City's unofficial land-speed record, and one we sincerely hope continues!

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Mercer Island, on behalf of its residents, the City Council commends Salim Nice for his long-tenured and distinguished public service and extends its sincerest thanks and appreciation for his time and many significant contributions to Mercer Island over the past eight and a half years.

APPROVED this 2nd day of December 2025.

David Rosenbaum, Deputy Mayor

ATTEST:

Andrea Larson, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6827
December 2, 2025
Closed Record Hearing

AGENDA BILL INFORMATION

TITLE:	AB 6827: Rezone (RZN25-001) for Two City-Owned Properties Located at 9601 and 9611 SE 36th St (Ordinance No. 25C-29)	<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:	<ol style="list-style-type: none"> 1. Affirm the Planning Commission's recommendation and adopt findings for the criteria for a reclassification of property consistent with the Planning Commission's findings, as shown in Exhibit 1. 2. Suspend City Council Rules of Procedure 6.3 requiring a second reading of Ordinance No. 25C-29. 3. Adopt Ordinance No. 25C-29 to reclassify parcel numbers 2655500075 and 2655500185 from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI). 	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning and Development Director Molly McGuire, Senior Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	<ol style="list-style-type: none"> 1. Planning Commission Recommendation 2. RZN25-001 Staff Report 3. Ordinance No. 25C-29
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 consider the Planning Commission's recommendation to approve the reclassification of the two City-owned parcels to the Public Institution (PI) zone. The two City-owned properties are identified by parcel numbers 2655500075 and 2655500185, also known as the City Hall and Public Works Maintenance and Operations properties. The properties are currently zoned Commercial Office (C-O) and Single-Family Residential (R-8.4) and designated "Public Facility" in the City's Comprehensive Plan. If the rezone is adopted by the City Council, the properties would be zoned Public Institution (PI).

- On September 16, 2025, the City Council directed the City Manager to apply for the reclassification of two City-owned properties from C-O and R-8.4 to (PI) to the Community Planning and Development (CPD) Department.
- CPD received the application on September 17, 2025 and the application was determined to be complete for processing on September 19, 2025.
- Four public comments were received during the public comment period and are included in the Staff Report in Exhibit 3. Two additional public comments from Matt Goldbach and Pat McGugen were received during the public hearing on November 19, 2025.
- State law requires that site specific reclassifications of property (rezones) must be reviewed and decided through quasi-judicial proceedings.
- On November 19, 2025 the Planning Commission held a public hearing and reviewed the rezone application for compliance with the criteria in MICC 19.15.240(C). The Planning Commission adopted findings for each of these criteria and made a recommendation to the City Council to approve the reclassification of the two City-owned properties.
- The complete record consists of the [application materials found in the City's public file database](#), the materials in the November 19, 2025 Planning Commission [agenda packet](#), and [video of the proceedings](#) available on the City's Planning Commission webpage.

BACKGROUND

Summary of the Application

On September 16, 2025, the City Council directed the City Manager to apply for the reclassification of two City-owned properties from C-O and R-8.4 to (PI) to the Community Planning and Development (CPD) Department ([AB 6779](#)). On September 17, 2025, CPD received an [application](#) for the reclassification (rezone) of two City-owned properties from the Public Works Department on behalf of the City Manager's Office. The application was determined to be complete on September 19, 2025 and a combined Notice of Application, Notice of Public Hearing, and intent to issue a SEPA Determination of Non-Significance ("Notice") was issued consistent with the procedures in MICC 19.15.260.

The Notice was published in the City's Weekly Permit Bulletin, mailed to properties within 300 feet of the subject properties, and two signs were posted on-site visible from the public right-of-way on September 29, 2025. The Notice was also published in the Mercer Island Reporter on October 1, 2025. Four public comments were received during the public comment period and are included in Exhibit 2 and two additional public comments were received during the public hearing on November 19, 2025. These additional public comments are documented in the Issue/Discussion section below. CPD issued a SEPA Determination of Non-Significance (DNS) on November 3, 2025. The appeal period closed on November 17, 2025 at 5:00PM; no appeals were filed.

Quasi-Judicial Review

State law requires that site specific reclassifications of property (rezones) be reviewed and decided through quasi-judicial proceedings. The decision maker determines the legal rights, duties, or privileges of specific parties in a hearing in quasi-judicial proceedings. In this case, the decision makers are the Planning Commission and City Council, who will determine whether the City, as the applicant and owner of the parcels, has met the criteria for rezoning the properties.

As a quasi-judicial body, the City Council will be subject to the Appearance of Fairness Doctrine (“Appearance of Fairness”). The Appearance of Fairness requires the proceedings to be conducted in ways that are fair and unbiased, both in fact, as well as appearance. It prohibits the decision maker from prejudging the decision; being biased against a party; having a personal conflict of interest; and being partial in any other way.

Pursuant to MICC 19.15.260(B), the City Council shall consider the Planning Commission’s recommendation at a public meeting where it may adopt or reject the Planning Commission’s recommendations or remand the review back to the Planning Commission.

MICC 19.15.240 – Reclassification of property (rezones)

The City Council may approve a rezone only if all of the following criteria are met:

1. The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;
2. The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;
3. The proposed reclassification is an extension of an existing zone, or a logical transition between zones;
4. The proposed reclassification does not constitute an illegal site-specific rezone;
5. The proposed reclassification is compatible with surrounding zones and land uses;
6. The proposed reclassification does not adversely affect public health, safety and welfare; and
7. If a comprehensive plan amendment is required in order to satisfy subsection (C)(1) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

November 19, 2025 Public Hearing – Planning Commission

Consistent with practices of the Community Planning & Development (CPD) department, staff prepared a Staff Report containing staff findings on the consistency of the rezone application with the criteria in MICC 19.15.240(C). The Planning Commission reviewed this staff report during the November 19, 2025 public hearing. The Planning Commission also considered four written public comments submitted to the City, two verbal comments provided during the public hearing on November 19, 2025 (documented below) and testimony presented by the project applicant and CPD staff.

After reviewing all evidence in the record and closing the evidentiary record, the Planning Commission adopted findings generally consistent with the Staff Findings presented in the report (Exhibits 1 and 2). The Planning Commission made amendments by motion to the staff findings for criteria 2, 3, 5, and 6. These amendments were largely as a result of conversations regarding the mention of the Public Safety and Maintenance (PSM) Facility in the staff findings. The Planning Commission sought to generalize the findings that these criteria have been met for the purpose of constructing future “public facilities” through the adoption of this rezone, instead of limiting the findings to the narrow scope of the PSM Facility. Both the Applicant and Staff support the Planning Commission’s adopted findings to the criteria of approval for rezones.

Public Comments

- Written comment from Ryan Callahan and Jennifer Hart received September 30, 2025
- Written comment from Robert Johnson received October 8, 2025

- Written comment from State of Washington Department of Fish and Wildlife (WDFW) received October 23, 2025
- Written comment from Washington State Department of Ecology (Ecology) received October 31, 2025
- Verbal comment from Matt Goldbach voicing opposition to the proposed rezone received November 19, 2025
- Verbal comment from Pat McGugen voicing concerns regarding the development of the subject properties received November 19, 2025

Planning Commission Recommendation (Exhibit 2)

The Planning Commission made the following recommendation based on their adopted findings:

“Move to recommend that the City Council approve the reclassification of the two City-owned parcels to the Public Institution (PI) zone.”

The motion passed unanimously with a vote of 5-0. Recording of the proceedings before the Planning Commission is available here: [November 19, 2025 Planning Commission Special Hybrid Meeting](#).

ISSUE/DISCUSSION

Staff prepared a Staff Report which was presented to the Planning Commission on November 19, 2025, and contains staff findings on the consistency of the rezone application with the criteria in MICC 19.15.240(C) (Exhibit 2). The Staff Report also contains a recommendation to the Planning Commission stating:

“Staff reviewed the proposed application in accordance with the criteria for reclassifications of property (rezones). The staff report and findings are based on the application and all supplemental information. The Planning Commission shall consider the proposed amendment for conformance with the criteria listed in the applicable section, the comprehensive plan, and other applicable development standards. Staff recommend that the Planning Commission move to recommend approval of the proposed reclassification of property (rezone), City File Number RZN25-001.”

Quasi-Judicial Matter

Discussion and deliberation at the closed record meeting on December 2, 2025 should be limited to whether or not the proposed reclassification of the two City-owned properties, identified by parcel numbers 2655500075 and 2655500185, meet all of the criteria in MICC 19.15.240(C). The evidentiary record was made and concluded by the Planning Commission; the Council will now conduct a closed record review of the Planning Commission’s recommendation. With a closed record hearing, the Council must review only the information that was entered into the record. No additional new substantive information may be considered. The complete record consists of the [application materials found in the City’s public file database](#), the materials in [the November 19, 2025 Planning Commission agenda packet](#), and [the video of the Planning Commission proceedings](#) from the November 19, 2025 Planning Commission Special Hybrid Meeting available on the City’s Planning Commission webpage.

During the December 2, 2025 meeting, the City Council shall consider the Planning Commission’s recommendation. **The Council will review the Planning Commission findings related to the criteria for rezones in MICC 19.15.240.** The City Council may:

1. Adopt the Planning Commission's recommendation, including the adopted findings, as their own findings;
2. Adopt the Planning Commission's recommendation with amended findings; or
3. Reject the Planning Commission's findings and adopt their own findings.

Ordinance No. 25C-29

If the City Council takes action to adopt the Planning Commission recommendation to rezone the two City-owned properties, it must also adopt an ordinance to enact the rezone by amending the City's zoning map in MICC Title 19 Appendix D. Due to the quasi-judicial and closed record nature of this matter, staff recommend that the City Council waive City Council Rules of Procedure 6.3, requiring a second reading of an ordinance, and adopt the ordinance during first reading. Adoption of the ordinance at first reading completes the rezone, and avoids potential irregularities (e.g., ex-parte communication, or introduction of information that is not part the record) that might blemish the quasi-judicial closed record review process while the ordinance is pending a second reading.

Should the City Council adopt Ordinance No. 25C-29, the two City-owned properties identified by parcel numbers 2655500075 and 2655500185 will be rezoned from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI) as shown in Exhibit B to the Ordinance.

NEXT STEPS

Should the City Council vote to adopt the Planning Commission's recommendation and adopt Ordinance No. 25C-29, the City shall amend the zoning map to reflect the change in zoning designation. The City shall also indicate on the zoning map the number of the ordinance adopting the rezone. These changes will take effect 5 days after the publication of the ordinance.

RECOMMENDED ACTION

1. Adopt the Planning Commission's recommendation and adopt findings for the criteria for a reclassification of property consistent with the Planning Commission's findings, [as shown/as amended] in Exhibit A to Ordinance No. 25C-29.
2. Suspend City Council Rules of Procedure 6.3 requiring a second reading of Ordinance No. 25C-29. (Requires 2/3 majority of the City Council.)
3. Adopt Ordinance No. 25C-29 to reclassify parcel numbers 2655500075 and 2655500185 from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI).

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040

 PHONE: 206.275.7605 | www.mercerisland.gov


PLANNING COMMISSION

To: City Council
From: Dan Thompson, Planning Commission Chair
Date: November 19, 2025
Subject: Planning Commission Recommendation on the reclassification of two City-owned properties (RZN25-001)
Attachments: A. RZN25-001 Staff Report and Recommendation

On behalf of the Planning Commission, I am pleased to present this recommendation for the reclassification of two City-owned properties, identified by parcel numbers 2655500075 and 2655500185, also known as the City Hall and Public Works Maintenance and Operations properties. The properties are currently zoned Commercial Office (C-O) and Single-Family Residential (R-8.4) and designated "Public Facility" in the City's Comprehensive Plan. If the rezone is adopted by the City Council, the properties would be zoned Public Institution (PI).

The request includes a proposal for a site-specific amendment to the land use zoning designation. The site-specific nature of this request necessitated a separate, quasi-judicial review process for this item. On November 19, 2025, the Planning Commission held a public hearing and quasi-judicial review for the proposed reclassification of property (rezone) of two City-owned properties.

The proceedings began with the Assistant City Attorney asking Appearance of Fairness questions of each Commissioner to establish if any bias or conflicts of interest were present. None of the Commissioners identified anything that would bias their decision. Commissioner Nice identified a familial relationship to Mayor Nice for the record. All Commissioners affirmatively confirmed they could review and adjudge the proposal in a fair, objective, and unbiased manner. All participants at the public meeting were provided the opportunity to raise a challenge to the participation of any Commissioner based on appearance of fairness concerns and no challenges were raised.

The Planning Commission received for review four public comments that were submitted to the Planning Commission in advance of the public hearing. At the meeting, two additional public comments were provided. One was in opposition of the rezone due to concerns related to public noticing and compatibility with surrounding uses, and one was to voice concerns regarding the development of the site. The proponent of the reclassification application spoke to the proposal's compliance with the criteria for approval in MICC 19.15.240(C), followed by a

presentation from City staff on the Staff Report and Findings (Exhibit 1). The Planning Commission officially closed the record on the proposal.

In addition to the public comment and presentation, the Planning Commission considered the materials submitted by the applicant and the Staff Report dated November 19, 2025. In making its recommendation, the Planning Commission considered the criteria for approval of a rezone contained in MICC 19.15.240(C):

The City Council may approve a rezone only if all of the following criteria are met:

1. The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;
2. The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;
3. The proposed reclassification is an extension of an existing zone, or a logical transition between zones;
4. The proposed reclassification does not constitute an illegal site-specific rezone;
5. The proposed reclassification is compatible with surrounding zones and land uses;
6. The proposed reclassification does not adversely affect public health, safety and welfare; and
7. If a comprehensive plan amendment is required in order to satisfy subsection (C)(I) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

Findings

The Planning Commission adopted findings by motion for each of the seven criteria in MICC 19.15.240(C) for approval of a reclassification of property (rezone) during the November 19, 2025 quasi-judicial proceeding.

(C)(I): The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;

Planning Commission Finding: Both parcels are designated as Public Facility in the Future Land Use Map of the 2024 Mercer Island Comprehensive Plan, which was adopted on November 19, 2024 by Ordinance No. 24C-16. The Comprehensive Plan states that "[t]he public facility land use designation represents land within the City that is intended for public uses, including but not limited to schools, community centers, City Hall, and municipal services". Reclassifying these properties to the Public Institution (PI) zoning designation would directly align with the Public Facility Comprehensive Plan designation and would reflect both the current and planned public use of the properties.

The reclassification to the PI zone would support the development of a new Public Safety and Maintenance (PSM) Facility, which would replace the aging City Hall and Public Works buildings with a modern complex housing the City's Police Department, Emergency Department, Public Works Maintenance Operations, GIS, IT, and Customer Service staff. The City proposes to consolidate these services in a purpose-

built facility to ensure efficient land use and reliable delivery of essential public functions.

The proposal is consistent with the following Comprehensive Plan goals and policies:

Capital Facilities Element, Goal 1 – Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service. This goal calls for supporting essential public facilities that maintain community safety, health, and livability, directly aligning with the siting of the new PSM Facility.

Capital Facilities Element, Goal 2 – Plan for and replace aging and obsolete public buildings to ensure reliable and efficient delivery of essential services. The proposed replacement of City Hall and the Public Works buildings with the PSM Facility fulfills this goal by addressing outdated infrastructure and providing resilient, long-term civic facilities.

(C)(2): The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;

Planning Commission Finding: The purpose of the Mercer Island development code as set forth in MICC 19.01.010 is as follows:

The general purpose of this Code is to protect and promote health, safety, and the general welfare through the regulation of development within the city of Mercer Island.

To that end, this Code classifies the land within the city into various zones and establishes the use of land and nature of buildings within those zones; controls the form of plats and subdivisions; regulates the construction of commercial and residential structures; and protects critical and sensitive areas within the city.

The provisions of this Code are designed to consider light, air and access; to conserve and protect natural beauty and other natural resources; to provide coordinated development; to avoid traffic congestion; to prevent overcrowding of land; to facilitate adequate provisions for transportation, water, sewage, schools, parks and other public requirements; and to encourage the use of solar energy practices.

This Code is to be interpreted as a whole, in view of the purpose set out in this section.

If the general purpose of this development code conflicts with the specific purpose of any chapter of this development code, the specific purpose shall control.

The proposed reclassification achieves these purposes by implementing the Comprehensive Plan, which designates the subject properties as Public Facility intended for civic and institutional uses. The reclassification would promote health, safety, and welfare by enabling the construction of public facilities, which directly

supports public health and safety through daily operations in Police, Emergency Management, GIS, IT, and Public Works and Maintenance Operations.

Additionally, the proposed reclassification would apply a single zoning designation to both parcels, one of which is currently split-zoned. The reclassification would allow the all City-owned facilities on these parcels to be reviewed under clear, consistent, and well-established standards and reflect the expectations for civic development.

(C)(3): The proposed reclassification is an extension of an existing zone, or a logical transition between zones;

Planning Commission Finding: The proposed reclassification would be an extension of the existing Public Institution zoning designation, which covers the area between the north property lines of the subject parcels and the north side of I-90 (Exhibit 8). The reclassification would also provide a logical transition between zones:

Adjacent Zone	Parcel A	Parcel B
To the North	PI	PI
To the South	R-8.4 (Parcel B)	R-8.4
To the East	C-O (Parcel B)	C-O & R-8.4 (MF-2 beyond)
To the West	C-O	C-O & R-8.4

The applicant asserts that Parcel A fronts SE 36th St (zoned PI) to the north and is adjacent to C-O zoning, which is compatible with the PI zone given the shared emphasis on employment, service delivery, and larger building forms. Parcel B abuts SE 40th St to the south and is adjacent to R-8.4 zoning. The presence of steep slopes, streams, and wetlands along the east, south, and west borders of parcel B creates a natural buffer and logical transition between higher-intensity municipal uses and the low-density residential neighborhood. Rezoning the properties to PI would create a clear, predictable, and context-sensitive transition between commercial and residential areas while formalizing the long-established role of this site as Mercer Island's civic and operational hub.

(C)(4): The proposed reclassification does not constitute an illegal site-specific rezone;

Planning Commission Finding: The proposed rezone does not constitute an illegal site-specific rezone (spot zone) as the action is not an illegal spot zone. The subject properties are adjacent to SE 36th St, which is zoned PI. Past case law has determined that an illegal site-specific rezone (spot zone) singles out a small area from a larger area or district and specifically zones it for a use classification completely different and not in accord with the surrounding land, or the Comprehensive Plan and is not related to the general plan for the community as a whole. Decision makers must determine whether the zoning action bears a substantial relationship to the general welfare of the affected community.

An illegal spot zone would have some or all of the following characteristics:

1. Carves a small area out of a larger zoning district;

The parcels are adjacent to SE 36th St to the north, which is zoned PI. The proposed rezone would expand the existing PI zone to the south, and create two C-O zones to the east of west of the subject properties. The R-8.4 zones to the east, west, and south of Parcel B would be maintained. The proposed rezone would not isolate a small property within a larger zoning district or create an island of inconsistent zoning. Instead, rezone involves two contiguous, City-owned parcels that are adjacent to existing PI zoned property.

2. Allows uses of the smaller area that are inconsistent with uses allowed in the remaining larger zoning district;

The types of uses allowed in the PI and C-O zones are similar and both include government services and public and private schools. Public and private schools are also allowed in the single-family residential zones, and government services are allowed as a conditional use. The uses allowed in the PI zone are not inconsistent with the uses allowed in the remaining C-O and R-8.4 zoning districts.

3. Allows a use of the smaller area that is not in accord with the Comprehensive Plan;

The subject properties are designated Public Facility in the Comprehensive Plan. The uses allowed in the PI zone are in accord with the Public Facility Comprehensive Plan designation and are not inconsistent with the uses in the surrounding zoning districts.

4. Is merely for the private gain of one or a group of owners to the detriment of their neighbors without adequate public advantage or justification; and

The applicant asserts that the proposed rezone would confer no private gain and exists solely to support essential government operations. The proposed rezone would benefit the public by enabling the replacement of outdated municipal facilities. The rezone would not be detrimental to the neighborhood, as the properties have been consistently used as municipal services for decades. The proposed rezone would allow the properties to be developed in a manner that provides essential government services with greater coordination and efficiency between departments and, therefore, provides a greater benefit City wide.

5. Has no substantial relationship to the public health, safety, and general welfare.

The proposed rezone would directly support public health, safety and welfare by enabling the replacement of outdated municipal facilities with a modern Public Safety and Maintenance (PSM) Facility design to enhance the City's ability to deliver essential services. As discussed further below in Section 6, current municipal services are provided out of temporary facilities, which largely include remote offices, combining workspaces in existing buildings, and portable buildings. These facilities are inadequate and hinder the City's ability to provide essential services in an efficient manner. By enabling the City to construct a single, purpose-built facility to improve efficiency, strengthen emergency response, and ensure reliable delivery of essential public services,

the rezone would provide a benefit to the public health, safety, and general welfare of the City.

(C)(5): The proposed reclassification is compatible with surrounding zones and land uses;

Planning Commission Finding: The subject properties currently contain City Hall and the Public Works Maintenance and Operations facilities, both of which are long-standing civic uses that have coexisted compatibly with the adjacent residential and commercial areas for decades. The reclassification would formalize this civic use and align with the Mercer Island 2024 Comprehensive Plan Public Facility designation.

The applicant asserts that the proposed PI zone would be compatible with the C-O zone as both accommodate larger building forms, structured parking, and employment or service-related uses. Staff agree with this assertion. Both the C-O and PI zones allow similar uses at a similar scale. The adjacent R-8.4 zone is a low-density, single-family zone. Compatibility would be reinforced through site design standards.

The PI zone is intended to accommodate government and institutional uses and is applied in multiple locations across Mercer Island where public facilities are located adjacent to residential and commercial districts.

(C)(6): The proposed reclassification does not adversely affect public health, safety and welfare; and

Planning Commission Finding: The proposed rezone would directly support public health, safety and welfare by enabling the replacement of outdated municipal facilities with modern public facilities designed to enhance the City's ability to deliver essential services. The proposed rezone is consistent with the Public Facility designation in the Mercer Island 2024 Comprehensive Plan and would allow the City to consolidate Police, Emergency Management, GIS, IT, and Public Works Maintenance and Operations in a single, purpose-built facility which would improve service coordination, emergency response times, and overall operational efficiency and advance public safety and welfare. These services are currently provided out of temporary facilities, which largely include remote offices, combining workspaces in existing buildings, and portable buildings where the Police operate from the parking lot of City Hall. These facilities are inadequate and hinder the City's ability to provide essential public services in an efficient manner.

Additionally, the Comprehensive Plan Capital Facilities Element, Goal 1 is to ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of services. Providing essential public facilities that maintain community safety, health, and livability would implement this policy directive.

(C)(7): If a comprehensive plan amendment is required in order to satisfy subsection (C)(1) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

Planning Commission Finding: The proposed rezone does not require a Comprehensive Plan amendment. This criterion is not applicable.

Recommendation

After considerable discussion and deliberation, the Planning Commission approved the recommendation by a 5-0 vote:

The Planning Commission recommends that the City Council approve the reclassification of the two City-owned parcels to the Public Institution (PI) zone.



Dan Thompson
Planning Commission Chair

11-21-2025
Date



STAFF REPORT AND RECOMMENDATION

Reclassification of Property (Rezone) RZN25-001 – Exhibit 1

Project Number:	RZN25-001	
Project Name:	City of Mercer Island Public Works and City Hall Rezone	
Review Type:	Quasi-judicial	
Description:	A request for a reclassification of property (rezone) of two City-owned properties from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI). Both sites are designated as Public Facility in the City's Comprehensive Plan.	
Applicant/Owner:	City of Mercer Island / Kellye Hilde, City of Mercer Island Public Works Deputy Director	
Address:	9601 & 9611 SE 36th St, Mercer Island, WA 98040 King County Assessor tax parcel numbers: 965550-0185; 265550-0075	
Zoning Designation:	Commercial Office (C-O); Single-Family Residential (R-8.4)	
Staff Contacts:	Molly McGuire, Senior Planner Jeff Thomas, Director	
Key Project Dates:	Date of Application:	September 17, 2025
	Determined to be Complete:	September 19, 2025
	Notice of Application Bulletin Published:	September 29, 2025
	Notice of Application Mailed:	September 29, 2025
	Notice of Application Posted on Site:	September 29, 2025
	Comment Period Ended:	Close of Public Hearing on November 19, 2025
	Notice of Public Hearing Bulletin Published:	September 29, 2025
	Notice of Public Hearing Mailed:	September 29, 2025
	Notice of Public Hearing Posted on Site:	September 29, 2025
	Notice of Public Hearing Published in Mercer Island Reporter:	October 1, 2025
	Date of Open Record Public Hearing:	November 19, 2025 at approximately 6:00PM

Exhibits:

1. Staff Report, dated November 19, 2025
2. Development Application
3. Reclassification of Property Application
4. Project Narrative and Criteria Compliance Narrative
5. Title Report for 9601, dated August 25, 2025
6. Title Report for 9611, dated August 25, 2025
7. Vicinity Map
8. Zoning Map, generated by the City of Mercer Island on October 8, 2025
9. Existing and Proposed Zoning Map, generated by the City of Mercer Island on September 30, 2025
10. Transportation Concurrency Certificate (TCC25-018), issued by the City of Mercer Island on November 10, 2025
11. Determination of Complete Application, issued by the City of Mercer Island on September 19, 2025
12. RZN25-001 Combined Notice of Application and Notice of Public Hearing, dated September 29, 2025
13. RZN25-001 Mercer Island Reporter Publishing Proof, dated September 25, 2025
14. Public Comments
 - 14.1. Ryan Callahan and Jennifer Hart, received September 30, 2025
 - 14.2. Robert Johnson, received October 8, 2025
 - 14.3. State of Washington Department of Fish and Wildlife (WDFW), received October 23, 2025
 - 14.4. Washington State Department of Ecology (Ecology), received October 31, 2025
15. Applicant Response to Public Comments
16. SEPA Checklist, dated September 17, 2025
17. SEPA Determination of Nonsignificance, issued by the City of Mercer Island on November 3, 2025

I. APPLICATION OVERVIEW

1. Overview: The City of Mercer Island Public Works Department requests a zoning reclassification of property for two City-owned properties. Parcel A, located at 9611 SE 36th St, is where City Hall is currently located and is zoned Commercial Office (C-O). Parcel B, located at 9601 SE 36th St, is where the Maintenance and Operations buildings are currently located. Parcel B is split-zoned Single-Family Residential (R-8.4) and Commercial Office (C-O). Pursuant to MICC 19.01.040(G)(2), where a boundary between zones divides a lot into two or more pieces, the entire lot shall be deemed to be located in the first zone on the following list in which any part of the lot is located: R-15, R-12, R-9.6, R-8.4, MF-2L, MF-3, MF-2, OS, PI, PBZ, C-O, TC, and B;

therefore, Parcel B is deemed located in the R-8.4 zone. The proposed rezone would reclassify both properties to the Public Institution (PI) zoning designation.

2. Location: The subject properties are located at 9601 and 9611 SE 36th St, situated in the southeast quarter of Section 7, Township 25 north, and Range 5 west, in the City of Mercer Island, King County, WA 98040.
3. Access: Access to the subject properties is from SE 36th St off E Mercer Way.
4. Existing Conditions: Parcel A contains the City Hall building and a large parking lot with landscaped areas to the north and west sides of the existing building. This property contains seismic geologically hazardous areas and is encumbered by watercourse and wetland buffers from adjacent properties. Parcel B contains the Maintenance and Operations buildings and the Maintenance Shop Road forms a flagpole to SE 36th St, running to the west of Parcel A. This property also contains several critical areas, including seismic, potential slide, and erosion geologically hazardous areas, Type F and piped watercourses, and several Category IV wetlands in the vegetated area to the east of the existing buildings.

The 35,832 square foot City Hall building on Parcel A was constructed in 1957. The City Hall building has not been in use for several years. Parcel B contains two buildings, a 12,752 square foot office and garage service and repair building and a separate 2,480 square foot additional garage service and repair building. These buildings were constructed in 1981 and currently house 110 City employees.

5. Contact Information:

Project Contact:

Kellye Hilde, City of
Mercer Island Public
Works Deputy Director
9601 SE 36th St, Mercer
Island, WA 98040
(206) 275-7806

Applicant:

Same as project contact.

Engineer:

Civil: Justin Jones, JMJ
Engineering
905 Main St #200,
Sumner, WA 98390
(206) 596-2020

6. Terms Used:

Term:

Applicant

Proposed development
code amendment

Subject property, site

Refers to, unless otherwise specified:

Kellye Hilde, City of Mercer Island Public Works
Deputy Director

Reclassification of two City-owned properties from C-
O and R-8.4 to PI

The subject property or site where the proposed
development is located as defined in this staff report

City	City of Mercer Island
MICC	Mercer Island City Code
Code Official	City of Mercer Island Community Planning and Development Director or a duly authorized designee

II. PROCEDURE AND NOTICE REQUIREMENTS

7. Review Type: Applications for reclassifications of property (rezones) are required to be processed as quasi-judicial reviews pursuant to MICC 19.15.260 and Ch. 42.36 RCW. Following the completion of an open record public hearing, the Planning Commission shall consider the proposed amendment for conformance with the criteria listed in MICC 19.15.240. The Planning Commission shall make a written recommendation on the review to the City Council. The City Council shall consider the Planning Commission's recommendation at a public meeting where it may adopt or reject the Planning Commission's recommendation or remand the review back to the Planning Commission.
8. Application: The application for the proposed rezone was submitted on September 17, 2025. On September 19, 2025 the application was deemed complete for the purposes of review, pursuant to MICC 19.15.070 (**Exhibit 11**).
9. Notice of Application: The City issued a combined notice of application and public hearing for the rezone and associated SEPA Review applications on September 29, 2025, consistent with the provisions of MICC 19.15.260, which include the following methods: a mailing sent to neighboring property owners within 300 feet of the subject properties; a notice sign posted on the subject property; publication in the City's weekly permit bulletin; and made available to the general public upon request (**Exhibit 12**). The notice of application and public hearing was also published in the Mercer Island Reporter on October 1, 2025, as required by MICC 19.15.260 (**Exhibit 13**). The notice of application began the 30-day public comment period, which took place on September 29, 2025 through October 31, 2025. However, pursuant to MICC 19.15.260(A)(3), the city shall accept public comments at any time prior to the closing of the record of an open record public hearing.
10. Opportunities for Public Comment: Four public comments were received during the public comment period (**Exhibit 14**).
11. Response to Public Comment: While the City accepts public comments at any time prior to the closing of the open record pre-decision hearing, common practice is to request that the applicant provides responses only to those public comments received within the 30-day public comment period. The code does not require the applicant to respond to any public comments received. The applicant provided responses to the public comments received during the public comment period contained in **Exhibit 15**.
12. State Environmental Policy Act (SEPA) Review: A SEPA Determination of Non-

Significance (DNS) was issued on November 3, 2025. The appeal period closes on November 17, 2025 at 5:00PM.

13. Public Hearing: Pursuant to MICC 19.15.260, a public hearing is required for the proposed reclassification of property. A combined notice of application and notice of public hearing was provided to the public as described in MICC 19.15.260 (**Exhibits 12 and 13**).

III. ZONING AND COMPREHENSIVE PLAN DESIGNATIONS

14. Site Zoning and Land Use: Parcel 2655500075 (Parcel A) is currently zoned Commercial Office (C-O). Parcel 2655500185 (Parcel B) is currently split-zoned Commercial Office (C-O) and Single-Family Residential (R-8.4) (**Exhibit 8**). Pursuant to MICC 19.01.040(G)(2), where a boundary between zones divides a lot into two or more pieces, the entire lot shall be deemed to be located in the first zone on the following list in which any part of the lot is located: R-15, R-12, R-9.6, R-8.4, MF-2L, MF-3, MF-2, OS, PI, PBZ, C-O, TC, and B; therefore, Parcel B is deemed located in the R-8.4 zone. Both properties are designated Public Facility within the Mercer Island 2024 Comprehensive Plan.
15. Comprehensive Plan Policies: The Public Facility land use designation represents land within the City that is intended for public uses, including but not limited to schools, community centers, City Hall, and municipal services.
16. Adjacent Zoning and Comprehensive Plan Designations:

Adjacent Zone	Parcel A	Parcel B
To the North	PI	PI
To the South	R-8.4 (Parcel B)	R-8.4
To the East	C-O (Parcel B)	C-O & R-8.4 (MF-2 beyond)
To the West	C-O	C-O & R-8.4

IV. CONSISTENCY WITH REVIEW CRITERIA FOR RECLASSIFICATION OF PROPERTY (REZONES)

17. MICC 19.15.240 contains the criteria for which the Planning Commission will review the rezone application for compliance with and make a written recommendation to the City Council.
- A. *Purpose*. The purpose of this section is to establish the process and criteria for a rezone of property from one zoning designation to another.
- B. *Process*. A rezone shall be considered as provided in MICC 19.15.260 and according to the Appearance of Fairness doctrine statutory requirements.
- C. *Criteria*. The city council may approve a rezone only if all of the following criteria are met:

- 1) The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;

Staff Finding: Both parcels are designated as Public Facility in the Future Land Use Map of the 2024 Mercer Island Comprehensive Plan, which was adopted on November 19, 2024 by Ordinance No. 24C-16. The Comprehensive Plan states that “[t]he public facility land use designation represents land within the City that is intended for public uses, including but not limited to schools, community centers, City Hall, and municipal services”. Reclassifying these properties to the Public Institution (PI) zoning designation would directly align with the Public Facility Comprehensive Plan designation and would reflect both the current and planned public use of the properties.

The reclassification to the PI zone would support the development of a new Public Safety and Maintenance (PSM) Facility, which would replace the aging City Hall and Public Works buildings with a modern complex housing the City’s Police Department, Emergency Department, Public Works Maintenance Operations, GIS, IT, and Customer Service staff. The City proposes to consolidate these services in a purpose-built facility to ensure efficient land use and reliable delivery of essential public functions.

The proposal is consistent with the following Comprehensive Plan goals and policies:

Capital Facilities Element, Goal 1 – Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service. This goal calls for supporting essential public facilities that maintain community safety, health, and livability, directly aligning with the siting of the new PSM Facility.

Capital Facilities Element, Goal 2 – Plan for and replace aging and obsolete public buildings to ensure reliable and efficient delivery of essential services. The proposed replacement of City Hall and the Public Works buildings with the PSM Facility fulfills this goal by addressing outdated infrastructure and providing resilient, long-term civic facilities.

- 2) The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;

Staff Finding: The purpose of the Mercer Island development code as set forth in MICC 19.01.010 is as follows:

The general purpose of this Code is to protect and promote health, safety, and the general welfare through the regulation of development within the city of Mercer Island.

To that end, this Code classifies the land within the city into various zones and establishes the use of land and nature of buildings within those zones; controls the form of plats and subdivisions; regulates the construction of commercial and residential structures; and protects critical and sensitive areas within the city.

The provisions of this Code are designed to consider light, air and access; to conserve and protect natural beauty and other natural resources; to provide coordinated development; to avoid traffic congestion; to prevent overcrowding of land; to facilitate adequate provisions for transportation, water, sewage, schools, parks and other public requirements; and to encourage the use of solar energy practices.

This Code is to be interpreted as a whole, in view of the purpose set out in this section.

If the general purpose of this development code conflicts with the specific purpose of any chapter of this development code, the specific purpose shall control.

The proposed reclassification achieves these purposes by implementing the Comprehensive Plan, which designates the subject properties as Public Facility intended for civic and institutional uses. The reclassification would promote health, safety, and welfare by enabling the construction of the Public Safety and Maintenance (PSM) Facility, which directly supports public health and safety through daily operations in Police, Emergency Management, GIS, IT, and Public Works and Maintenance Operations.

Additionally, the proposed reclassification would apply a single zoning designation to both parcels, one of which is currently split-zoned. The reclassification would allow the all City-owned facilities on these parcels to be reviewed under clear, consistent, and well-established standards and reflect the expectations for civic development.

- 3) The proposed reclassification is an extension of an existing zone, or a logical transition between zones;

Staff Finding: The proposed reclassification would be an extension of the existing Public Institution zoning designation, which covers the area between the north property lines of the subject parcels and the north

side of I-90 (**Exhibit 8**). The reclassification would also provide a logical transition between zones:

Adjacent Zone	Parcel A	Parcel B
To the North	PI	PI
To the South	R-8.4 (Parcel B)	R-8.4
To the East	C-O (Parcel B)	C-O & R-8.4 (MF-2 beyond)
To the West	C-O	C-O & R-8.4

The applicant asserts that Parcel A fronts SE 36th St (zoned PI) to the north and is adjacent to C-O zoning, which is compatible with the PI zone given the shared emphasis on employment, service delivery, and larger building forms. Parcel B abuts SE 40th St to the south and is adjacent to R-8.4 zoning. The PI designation would provide a civic buffer between higher-intensity municipal uses and the surrounding low-density residential neighborhood. Both parcels are bounded by C-O and R-8.4 zones to the east and west, further reinforcing the appropriateness of the PI zone as a unifying classification that bridges residential and commercial contexts. Rezoning the properties to PI would create a clear, predictable, and context-sensitive transition between commercial and residential areas while formalizing the long-established role of this site as Mercer Island's civic and operational hub.

- 4) The proposed reclassification does not constitute an illegal site-specific rezone;

Staff Finding: The proposed rezone does not constitute an illegal site-specific rezone (spot zone) as the action is not an illegal spot zone. The subject properties are adjacent to SE 36th St, which is zoned PI. Past case law has determined that an illegal site-specific rezone (spot zone) singles out a small area from a larger area or district and specifically zones it for a use classification completely different and not in accord with the surrounding land, or the Comprehensive Plan and is not related to the general plan for the community as a whole. Decision makers must determine whether the zoning action bears a substantial relationship to the general welfare of the affected community.

An illegal spot zone would have some or all of the following characteristics:

1. Carves a small area out of a larger zoning district;

The parcels are adjacent to SE 36th St to the north, which is zoned PI. The proposed rezone would expand the existing PI zone to the south, and create two C-O zones to the east of west of the subject

properties. The R-8.4 zones to the east, west, and south of Parcel B would be maintained. The proposed rezone would not isolate a small property within a larger zoning district or create an island of inconsistent zoning. Instead, rezone involves two contiguous, City-owned parcels that are adjacent to existing PI zoned property.

2. Allows uses of the smaller area that are inconsistent with uses allowed in the remaining larger zoning district;

The types of uses allowed in the PI and C-O zones are similar and both include government services and public and private schools. Public and private schools are also allowed in the single-family residential zones, and government services are allowed as a conditional use. The uses allowed in the PI zone are not inconsistent with the uses allowed in the remaining C-O and R-8.4 zoning districts.

3. Allows a use of the smaller area that is not in accord with the Comprehensive Plan;

The subject properties are designated Public Facility in the Comprehensive Plan. The uses allowed in the PI zone are in accord with the Public Facility Comprehensive Plan designation and are not inconsistent with the uses in the surrounding zoning districts.

4. Is merely for the private gain of one or a group of owners to the detriment of their neighbors without adequate public advantage or justification; and

The applicant asserts that the proposed rezone would confer no private gain and exists solely to support essential government operations. The proposed rezone would benefit the public by enabling the replacement of outdated municipal facilities. The rezone would not be detrimental to the neighborhood, as the properties have been consistently used as municipal services for decades. The proposed rezone would allow the properties to be developed in a manner that provides essential government services with greater coordination and efficiency between departments and, therefore, provides a greater benefit City wide.

5. Has no substantial relationship to the public health, safety, and general welfare.

The proposed rezone would directly support public health, safety and welfare by enabling the replacement of outdated municipal facilities with a modern Public Safety and Maintenance (PSM)

Facility design to enhance the City's ability to deliver essential services. As discussed further below in Section 6, current municipal services are provided out of temporary facilities, which largely include remote offices, combining workspaces in existing buildings, and portable buildings. These facilities are inadequate and hinder the City's ability to provide essential services in an efficient manner. By enabling the City to construct a single, purpose-built facility to improve efficiency, strengthen emergency response, and ensure reliable delivery of essential public services, the rezone would provide a benefit to the public health, safety, and general welfare of the City.

- 5) The proposed reclassification is compatible with surrounding zones and land uses;

Staff Finding: The subject properties currently contain City Hall and the Public Works Maintenance and Operations facilities, both of which are long-standing civic uses that have coexisted compatibly with the adjacent residential and commercial areas for decades. The reclassification would formalize this civic use and align with the Mercer Island 2024 Comprehensive Plan Public Facility designation.

The applicant asserts that the proposed PI zone would be compatible with the C-O zone as both accommodate larger building forms, structured parking, and employment or service-related uses. Staff agree with this assertion. Both the C-O and PI zones allow similar uses at a similar scale. The adjacent R-8.4 zone is a low-density, single-family zone. The proposed PI zone would provide an appropriate civic transition between municipal functions and residential neighborhoods. Compatibility would be reinforced through site design standards.

The PI zone is intended to accommodate government and institutional uses and is applied in multiple locations across Mercer Island where public facilities are located adjacent to residential and commercial districts. The proposed zone reflects the existing civic land use pattern and ensures long-term compatibility with surrounding zones and land uses.

- 6) The proposed reclassification does not adversely affect public health, safety and welfare; and

Staff Finding: The proposed rezone would directly support public health, safety and welfare by enabling the replacement of outdated municipal facilities with a modern Public Safety and Maintenance (PSM) Facility designed to enhance the City's ability to deliver essential services. The proposed rezone is consistent with the Public Facility designation in the Mercer Island 2024 Comprehensive Plan and would

allow the City to consolidate Police, Emergency Management, GIS, IT, and Public Works Maintenance and Operations in a single, purpose-built facility which would improve service coordination, emergency response times, and overall operational efficiency and advance public safety and welfare. These services are currently provided out of temporary facilities, which largely include remote offices, combining workspaces in existing buildings, and portable buildings where the Police operate from the parking lot of City Hall. These facilities are inadequate and hinder the City's ability to provide essential public services in an efficient manner.

Additionally, the Comprehensive Plan Capital Facilities Element, Goal 1 is to ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of services. Providing essential public facilities that maintain community safety, health, and livability would implement this policy directive.

- 7) If a comprehensive plan amendment is required in order to satisfy subsection (C)(1) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

Staff Finding: The proposed rezone does not require a comprehensive plan amendment.

V. RECOMMENDED CONDITIONS OF APPROVAL

- 1) Following approval of a rezone, the City shall amend the zoning map to reflect the change in zoning designation. The City shall also indicate on the zoning map the number of the ordinance adopting the rezone.

VI. RECOMMENDATION

Staff reviewed the proposed application in accordance with the criteria for reclassifications of property (rezones). The staff report and findings are based on the application and all supplemental information. The Planning Commission shall consider the proposed amendment for conformance with the criteria listed in the applicable section, the comprehensive plan, and other applicable development standards. Staff recommend that the Planning Commission move to recommend approval of the proposed reclassification of property (rezone), City File Number RZN25-001.

Molly McGuire

Molly McGuire, Senior Planner
City of Mercer Island Community Planning and Development

CITY OF MERCER ISLAND

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040

PHONE: 206.275.7605 | www.mercerisland.gov

CITY USE ONLY

PROJECT NO.

RECEIPT NO.

FEE

Date Received:

Received By:

DEVELOPMENT APPLICATION

A Development Application form is required to be completed for any land use project within the City of Mercer Island. Additional supplemental information for each specific land use permit requested is required. See below for land use permits and associated permit forms.

PROPERTY INFORMATION

Property Address: 9601 and 9611 SE 36th Street 98040

Parcel Number(s): 9655500185 and 2655500075

Gross Lot Area(s): 593,262 SF / 13.62 AC

Net Lot Area(s): 593,262 SF / 13.62 AC

Zone: R-8.4 and CO

Shoreline Environment Designation:
(if located within 200 feet of Lake Washington)☐
☐

Urban Residential

Urban Park

CRITICAL AREAS ON PROPERTY

GEOLOGICALLY HAZARDOUS AREAS

- ☒ Potential Landslide Hazard
- ☒ Erosion Hazard
- ☐ Seismic Hazard
- ☒ Steep Slope

WATERCOURSES

- ☒ Type F
- ☐ Type Np
- ☐ Type Ns
- ☒ Piped
- ☐ Unknown

WETLANDS

- ☐ Category I
- ☐ Category II
- ☐ Category III
- ☒ Category IV
- ☐ Unknown

PROPERTY OWNER INFORMATION

Name: Company (if applicable):

City of Mercer Island

Address:

9601 SE 36th Street

Phone:

206-275-7806

E-Mail:

Kellye Hilde, Public Works Deputy Director

APPLICANT/REPRESENTATIVE INFORMATION

Same as property owner

☐

Name: Company (if applicable):

Address:

E-Mail:

Phone:

DECLARATION: I HEREBY STATE THAT I AM THE OWNER OF THE SUBJECT PROPERTY OR I HAVE BEEN AUTHORIZED BY THE OWNER(S) OF THE SUBJECT PROPERTY TO REPRESENT THIS APPLICATION, AND THAT THE INFORMATION FURNISHED BY ME IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Signature Kellye Hilde

Date 9/17/25

PROPOSED APPLICATION(S) AND CLEAR DESCRIPTION OF PROPOSAL (please use additional paper if needed):

The City of Mercer Island is proposing to rezone Parcels 2655500075 and 2655500185, which are the site of City Hall and the Public Works Maintenance and Operations facilities. Parcel A

(2655500075), the City Hall site, is currently zoned Commercial Office (CO). Parcel B (2655500185), the Maintenance and Operations site, is zoned Residential (R-8.4) and Commercial Office (CO).

INDICATE REQUESTED LAND USE APPROVALS

CRITICAL AREAS		ENVIRONMENTAL REVIEW (SEPA)		SUBDIVISION
	Critical Area Review 1		Environmental Impact Statement	Short Plat- Preliminary
	Critical Area Review 2	X	SEPA Review	Short Plat- Alteration
DESIGN REVIEW		LEGISLATIVE		Short Plat- Final Plat
	Design Review – Signs		Code Amendment	Long Plat- Preliminary
	Design Review – Code Official		Comprehensive Plan Docket Application	Long Plat- Alteration
	Design Commission Study Session		Comprehensive Plan Application (If Docketed)	Long Plat- Final Plat
	Design Commission Review – Exterior Alteration	X	Rezone	Lot Line Revision
	Design Commission Review – Major New Construction	OTHER LAND USE		WIRELESS COMMUNICATION FACILITIES
			Accessory Dwelling Unit	New Wireless Communication Facility
DEVIATIONS			Code Interpretation Request	Wireless Communications Facilities- 6409 Exemption
	Deviations to Antenna Standards – Code Official		Conditional Use (CUP)	Small Cell Deployment
	Deviations to Antenna Standards – Design Commission		Noise Exception Type I - IV	Height Variance
	Public Agency Exception		Other Permit/Services Not Listed	
	Reasonable Use Exception	SHORELINE MANAGEMENT		
	Variance		Shoreline Exemption	
	Seasonal Development Limitation Waiver – Wet Season Construction Approval		Shoreline Substantial Development Permit	
			Shoreline Variance	
			Shoreline Conditional Use Permit	
			Shoreline Permit Revision	

LAND USE APPLICATION SUBMITTAL REQUIREMENTS

Each Land Use Application requested above must be accompanied by the appropriate land use application form and required materials. Refer to the [City of Mercer Island Permit Forms](#) webpage for a complete list of all land use application forms and submittal requirements.

CITY OF MERCER ISLAND
COMMUNITY PLANNING & DEVELOPMENT
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CITY USE ONLY		
PROJECT NO.	RECEIPT NO.	FEE
Date Received:		
Received By:		

RECLASSIFICATION OF PROPERTY (REZONE)

A Reclassification of Property, or Rezone, is how property owners may change the zoning of property to allow a new or different land use which conforms with the Mercer Island Comprehensive Plan. A rezone is a legislative action, only taken after an open record public hearing requiring review by the Planning Commission and the City Council.

REVIEW PROCESS

Rezones are subject to the review procedures in [MICC 19.15.260](#), which include a notice in the weekly CPD permit bulletin, a notice in a newspaper of general circulation, and, if the proposed amendment will affect a specific property or defined area in the city, mailed to all property owners within 300 feet of the affected property or defined area, and posted on the site in a location that is visible to the public right-of-way.

The Planning Commission holds a public meeting and makes a recommendation on the application to the City Council. The Council holds a public hearing and makes the final decision on a rezone.

PRE-APPLICATION MEETING – Recommended, but not required.

A Pre-Application Meeting is used to determine whether a land use project is ready for review, to review the land use application process, and to provide an opportunity for initial feedback on a proposed application. Some land use applications require a pre-application meeting – in particular: short and long subdivisions, lot line revisions, shoreline permits, variances, and critical area determinations. The City strongly recommends that all land use applications use the pre-application process to allow for feedback by City staff.

For more information on the Pre-Application Meeting process, please refer to the [Pre-Application Meeting Request Form](#).

FEES

Fees applicable to this project:

Rezone

Refer to the City of Mercer Island [Fee Schedule](#) for current permit fees.

PROPERTY INFORMATION

Property Address:	9601 and 9611 SE 36th Street 98040
Parcel Number(s):	9655500185 and 2655500075
Zone:	R-8.4 and CO
Shoreline Environment Designation (if located within 200 feet of Lake Washington):	<div><input type="checkbox"/> Urban Residential</div> <div><input type="checkbox"/> Urban Park</div>

SUBMITTAL CHECKLIST

In addition to the items listed below, the code official may require the submission of any documentation reasonably necessary for review and approval of the land use application. An applicant for a land use approval and/or development proposal shall demonstrate that the proposed development complies with the applicable regulations and decision criteria.

- ☒ **1. Development Application Form.** Provide a completed and signed [Development Application Form](#).
- ☐ **2. Pre-Application Meeting.** [Pre-Application Meetings](#) are recommended, but not required, for Code Amendment applications.
- ☒ **3. Project Narrative.** The project narrative should describe in detail the proposed amendment in nontechnical terms.
- ☒ **4. Criteria Compliance Narrative.** Detail how the application meets the review criteria for Rezones in [MICC 19.15.240](#) and [MICC 19.15.260](#). Refer to the [Code Compliance Matrix](#) Tip Sheet for preparing the narrative.
The Criteria Compliance Narrative should also describe how:
 - The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;
 - The proposed reclassification is consistent with the purpose of the Mercer Island development code set forth in [MICC 19.01.010](#);
 - The proposed reclassification is an extension of an existing zone, or a logical transition between zones;
 - The proposed reclassification does not constitute an illegal site-specific rezone;
 - The proposed reclassification is compatible with surrounding zones and land uses; and
 - The proposed reclassification does not adversely affect public health, safety, and welfare.
- ☐ **5. Comprehensive Plan Amendment Approval or Completed Application.** If a comprehensive plan amendment is required in order to satisfy [MICC 19.15.240\(C\)\(1\)](#), approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone. Refer to the [Comprehensive Plan Amendment Application](#) for submittal requirements.
- ☒ **6. Title Report.** Less than 30 days old, unless waived by the code official.
- ☐ **7. Affidavit of Ownership.** An Affidavit of Ownership, signed before a notary.
- ☐ **8. Affidavit of Agent Authority.** An Affidavit of Agent Authority, signed before a notary, if applicable.
- ☒ **9. SEPA Checklist.** A SEPA Checklist and separate SEPA Review application is required. City staff will review the checklist and the proposal's likely environmental impacts and issue a threshold determination.
- ☒ **10. Vicinity Map.** A Vicinity Map of the subject property or defined area is required, unless the proposal is for a city-wide amendment.
- ☒ **11. Fees.** Payment of required fees.

I HEREBY CERTIFY THAT I HAVE READ THIS APPLICATION AND SUBMITTAL CHECKLIST AND ALL REQUIRED APPLICATION MATERIALS ARE INCLUDED IN MY APPLICATION SUBMITTAL, UNLESS WAIVED BY THE CODE OFFICIAL. ALL INFORMATION SUBMITTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I ACKNOWLEDGE THAT WILLFUL MISREPRESENTATION OF INFORMATION WILL TERMINATE THIS APPLICATION. I UNDERSTAND THAT MY SUBMITTAL WILL BE REVIEWED FOR COMPLETENESS AND, IF FOUND TO BE COMPLETE, WILL BE PROCESSED PURSUANT TO THE PROVISIONS OF CHAPTER 19.15 MICC.

Signature **Kellye Hilde** Digitally signed by Kellye Hilde
Date: 2025.09.17 11:51:28 -07'00' Date **9/17/2025**

9601 and 9611 SE 36th Street Reclassification (Rezone) of Property

Project Narrative

The City of Mercer Island is proposing to update the zoning of two parcels located at 9601 and 9611 SE 36th Street. These parcels are the long-standing home of City Hall and the Public Works Maintenance and Operations facilities.

- **Parcel A (9611 SE 36th Street)** is where City Hall is located. It is currently zoned Commercial Office (CO).
- **Parcel B (9601 SE 36th Street)** is where the Maintenance and Operations buildings are located. This parcel currently has a mix of Residential (R-8.4) and Commercial Office (CO) zoning.

The City is proposing to rezone both parcels to Public Institution (PI).

The current zoning (CO and R-8.4) does not fully reflect how the property is being used today or how it is planned to be used in the future. Both sites are already used for important public services and have been designated as Public Facility in the City's Comprehensive Plan. Changing the zoning to PI will bring the zoning map into alignment with this designation and more accurately reflect the public role of the property.

The rezoning also supports the City's plan to construct a new Public Safety and Maintenance (PSM) Facility on the site. This facility will replace aging buildings and bring together several City services, including:

- Police Department and Emergency Management,
- Public Works Maintenance and Operations,
- Information Technology and Geographic Information Systems, and
- Customer service functions.

By consolidating these services in a single purpose-built facility, the City can improve efficiency, strengthen emergency response, and ensure reliable delivery of essential public services. The benefits of the proposed zoning change include;

- **Consistency with long-term planning:** The Comprehensive Plan already identifies these parcels as Public Facility, making PI the most appropriate zoning designation.
- **Support for public health and safety:** A modern facility will enhance the City's ability to serve the community, especially during emergencies.
- **Clear and predictable standards:** Applying a single zoning classification avoids conflicts between residential and commercial rules, creating a straightforward regulatory framework for design and permitting.
- **Compatibility with neighbors:** The PI zone provides a transition between surrounding residential and commercial areas. Landscaping, setbacks, and design standards will ensure the facility fits sensitively into its surroundings.

Rezoning the City Hall and Public Works parcels from CO and R-8.4 to PI is a logical and necessary step to support Mercer Island's future. It reflects the long-standing civic role of the site, allows for

the development of a Public Safety and Maintenance Facility, and ensures that the property will continue to serve the community's health, safety, and operational needs well into the future.

9601 and 9611 SE 36th Street Reclassification (Rezone) of Property

Criteria Compliance Narrative

The City of Mercer Island is proposing to rezone Parcels 2655500075 and 2655500185, which are the site of City Hall and the Public Works Maintenance and Operations facilities. Parcel A (2655500075), the City Hall site, is currently zoned Commercial Office (CO). Parcel B (2655500185), the Maintenance and Operations site, is zoned Residential (R-8.4) and Commercial Office (CO).

The following Criteria Compliance Narrative demonstrates how the proposed rezone complies with the approval criteria set forth in [MICC 19.15.240.C.1-6](#).

1. MICC 19.15.240.C.1

The proposed reclassification is consistent with the policies and provisions of the Mercer Island Comprehensive Plan.

Response:

The proposed rezone is consistent with the Mercer Island Comprehensive Plan. The Future Land Use Map designates both parcels (2655500075 and 2655500185) as Public Facility, which represents land intended for civic and institutional uses, including City Hall, public safety facilities, and municipal services ([Ordinance 24C-16](#), Land Use Element, p. 102). Rezoning the properties from CO and R-8.4 to PI brings the zoning into direct alignment with this designation and reflects both the current and planned public use of the property.

The rezone is necessary to support development of a new Public Safety and Maintenance (PSM) Facility, which will replace the aging City Hall and Public Works buildings with a modern complex housing the City's Police Department, Emergency Management, Public Works Maintenance and Operations, GIS, IT, and Customer Service staff. Consolidating these services in a purpose-built facility ensures efficient land use and reliable delivery of essential public functions.

The Comprehensive Plan provides clear policy direction for this outcome:

- Capital Facilities Element, Goal 1 (p. 183): Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service. This goal calls for supporting essential public facilities that maintain community safety, health, and livability, directly aligning with the siting of the new PSM Facility.
- Capital Facilities Element, Goal 2 (p. 185): Plan for and replace aging and obsolete public buildings to ensure reliable and efficient delivery of essential services. The proposed replacement of City Hall and the Public Works buildings with the PSM Facility fulfills this goal by addressing outdated infrastructure and providing resilient, long-term civic facilities.

Together, the Public Facility land use designation and the Capital Facilities goals demonstrate that the proposed rezone is fully consistent with the policies and provisions of the Comprehensive Plan.

2. [MICC 19.15.240.C.2](#)

The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in [MICC 19.01.010](#).

Response:

The proposed rezone is consistent with the purpose of the Mercer Island Development Code as set forth in [MICC 19.01.010](#), which establishes the framework for protecting and promoting the public health, safety, and general welfare; implementing the Mercer Island Comprehensive Plan; and ensuring that land use regulations guide development in a manner consistent with the Growth Management Act.

Rezoning Parcels 2655500075 and 2655500185 to PI achieves these purposes by:

- **Implementing the Comprehensive Plan:** The Comprehensive Plan designates the subject properties as Public Facility, intended for civic and institutional uses such as City Hall, public safety facilities, and municipal services. Rezoning to PI aligns the zoning with this designation.
- **Promoting health, safety, and welfare:** The rezone enables construction of a new PSM Facility, which will consolidate Police, Emergency Management, GIS, IT, and Public Works Maintenance and Operations into a modern, resilient facility that directly supports public health and safety.
- **Providing predictable and efficient regulation:** Applying a single zoning classification (PI) to both parcels ensures consistent development standards and avoids conflicts between multiple zoning designations. The PI development standards in [MICC 19.05.010](#) apply uniformly, and [MICC 19.05.010\(C\)](#) requires compliance with applicable sections of [Chapter 19.11 MICC](#), Town Center Development and Design Standards, which provide context-based design guidance. This ensures that the facility will be reviewed under clear, consistent, and well-established standards that reflect the City's expectations for civic development.

Accordingly, the rezone supports the overarching purpose of the Mercer Island Development Code by aligning land use regulation with adopted plans, protecting community welfare, and facilitating efficient public service delivery.

3. [MICC 19.15.240.C.3](#)

The proposed reclassification is an extension of an existing zone, or a logical transition between zones.

Response:

The proposed rezone represents a logical transition between zoning districts and provides consistency for the City's primary civic campus. The subject parcels currently contain City Hall and the Public Works Maintenance and Operations facilities—longstanding municipal uses designated as Public Facility in the Comprehensive Plan Future Land Use Map. Rezoning these parcels to PI aligns the zoning with both the adopted land use designation and the established civic function of the site.

The rezone also eliminates the existing split-zoning condition (CO and R-8.4) on Parcel B, which does not reflect the actual or intended public facility use of the property (Figure 1). Applying a uniform PI zoning classification to both parcels creates a cohesive zoning

framework that avoids regulatory conflicts and provides consistent development standards for the design and permitting of the new PSM Facility.

From a land use pattern perspective, the PI zone serves as an appropriate transition between zoning districts:

- To the north, Parcel A fronts SE 36th Street and is adjacent to CO zoning, which is compatible with the PI zone given the shared emphasis on employment, service delivery, and larger building forms.
- To the south, Parcel B abuts SE 40th Street and is adjacent to R-8.4 zoning. The PI designation provides a civic buffer between higher-intensity municipal uses and the surrounding low-density residential neighborhood.
- To the east and west, the parcels are also bounded by CO and R-8.4, further reinforcing the appropriateness of the PI zone as a unifying classification that bridges residential and commercial contexts.

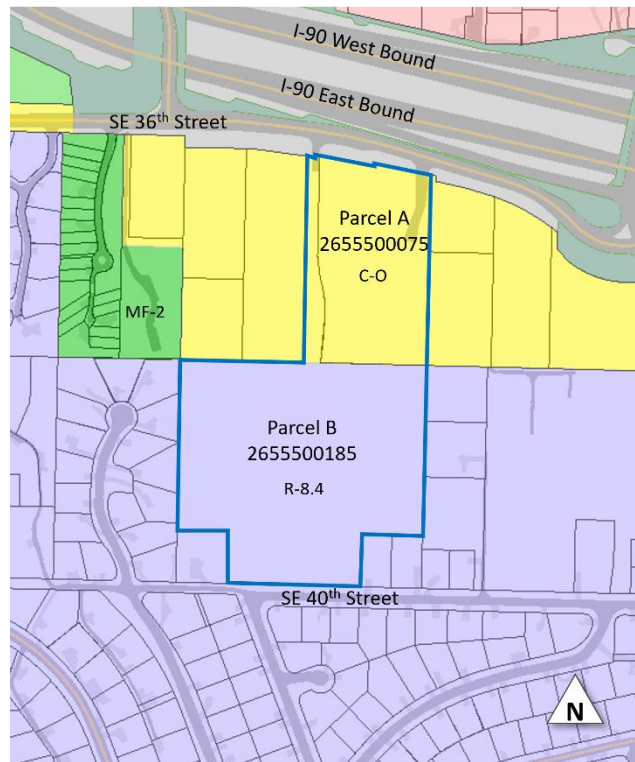


Figure 1 Zoning Map

The PI zone includes development and design standards in [MICC 19.05.010](#) and [Chapter 19.11 MICC](#), which ensure compatibility of scale, setbacks, landscaping, and design treatment where public facilities interface with residential uses.

By rezoning both parcels to PI, the City creates a clear, predictable, and context-sensitive transition between commercial and residential areas while formalizing the long-established role of this site as Mercer Island’s civic and operational hub.

4. [MICC 19.15.240.C.4](#)

The proposed reclassification does not constitute an illegal site-specific rezone.

Response:

The proposed rezone to Public Institution (PI) does not meet any of the legal characteristics of an illegal site-specific or “spot” rezone under Washington case law. The fact that a rezone application will only apply to one or two lots does not make it a per se illegal spot zone. *Save Our Rural Env’t v. Snohomish Cnty*, 99 Wn. 2d 363, 368, 662 P.2d 816, 818–19 (1983). An illegal spot zone is a quasi-judicial decision that singles out a small area from a larger district and specifically zones it for a use classification completely different and not in accord with the comprehensive plan – the reclassification is not related to the general plan for the community as a whole. *Anderson v. City of Seattle*, 64 Wn. 2d 198, 199–200, 390 P.2d 994, 995 (1964). The main inquiry for decision makers is “whether the zoning action bears a substantial relationship to the general welfare of the affected community.” *Save Our Rural Env’t*, 99 Wn. 2d at 368.

An illegal spot zone has some or all of the following characteristics:

- carves a small area out of larger zoning district;
- allows uses of the smaller area that are inconsistent with uses allowed in the remaining larger zoning district;
- allows a use of the smaller area that is not in accord with Comprehensive Plan;
- is merely for the private gain of one or a group of owners to the detriment of their neighbors without adequate public advantage or justification; and
- has no substantial relationship to the public health, safety, and general welfare.

Anderson v. City of Seattle, 64 Wn. 2d 198, 390 P.2d 994 (1964); *Willapa Grays Harbor Oyster Growers Ass'n v. Moby Dick Corp.*, 115 Wn. App. 417, 62 P.3d 912 (2003).

None of these conditions apply here.

The rezone involves two contiguous, City-owned parcels that already function as a unified civic campus. The action does not isolate a small property within a larger zoning district or create an island of inconsistent zoning. The proposed PI zoning is compatible with the surrounding CO zoning, which permits government services outright under [MICC 19.04.020\(A\)\(1\)](#). Government services are also allowed in the R-8.4 zone through a conditional use permit ([MICC 19.02.010\(C\)\(1\)\(a-c\)](#)) demonstrating that such uses are not foreign or incompatible within the broader zoning framework.

The rezone is fully consistent with the Comprehensive Plan. Both parcels carry the Public Facility designation on the Future Land Use Map ([Ordinance 24C-16](#)). The PI zone directly implements this designation by aligning zoning with longstanding and future public uses, including City Hall, Public Works Maintenance and Operations, and the planned PSM Facility.

The rezone confers no private gain; it exists solely to support essential government operations. The action facilitates a consolidated public facility that improves emergency response, operational efficiency, infrastructure resilience, and continuity of government services. These are clear and substantial public health, safety, and welfare objectives and reflect the core rationale for the rezoning.

In summary, the proposed reclassification is a lawful, plan-consistent, publicly beneficial zoning action that exhibits none of the characteristics of an illegal site-specific or spot rezone. It advances the Comprehensive Plan, aligns zoning with long-standing civic uses, and serves the broader public interest.

5. [MICC 19.15.240.C.5](#)

The proposed reclassification is compatible with surrounding zones and land uses.

Response:

The proposed rezone is compatible with surrounding zones and land uses. The subject parcels currently house City Hall and the Public Works Maintenance and Operations facilities, both of which are long-standing civic uses that have coexisted compatibly with adjacent residential and commercial areas for decades. Rezoning to PI formalizes this civic use and ensures continued compatibility with surrounding zoning districts through the application of consistent development standards.

Based on the Zoning Map (Figure 1):

- To the north, the site abuts CO zoning across SE 36th Street. The PI zone is compatible with CO, as both accommodate larger building forms, structured parking, and employment or service-related uses.
- To the south, Parcel B abuts R-8.4, a low-density single-family zone. The PI zone provides an appropriate civic transition between municipal functions and residential neighborhoods. Compatibility will be reinforced through site design standards, landscaping, and buffering as required by [MICC 19.05.010](#) and [Chapter 19.11 MICC](#).
- To the east and west, the parcels are bordered by a mix of R-8.4 and CO zones, demonstrating the site's role as a transitional location between commercial corridors and residential neighborhoods.

The PI zone is specifically intended to accommodate government and institutional uses that serve the community and is applied in multiple locations across Mercer Island where public facilities are located adjacent to residential and commercial districts. For this reason, the proposed rezone both reflects the existing civic land use pattern and ensures long-term compatibility with surrounding zones and land uses.

6. [MICC 19.15.240.C.6](#)

The proposed reclassification does not adversely affect public health, safety and welfare.

Response:

The proposed rezone does not adversely affect public health, safety, or welfare. In fact, it directly supports these objectives by enabling the replacement of outdated municipal facilities with a modern PSM Facility designed to enhance the City's ability to deliver essential services.

The rezone from CO and R-8.4 to PI is consistent with the Public Facility designation in the Comprehensive Plan and allows the City to consolidate Police, Emergency Management, GIS, IT, and Public Works Maintenance and Operations in a single, purpose-built facility. This consolidation will improve service coordination, emergency response times, and overall operational efficiency, thereby advancing public safety and welfare.

This outcome is directly supported by the Comprehensive Plan's Capital Facilities Element, Goal 1 ([Ordinance 24C-16](#), p. 183): "Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service." By providing essential public facilities that maintain community safety, health, and livability, the proposed rezone implements this core policy directive.

Additionally, the PI zone requires compliance with [MICC 19.05.010](#) development standards and applicable sections of [Chapter 19.11 MICC](#), which ensure compatibility with surrounding land uses through site design, landscaping, and buffering. These standards further protect community health, safety, and welfare by requiring context-sensitive design.

By aligning zoning with the Comprehensive Plan, facilitating construction of resilient public facilities, and ensuring adherence to adopted development standards, the proposed rezone will have a positive, rather than adverse, effect on public health, safety, and welfare.


First American

Item 3.

**Commitment for Title Insurance
Washington - 2021 v. 01.00 (07-01-2021)**
**Transaction Identification Data, for which the Company assumes no liability as set forth in
Commitment Condition 5.e.:**

Issuing Agent: First American Title Insurance Company National Commercial Services
 Issuing Office: 920 Fifth Avenue, Suite 1200, Seattle, WA 98104
 Issuing Office's ALTA® Registry ID: _____
 Commitment Number: NCS-1276419-WA1
 Issuing Office File Number: NCS-1276419-WA1
 Property Address: 9601 Southeast 36th Street, Mercer Island, WA 98040
 Revision Number: _____

Reference No.: APN 2655500185
 Escrow Officer Name: _____
 Escrow Officer Number: _____
 Escrow Officer Email: _____
 Escrow Assistant Name: _____
 Escrow Assistant Number: _____
 Escrow Assistant Email: _____
 Title Officer Name: Terri Nugent
 Title Officer Number: (206)615-3041
 Title Officer Email: tnugent@firstam.com

SCHEDULE A

1. Commitment Date: August 25, 2025 at 7:30 AM
2. Policy to be Issued:

	Amount	Premium	Tax
a. ALTA® Standard Owner's Policy	\$To follow	\$	\$
Proposed Insured: To follow			
The estate or interest to be insured: See Item 3 below			
b. ALTA® Policy	\$	\$	\$
Proposed Insured:			
The estate or interest to be insured:			
c. ALTA® Policy	\$		
Proposed Insured:			
The estate or interest to be insured:			
3. The estate or interest in the Land at the Commitment Date is:

Fee Simple

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4. The Title is, [at the Commitment Date, vested in:](#)

The City of Mercer Island, a municipal corporation of the State of Washington

5. The Land is described as follows:

See Exhibit A attached hereto and made a part hereof

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Commitment No. NCS-1276419-WA1

SCHEDULE B, PART I—Requirements

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
5. If a proposed mortgage or deed of trust will secure, in whole or in part, construction advances, in order to consider providing coverage against statutory liens for services, labor, or materials arising from construction of improvements or work related to the Land, the Company will require:
For all construction projects, copies of the following:
 1. Project budget, including hard costs, soft costs, equity contributions, and sources and uses.
 2. An indemnity agreement on a form to be provided, and executed by indemnitor(s) approved, by the Company.
 3. Direct contract(s) with any general contractor(s), including projected schedule for completion of construction.
 4. Draft loan agreement detailing construction advance disbursement controls (or separate disbursement agreement, if applicable) and guaranty/ees.
 5. An appraisal if lender has required one.

If work or delivery of materials has commenced or will commence prior to closing, the Company will also require the following:

1. A list of all contractors and subcontractors who have commenced or will commence work or delivery of materials, including, for each, the total contract amount and any amounts paid to date.
2. Pay applications for the latest three (3) months, including invoices and conditional and unconditional lien waivers, from all contractors and subcontractors who have commenced work or delivery of materials.
3. Priority Agreement, on a form to be provided by the Company, signed by the general contractor(s) and all subcontractor(s) who have commenced or will commence work or delivery of materials prior to closing.

Upon receipt and review of the foregoing, the Company reserves the right to require additional documentation.

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Commitment No. NCS-1276419-WA1

SCHEDULE B, PART II—Exceptions

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This Commitment and the Policy treat any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document will be excepted from coverage.

The Policy will not insure against loss or damage resulting from the terms and conditions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.
2. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records.
3. Any facts, rights, interest, or claims which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
4. Easements, claims of easement or encumbrances which are not shown by the Public Records.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the Public Records.
6. (a) Unpatented mining claims; (b) Reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Water rights, claims or title to water, ditch or ditch right, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records; (d) Indian Tribal Codes or Regulations, Indian Treaty or Aboriginal Rights, including easements or equitable servitudes.
7. Any lien or right to a lien for services, labor, material or equipment, unless such lien is shown by the Public Records at Date of Policy and not otherwise excepted from coverage herein.
8. Any service, installation, connection, maintenance, construction, tap or reimbursement charges/costs for sewer, water, garbage or electricity.

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**SCHEDULE B - PART II
(continued)
SPECIAL EXCEPTIONS**

9. Lien of Real Estate Excise Tax upon sale of said premises, or transfer of a controlling interest, if unpaid. As of the date herein, the excise tax rates are as follows:
Levy/Area Code:1031

State Excise Tax for real property classified as Timberland (RCW 84.34 or RCW 84.33) or Agricultural land (RCW 84.34.020):

1.28% of the selling price

All other State Excise Tax:

1.10% of the selling price less than or equal to \$525,000.00

1.28% of the selling price from \$525,000.01 to \$1,525,000.00

2.75% of the selling price from \$1,525,000.01 to \$ 3,025,000.00

3.00% of the selling price over \$3,025,000.00

Local Excise Tax for the City of Mercer Island

.50% of the selling price

In additional to Excise Tax due, a fee of \$5.00 will be charged on all taxable transactions (\$10.00 on all exempt transactions)

10. Liability, if any, for pro-rata portion of **Real Property** taxes which are carried on the King County Tax Rolls, as tax account no. 265550-0185-00, are exempt.

We note Special Charges for the year 2025 in the amount of \$23.45, of which \$23.45 has been paid.
Balance due: \$0.00.

11. Potential charges, for the King County Sewage Treatment Capacity Charge, as authorized under RCW 35.58 and King County Code 28.84.050. Said charges could apply for any property that connected to the King County Sewer Service area on or after February 1, 1990.

Note: Properties located in Snohomish County and Pierce County may be subject to the King County Sewage Treatment Capacity Charges. To verify charges contact: (206) 296-1450 or CapChargeEscrow@kingcounty.gov.

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12. Easement, including terms and provisions contained therein:
Recording Information: August 4, 1959 as [5064102](#)
In Favor of: Sewer line
For: Mercer Island Sewer District
13. Easement, including terms and provisions contained therein:
Recording Information: October 27, 1959 as [5096006](#)
In Favor of: Sewer line
For: Mercer Island Sewer District
14. Easement, including terms and provisions contained therein:
Recording Information: December 8, 1959 as [5110650](#)
In Favor of: Sewer line
For: Mercer Island Sewer District
15. Easement, including terms and provisions contained therein:
Recording Information: December 8, 1959 as [5110652](#)
In Favor of: Sewer line
For: Mercer Island Sewer District
16. Easement, including terms and provisions contained therein:
Recording Information: [8010160472](#)
In Favor of: Puget Sound Power & Light Company
For: Electric transmission and/or distribution system
17. Terms, covenants, conditions, restrictions and easements as contained in recorded Lot Line Adjustment (Boundary Line Revision) MI-84-09-10 :
Recorded: March 15, 1984
Recording Information: [8403159004](#)
18. Easement, including terms and provisions contained therein:
Recording Information: [8403190754](#)
For: Strike gate
Affects: As described therein
19. Easement, including terms and provisions contained therein:
Recording Information: [8403190755](#)
For: Ingress and egress
Affects: As described therein

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20. Matters of extended owner/purchaser coverage which are dependent upon an inspection and an ALTA survey of the property for determination of insurability.

Please submit a copy of the ALTA Survey at your earliest convenience for review. Our inspection will be held pending our review of the ALTA Survey and the result of said inspection will be furnished by supplemental report.

21. Title to vest in an incoming owner whose name is not disclosed. Such name must be furnished to us so that a name search may be made.
22. Unrecorded leaseholds, if any, rights of vendors and security agreement on personal property and rights of tenants, and secured parties to remove trade fixtures at the expiration of the term.
23. Prior to issuance of an extended coverage policy, the Company will require an Owner's Affidavit be completed and submitted to the Company for approval prior to closing. The Company reserves the right to make any additional requirement as warranted.

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File Number: NCS-1276419-WA1

INFORMATION NOTES

1. Effective January 1, 1997, and pursuant to amendment of Washington State Statutes relating to standardization of recorded documents, the following format and content requirements must be met. Failure to comply may result in rejection of the document by the recorder.
2. Any sketch attached hereto is done so as a courtesy only and is not part of any Title Commitment or Policy. It is furnished solely for the purpose of assisting in locating the Land and First American expressly disclaims any liability which may result from reliance made upon it.
3. The description can be abbreviated as suggested below if necessary to meet standard requirements. The full text of the description must appear in the document (s) to be insured.

Lots 8, 18-21, Block 1, Fruitland Acres, V. 12, P. 33

APN: 265550-0185-00

4. A fee will be charged upon the cancellation of this Commitment pursuant to the Washington State Insurance Code and the filed Rate Schedule of the Company.

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Commitment No. NCS-1276419-WA1

EXHIBIT A

The Land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

LOT 18, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN [VOLUME 12, OF PLATS, PAGE 33](#), RECORDS OF KING COUNTY, WASHINGTON;

EXCEPT THE SOUTH 150 FEET THEREOF;

ALSO LOTS 19 AND 20, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN [VOLUME 12, OF PLATS, PAGE 33](#), RECORDS OF KING COUNTY, WASHINGTON;

ALSO LOT 21, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN [VOLUME 12, OF PLATS, PAGE 33](#), RECORDS OF KING COUNTY, WASHINGTON;

EXCEPT THE WEST 148.22 FEET OF THE SOUTH 147.5 FEET THEREOF;

ALSO THAT PORTION OF LOT 8, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN [VOLUME 12, OF PLATS, PAGE 33](#), RECORDS OF KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 8;
THENCE SOUTH 88°31'24" EAST ALONG THE SOUTH LINE OF SAID LOT 48.19 FEET TO A POINT ON A CURVE THE CENTER OF WHICH BEARS NORTH 81°45'41" WEST 1353.34 FEET;
THENCE NORTHERLY ALONG SAID CURVE AN ARC DISTANCE OF 132.87 FEET TO A POINT OF COMPOUND CURVATURE;
THENCE NORTHERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 319.53 FEET, AN ARC DISTANCE OF 99.50 FEET TO A POINT OF TANGENCY;
THENCE NORTH 15°13'43" WEST 9.76 FEET;
THENCE NORTH 7°07'23" WEST 52.33 FEET TO A POINT OF CURVATURE;
THENCE NORTHERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 68.60 FEET, AN ARC DISTANCE OF 9.98 FEET TO A POINT OF TANGENCY;
THENCE NORTH 1°12'51" EAST 307.81 FEET TO THE SOUTH LINE OF A TRACT CONVEYED TO THE WASHINGTON TOLL BRIDGE AUTHORITY OF THE STATE OF WASHINGTON BY DEEDS RECORDED UNDER RECORDINGS NOS. 3034087 AND 3070349 FOR HIGHWAY PURPOSES;
THENCE NORTH 76°36'42" WEST ALONG SAID SOUTH LINE 34.68 FEET TO THE WEST LINE OF SAID LOT;
THENCE SOUTH 1°12'51" WEST 606.69 FEET TO THE POINT OF BEGINNING.

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(ALSO KNOWN AS PARCEL B OF CITY OF MERCER ISLAND LOT LINE REVISION MI 84-03-10 AS RECORDED UNDER RECORDING NUMBER [8403159004](#), IN KING COUNTY, WASHINGTON.)

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ALTA COMMITMENT FOR TITLE INSURANCE
issued by
FIRST AMERICAN TITLE INSURANCE COMPANY

NOTICE

IMPORTANT—READ CAREFULLY: THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.

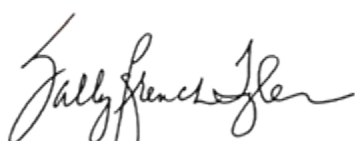
THE COMPANY'S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.

COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and the Commitment Conditions, First American Title Insurance Company, a Nebraska Corporation (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Amount of Insurance and the name of the Proposed Insured.

If all of the Schedule B, Part I—Requirements have not been met within six months after the Commitment Date, this Commitment terminates and the Company's liability and obligation end.

FIRST AMERICAN TITLE INSURANCE COMPANY


Sally F. Tyler, President


Lisa W. Cornehl, Secretary

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COMMITMENT CONDITIONS

1. DEFINITIONS

- a. "Discriminatory Covenant": Any covenant, condition, restriction, or limitation that is unenforceable under applicable law because it illegally discriminates against a class of individuals based on personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or other legally protected class.
- b. "Knowledge" or "Known": Actual knowledge or actual notice, but not constructive notice imparted by the Public Records.
- c. "Land": The land described in Item 5 of Schedule A and improvements located on that land that by State law constitute real property. The term "Land" does not include any property beyond that described in Schedule A, nor any right, title, interest, estate, or easement in any abutting street, road, avenue, alley, lane, right-of-way, body of water, or waterway, but does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.
- d. "Mortgage": A mortgage, deed of trust, trust deed, security deed, or other real property security instrument, including one evidenced by electronic means authorized by law.
- e. "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.
- f. "Proposed Amount of Insurance": Each dollar amount specified in Schedule A as the Proposed Amount of Insurance of each Policy to be issued pursuant to this Commitment.
- g. "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.
- h. "Public Records": The recording or filing system established under State statutes in effect at the Commitment Date under which a document must be recorded or filed to impart constructive notice of matters relating to the Title to a purchaser for value without Knowledge. The term "Public Records" does not include any other recording or filing system, including any pertaining to environmental remediation or protection, planning, permitting, zoning, licensing, building, health, public safety, or national security matters.
- i. "State": The state or commonwealth of the United States within whose exterior boundaries the Land is located. The term "State" also includes the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and Guam.
- j. "Title": The estate or interest in the Land identified in Item 3 of Schedule A.

2. If all of the Schedule B, Part I—Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.

3. The Company's liability and obligation is limited by and this Commitment is not valid without:
- a. the Notice;
 - b. the Commitment to Issue Policy;
 - c. the Commitment Conditions;
 - d. Schedule A;

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- e. Schedule B, Part I—Requirements; and
- f. Schedule B, Part II—Exceptions; and

4. COMPANY'S RIGHT TO AMEND

The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company is not liable for any other amendment to this Commitment.

5. LIMITATIONS OF LIABILITY

- a. The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:
 - i. comply with the Schedule B, Part I—Requirements;
 - ii. eliminate, with the Company's written consent, any Schedule B, Part II—Exceptions; or
 - iii. acquire the Title or create the Mortgage covered by this Commitment.
- b. The Company is not liable under Commitment Condition 5.a. if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.
- c. The Company is only liable under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.
- d. The Company's liability does not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Condition 5.a. or the Proposed Amount of Insurance.
- e. The Company is not liable for the content of the Transaction Identification Data, if any.
- f. The Company is not obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I—Requirements have been met to the satisfaction of the Company.
- g. The Company's liability is further limited by the terms and provisions of the Policy to be issued to the Proposed Insured.

6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT; CHOICE OF LAW AND CHOICE OF FORUM

- a. Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.
- b. Any claim must be based in contract under the State law of the State where the Land is located and is restricted to the terms and provisions of this Commitment. Any litigation or other proceeding brought by the Proposed Insured against the Company must be filed only in a State or federal court having jurisdiction.
- c. This Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.

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- d. The deletion or modification of any Schedule B, Part II—Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.
 - e. Any amendment or endorsement to this Commitment must be in writing.
 - f. When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.
- 7. IF THIS COMMITMENT IS ISSUED BY AN ISSUING AGENT**
The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company's agent for closing, settlement, escrow, or any other purpose.
- 8. PRO-FORMA POLICY**
The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.
- 9. CLAIMS PROCEDURES**
This Commitment incorporates by reference all Conditions for making a claim in the Policy to be issued to the Proposed Insured. Commitment Condition 9 does not modify the limitations of liability in Commitment Conditions 5 and 6.
- 10. CLASS ACTION**
ALL CLAIMS AND DISPUTES ARISING OUT OF OR RELATING TO THIS COMMITMENT, INCLUDING ANY SERVICE OR OTHER MATTER IN CONNECTION WITH ISSUING THIS COMMITMENT, ANY BREACH OF A COMMITMENT PROVISION, OR ANY OTHER CLAIM OR DISPUTE ARISING OUT OF OR RELATING TO THE TRANSACTION GIVING RISE TO THIS COMMITMENT, MUST BE BROUGHT IN AN INDIVIDUAL CAPACITY. NO PARTY MAY SERVE AS PLAINTIFF, CLASS MEMBER, OR PARTICIPANT IN ANY CLASS OR REPRESENTATIVE PROCEEDING. ANY POLICY ISSUED PURSUANT TO THIS COMMITMENT WILL CONTAIN A CLASS ACTION CONDITION.

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**Transaction Identification Data, for which the Company assumes no liability as set forth in Commitment Condition 5.e.:**

Issuing Agent: First American Title Insurance Company National Commercial Services
 Issuing Office: 920 Fifth Avenue, Suite 1200, Seattle, WA 98104
 Issuing Office's ALTA® Registry ID: NCS-1276417-WA1
 Commitment Number: NCS-1276417-WA1
 Issuing Office File Number: NCS-1276417-WA1
 Property Address: 9611 SouthEast 36th Street, Mercer Island, WA 98040
 Revision Number:

Reference No.: 9611 SouthEast 36th Street
 Escrow Officer Name:
 Escrow Officer Number:
 Escrow Officer Email:
 Escrow Assistant Name:
 Escrow Assistant Number:
 Escrow Assistant Email:
 Title Officer Name: Terri Nugent
 Title Officer Number: (206)615-3041
 Title Officer Email: tnugent@firstam.com

SCHEDULE A

1. Commitment Date: August 25, 2025 at 7:30 AM
2. Policy to be Issued:

	Amount	Premium	Tax
	\$To follow	\$	\$
a. ALTA® Standard Owner's Policy			
Proposed Insured: To follow			
The estate or interest to be insured: See Item 3 below			
b. ALTA® Policy	\$	\$	\$
Proposed Insured:			
The estate or interest to be insured:			
c. ALTA® Policy	\$		
Proposed Insured:			
The estate or interest to be insured:			
3. The estate or interest in the Land at the Commitment Date is:

Fee Simple

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4. The Title is, [at the Commitment Date, vested in:](#)

The City of Mercer Island, a municipal corporation of the State of Washington

5. The Land is described as follows:

See Exhibit A attached hereto and made a part hereof

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Commitment No. NCS-1276417-WA1

SCHEDULE B, PART I—Requirements

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
5. If a proposed mortgage or deed of trust will secure, in whole or in part, construction advances, in order to consider providing coverage against statutory liens for services, labor, or materials arising from construction of improvements or work related to the Land, the Company will require:
For all construction projects, copies of the following:
 1. Project budget, including hard costs, soft costs, equity contributions, and sources and uses.
 2. An indemnity agreement on a form to be provided, and executed by indemnitor(s) approved, by the Company.
 3. Direct contract(s) with any general contractor(s), including projected schedule for completion of construction.
 4. Draft loan agreement detailing construction advance disbursement controls (or separate disbursement agreement, if applicable) and guaranty/ees.
 5. An appraisal if lender has required one.

If work or delivery of materials has commenced or will commence prior to closing, the Company will also require the following:

1. A list of all contractors and subcontractors who have commenced or will commence work or delivery of materials, including, for each, the total contract amount and any amounts paid to date.
2. Pay applications for the latest three (3) months, including invoices and conditional and unconditional lien waivers, from all contractors and subcontractors who have commenced work or delivery of materials.
3. Priority Agreement, on a form to be provided by the Company, signed by the general contractor(s) and all subcontractor(s) who have commenced or will commence work or delivery of materials prior to closing.

Upon receipt and review of the foregoing, the Company reserves the right to require additional documentation.

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Commitment No. NCS-1276417-WA1

SCHEDULE B, PART II—Exceptions

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This Commitment and the Policy treat any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document will be excepted from coverage.

The Policy will not insure against loss or damage resulting from the terms and conditions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.
2. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records.
3. Any facts, rights, interest, or claims which are not shown by the Public Records but which could be ascertained by an inspection of the Land or by making inquiry of persons in possession thereof.
4. Easements, claims of easement or encumbrances which are not shown by the Public Records.
5. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the Public Records.
6. (a) Unpatented mining claims; (b) Reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) Water rights, claims or title to water, ditch or ditch right, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records; (d) Indian Tribal Codes or Regulations, Indian Treaty or Aboriginal Rights, including easements or equitable servitudes.
7. Any lien or right to a lien for services, labor, material or equipment, unless such lien is shown by the Public Records at Date of Policy and not otherwise excepted from coverage herein.
8. Any service, installation, connection, maintenance, construction, tap or reimbursement charges/costs for sewer, water, garbage or electricity.

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**SCHEDULE B - PART II
(continued)
SPECIAL EXCEPTIONS**

9. Lien of Real Estate Excise Tax upon sale of said premises, or transfer of a controlling interest, if unpaid. As of the date herein, the excise tax rates are as follows:
Levy/Area Code:1031

State Excise Tax for real property classified as Timberland (RCW 84.34 or RCW 84.33) or Agricultural land (RCW 84.34.020):

1.28% of the selling price

All other State Excise Tax:

1.10% of the selling price less than or equal to \$525,000.00

1.28% of the selling price from \$525,000.01 to \$1,525,000.00

2.75% of the selling price from \$1,525,000.01 to \$ 3,025,000.00

3.00% of the selling price over \$3,025,000.00

Local Excise Tax for the City of Mercer Island

.50% of the selling price

In additional to Excise Tax due, a fee of \$5.00 will be charged on all taxable transactions (\$10.00 on all exempt transactions)

10. Liability, if any, for pro-rata portion of **Real Property** taxes which are carried on the King County Tax Rolls, as tax account no. 265550-0075-03, are exempt.

We note Special Charges for the year 2025 in the amount of \$20.57, of which \$20.57 has been paid.
Balance due: \$0.00.

11. Potential charges, for the King County Sewage Treatment Capacity Charge, as authorized under RCW 35.58 and King County Code 28.84.050. Said charges could apply for any property that connected to the King County Sewer Service area on or after February 1, 1990.

Note: Properties located in Snohomish County and Pierce County may be subject to the King County Sewage Treatment Capacity Charges. To verify charges contact: (206) 296-1450 or CapChargeEscrow@kingcounty.gov.

12. Covenant to bear shares in the cost of construction or repair of drain easement. Easement for which was granted over adjacent property by instruments recorded under Recording No. [2255219](#).

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13. Easement, including terms and provisions contained therein:
Recording Information: [8010160472](#)
In Favor of: Puget Sound Power & Light Company
For: Electric transmission and/or distribution system
14. Terms, covenants, conditions, restrictions and easements as contained in recorded Lot Line Adjustment (Boundary Line Revision) MI-84-09-10 :
Recorded: March 15, 1984
Recording Information: [8403159004](#)
15. Easement, including terms and provisions contained therein:
Recording Information: [8403190753](#)
For: Utilities
Affects: As described therein
16. Easement, including terms and provisions contained therein:
Recording Information: [8403190754](#)
For: Strike gate
Affects: As described therein
17. Easement, including terms and provisions contained therein:
Recording Information: [8902210294](#)
In Favor of: Puget Sound Power & Light Company
For: Electric transmission and/or distribution system
18. Matters of extended owner/purchaser coverage which are dependent upon an inspection and an ALTA survey of the property for determination of insurability.

Please submit a copy of the ALTA Survey at your earliest convenience for review. Our inspection will be held pending our review of the ALTA Survey and the result of said inspection will be furnished by supplemental report.

19. Title to vest in an incoming owner whose name is not disclosed. Such name must be furnished to us so that a name search may be made.
20. Unrecorded leaseholds, if any, rights of vendors and security agreement on personal property and rights of tenants, and secured parties to remove trade fixtures at the expiration of the term.
21. Prior to issuance of an extended coverage policy, the Company will require an Owner's Affidavit be completed and submitted to the Company for approval prior to closing. The Company reserves the right to make any additional requirement as warranted.

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File Number: NCS-1276417-WA1

INFORMATION NOTES

1. Effective January 1, 1997, and pursuant to amendment of Washington State Statutes relating to standardization of recorded documents, the following format and content requirements must be met. Failure to comply may result in rejection of the document by the recorder.
2. Any sketch attached hereto is done so as a courtesy only and is not part of any Title Commitment or Policy. It is furnished solely for the purpose of assisting in locating the Land and First American expressly disclaims any liability which may result from reliance made upon it.
3. The description can be abbreviated as suggested below if necessary to meet standard requirements. The full text of the description must appear in the document (s) to be insured.

Lots 8-9, Block 1, Fruitland Acres, [V. 12, P. 33](#)

APN: 265550-0075-03

4. A fee will be charged upon the cancellation of this Commitment pursuant to the Washington State Insurance Code and the filed Rate Schedule of the Company.

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Commitment No. NCS-1276417-WA1

EXHIBIT A

The Land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

PARCEL A OF CITY OF MERCER ISLAND LOT LINE REVISION MI 84-03-10 AS RECORDED UNDER RECORDING NUMBER [8403159004](#), BEING A PORTION OF LOTS 8 AND 9, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE ACCORDING TO THE PLAT THEREOF RECORDED IN [VOLUME 12 OF PLATS, PAGE 33](#), IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION DEDICATED AS "PUBLIC RIGHT-OF-WAY" BY CITY OF MERCER ISLAND RESOLUTION NO. 1065 AS RECORDED UNDER RECORDING NUMBER [8811301367](#).

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ALTA COMMITMENT FOR TITLE INSURANCE
issued by
FIRST AMERICAN TITLE INSURANCE COMPANY

NOTICE

IMPORTANT—READ CAREFULLY: THIS COMMITMENT IS AN OFFER TO ISSUE ONE OR MORE TITLE INSURANCE POLICIES. ALL CLAIMS OR REMEDIES SOUGHT AGAINST THE COMPANY INVOLVING THE CONTENT OF THIS COMMITMENT OR THE POLICY MUST BE BASED SOLELY IN CONTRACT.

THIS COMMITMENT IS NOT AN ABSTRACT OF TITLE, REPORT OF THE CONDITION OF TITLE, LEGAL OPINION, OPINION OF TITLE, OR OTHER REPRESENTATION OF THE STATUS OF TITLE. THE PROCEDURES USED BY THE COMPANY TO DETERMINE INSURABILITY OF THE TITLE, INCLUDING ANY SEARCH AND EXAMINATION, ARE PROPRIETARY TO THE COMPANY, WERE PERFORMED SOLELY FOR THE BENEFIT OF THE COMPANY, AND CREATE NO EXTRACONTRACTUAL LIABILITY TO ANY PERSON, INCLUDING A PROPOSED INSURED.


THE COMPANY'S OBLIGATION UNDER THIS COMMITMENT IS TO ISSUE A POLICY TO A PROPOSED INSURED IDENTIFIED IN SCHEDULE A IN ACCORDANCE WITH THE TERMS AND PROVISIONS OF THIS COMMITMENT. THE COMPANY HAS NO LIABILITY OR OBLIGATION INVOLVING THE CONTENT OF THIS COMMITMENT TO ANY OTHER PERSON.

COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and the Commitment Conditions, First American Title Insurance Company, a Nebraska Corporation (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Amount of Insurance and the name of the Proposed Insured.

If all of the Schedule B, Part I—Requirements have not been met within six months after the Commitment Date, this Commitment terminates and the Company's liability and obligation end.

FIRST AMERICAN TITLE INSURANCE COMPANY


Sally F. Tyler, President


Lisa W. Cornehl, Secretary

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COMMITMENT CONDITIONS

1. DEFINITIONS

- a. "Discriminatory Covenant": Any covenant, condition, restriction, or limitation that is unenforceable under applicable law because it illegally discriminates against a class of individuals based on personal characteristics such as race, color, religion, sex, sexual orientation, gender identity, familial status, disability, national origin, or other legally protected class.
- b. "Knowledge" or "Known": Actual knowledge or actual notice, but not constructive notice imparted by the Public Records.
- c. "Land": The land described in Item 5 of Schedule A and improvements located on that land that by State law constitute real property. The term "Land" does not include any property beyond that described in Schedule A, nor any right, title, interest, estate, or easement in any abutting street, road, avenue, alley, lane, right-of-way, body of water, or waterway, but does not modify or limit the extent that a right of access to and from the Land is to be insured by the Policy.
- d. "Mortgage": A mortgage, deed of trust, trust deed, security deed, or other real property security instrument, including one evidenced by electronic means authorized by law.
- e. "Policy": Each contract of title insurance, in a form adopted by the American Land Title Association, issued or to be issued by the Company pursuant to this Commitment.
- f. "Proposed Amount of Insurance": Each dollar amount specified in Schedule A as the Proposed Amount of Insurance of each Policy to be issued pursuant to this Commitment.
- g. "Proposed Insured": Each person identified in Schedule A as the Proposed Insured of each Policy to be issued pursuant to this Commitment.
- h. "Public Records": The recording or filing system established under State statutes in effect at the Commitment Date under which a document must be recorded or filed to impart constructive notice of matters relating to the Title to a purchaser for value without Knowledge. The term "Public Records" does not include any other recording or filing system, including any pertaining to environmental remediation or protection, planning, permitting, zoning, licensing, building, health, public safety, or national security matters.
- i. "State": The state or commonwealth of the United States within whose exterior boundaries the Land is located. The term "State" also includes the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, and Guam.
- j. "Title": The estate or interest in the Land identified in Item 3 of Schedule A.

2. If all of the Schedule B, Part I—Requirements have not been met within the time period specified in the Commitment to Issue Policy, this Commitment terminates and the Company's liability and obligation end.

3. The Company's liability and obligation is limited by and this Commitment is not valid without:
 - a. the Notice;
 - b. the Commitment to Issue Policy;
 - c. the Commitment Conditions;
 - d. Schedule A;

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- e. Schedule B, Part I—Requirements; and
- f. Schedule B, Part II—Exceptions; and

4. COMPANY'S RIGHT TO AMEND

The Company may amend this Commitment at any time. If the Company amends this Commitment to add a defect, lien, encumbrance, adverse claim, or other matter recorded in the Public Records prior to the Commitment Date, any liability of the Company is limited by Commitment Condition 5. The Company is not liable for any other amendment to this Commitment.

5. LIMITATIONS OF LIABILITY

- a. The Company's liability under Commitment Condition 4 is limited to the Proposed Insured's actual expense incurred in the interval between the Company's delivery to the Proposed Insured of the Commitment and the delivery of the amended Commitment, resulting from the Proposed Insured's good faith reliance to:
 - i. comply with the Schedule B, Part I—Requirements;
 - ii. eliminate, with the Company's written consent, any Schedule B, Part II—Exceptions; or
 - iii. acquire the Title or create the Mortgage covered by this Commitment.
- b. The Company is not liable under Commitment Condition 5.a. if the Proposed Insured requested the amendment or had Knowledge of the matter and did not notify the Company about it in writing.
- c. The Company is only liable under Commitment Condition 4 if the Proposed Insured would not have incurred the expense had the Commitment included the added matter when the Commitment was first delivered to the Proposed Insured.
- d. The Company's liability does not exceed the lesser of the Proposed Insured's actual expense incurred in good faith and described in Commitment Condition 5.a. or the Proposed Amount of Insurance.
- e. The Company is not liable for the content of the Transaction Identification Data, if any.
- f. The Company is not obligated to issue the Policy referred to in this Commitment unless all of the Schedule B, Part I—Requirements have been met to the satisfaction of the Company.
- g. The Company's liability is further limited by the terms and provisions of the Policy to be issued to the Proposed Insured.

6. LIABILITY OF THE COMPANY MUST BE BASED ON THIS COMMITMENT; CHOICE OF LAW AND CHOICE OF FORUM

- a. Only a Proposed Insured identified in Schedule A, and no other person, may make a claim under this Commitment.
- b. Any claim must be based in contract under the State law of the State where the Land is located and is restricted to the terms and provisions of this Commitment. Any litigation or other proceeding brought by the Proposed Insured against the Company must be filed only in a State or federal court having jurisdiction.
- c. This Commitment, as last revised, is the exclusive and entire agreement between the parties with respect to the subject matter of this Commitment and supersedes all prior commitment negotiations, representations, and proposals of any kind, whether written or oral, express or implied, relating to the subject matter of this Commitment.

This page is only a part of a 2021 ALTA Commitment for Title Insurance issued by First American Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; and Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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Form 50170653 (8-29-22)

Page 11 of 12



- d. The deletion or modification of any Schedule B, Part II—Exception does not constitute an agreement or obligation to provide coverage beyond the terms and provisions of this Commitment or the Policy.
 - e. Any amendment or endorsement to this Commitment must be in writing.
 - f. When the Policy is issued, all liability and obligation under this Commitment will end and the Company's only liability will be under the Policy.
- 7. IF THIS COMMITMENT IS ISSUED BY AN ISSUING AGENT**
The issuing agent is the Company's agent only for the limited purpose of issuing title insurance commitments and policies. The issuing agent is not the Company's agent for closing, settlement, escrow, or any other purpose.
- 8. PRO-FORMA POLICY**
The Company may provide, at the request of a Proposed Insured, a pro-forma policy illustrating the coverage that the Company may provide. A pro-forma policy neither reflects the status of Title at the time that the pro-forma policy is delivered to a Proposed Insured, nor is it a commitment to insure.
- 9. CLAIMS PROCEDURES**
This Commitment incorporates by reference all Conditions for making a claim in the Policy to be issued to the Proposed Insured. Commitment Condition 9 does not modify the limitations of liability in Commitment Conditions 5 and 6.
- 10. CLASS ACTION**
ALL CLAIMS AND DISPUTES ARISING OUT OF OR RELATING TO THIS COMMITMENT, INCLUDING ANY SERVICE OR OTHER MATTER IN CONNECTION WITH ISSUING THIS COMMITMENT, ANY BREACH OF A COMMITMENT PROVISION, OR ANY OTHER CLAIM OR DISPUTE ARISING OUT OF OR RELATING TO THE TRANSACTION GIVING RISE TO THIS COMMITMENT, MUST BE BROUGHT IN AN INDIVIDUAL CAPACITY. NO PARTY MAY SERVE AS PLAINTIFF, CLASS MEMBER, OR PARTICIPANT IN ANY CLASS OR REPRESENTATIVE PROCEEDING. ANY POLICY ISSUED PURSUANT TO THIS COMMITMENT WILL CONTAIN A CLASS ACTION CONDITION.

This page is only a part of a 2021 ALTA Commitment for Title Insurance issued by First American Title Insurance Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; and Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

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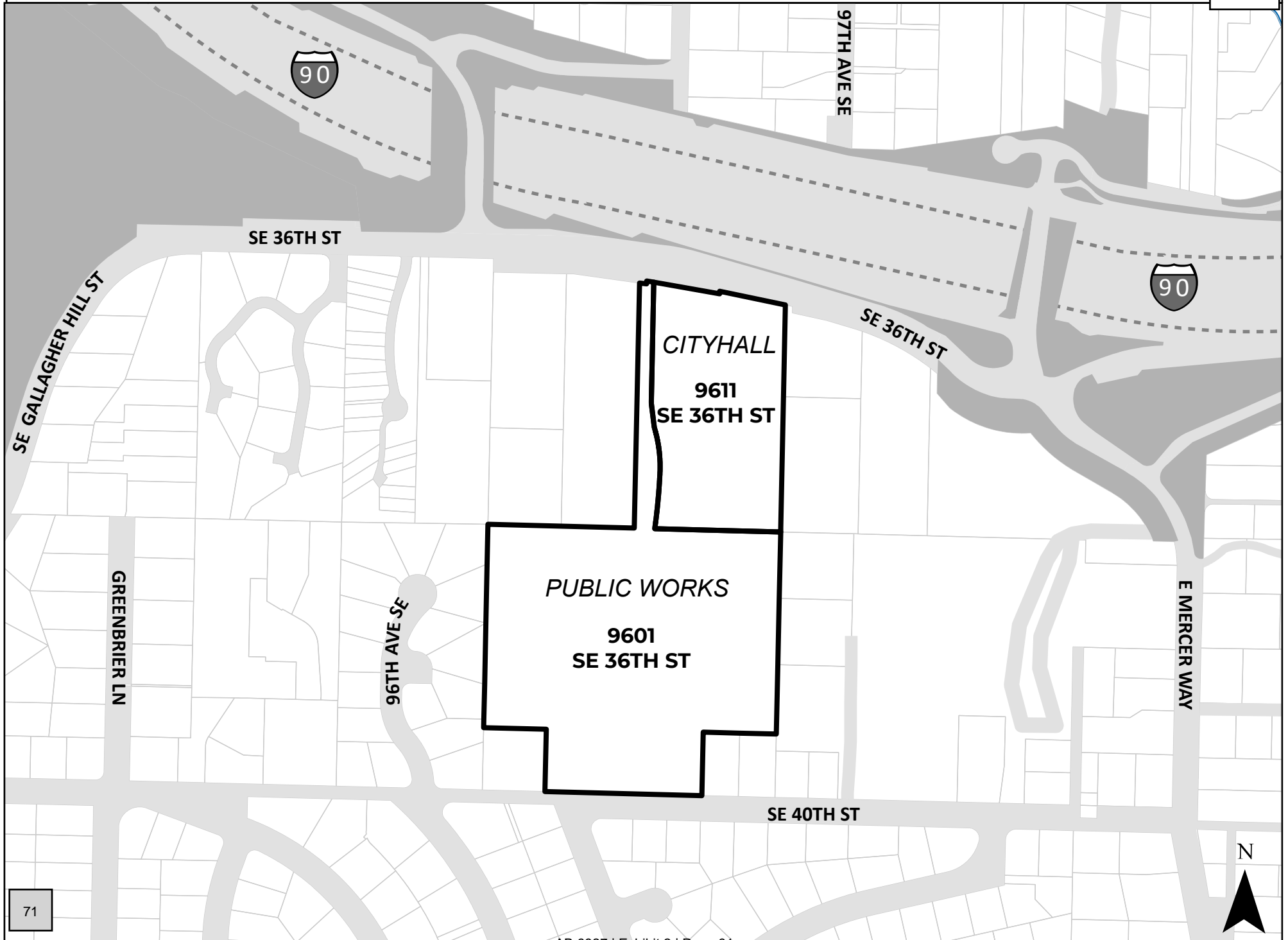
Form 50170653 (8-29-22)

Page 12 of 12

VICINITY MAP

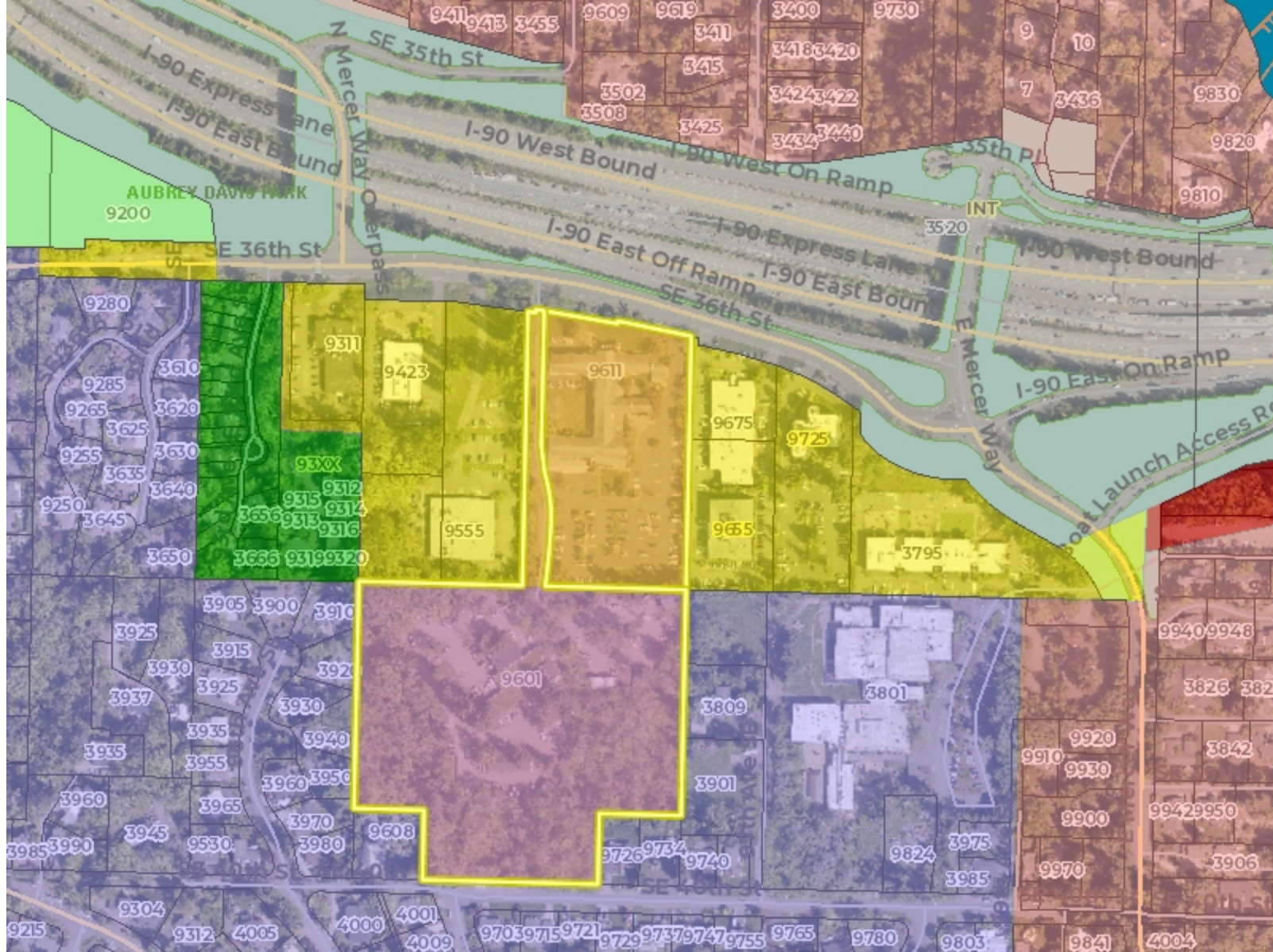
EX

Item 3.





RZN25-001 Zoning Map



Legend

Zoning

- OS
- R-15
- R-12
- R-9.6
- R-8.4
- MF-2L
- MF-3
- MF-2
- PI
- PBZ
- C-O
- TC
- B

Address

- Parcels
- Docks
- Shoreline
- Major Roads
- Street Centerline
- Parks

May 2023

- Red: Band_1
- Green: Band_2
- Blue: Band_3

0 323 646 Feet

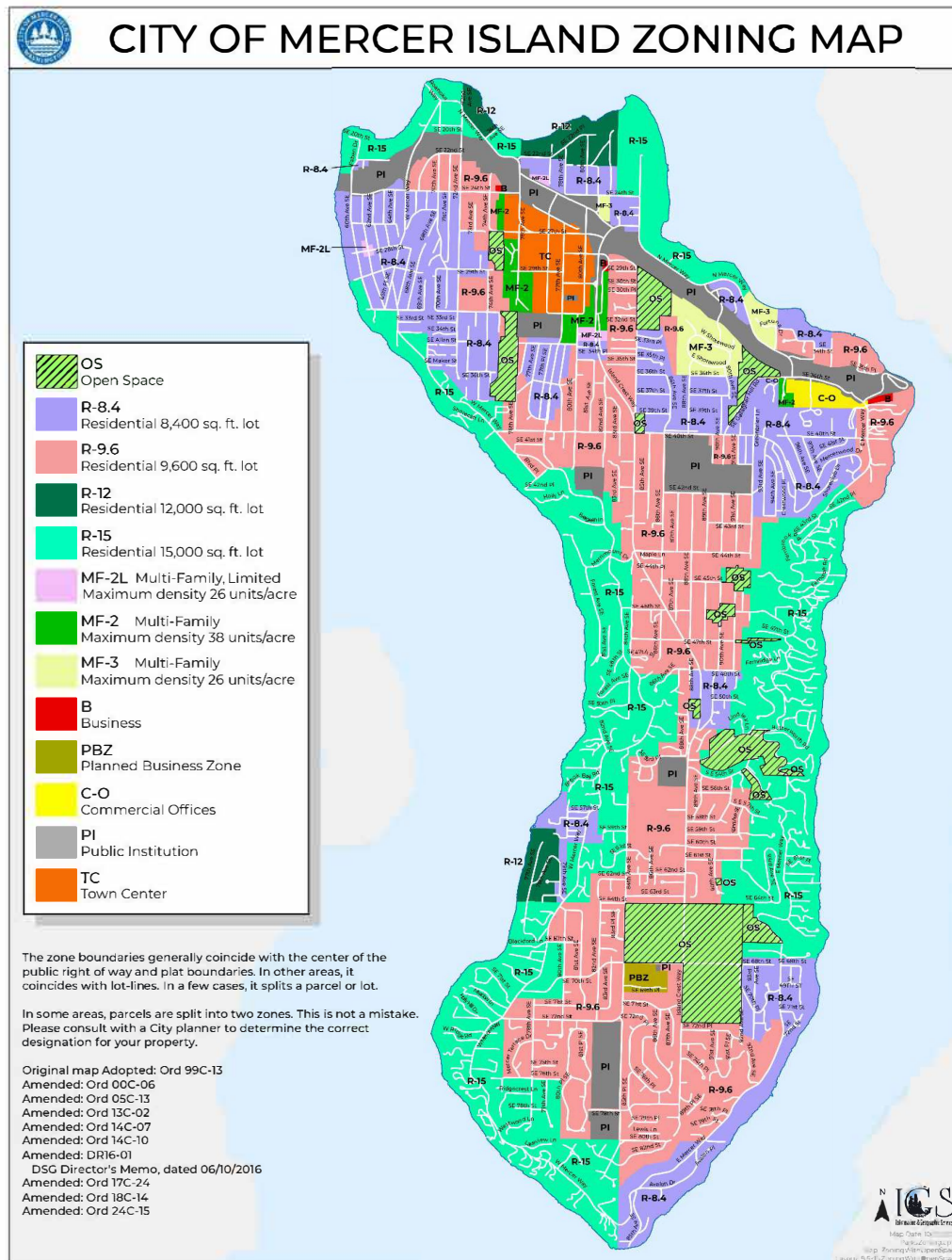
1 inch = 646.28331 feet



Disclaimer: These maps were developed by the City of Mercer Island and are intended to be a general purpose digital reference tool. These maps are not an accepted legal instrument for describing, establishing, recording or maintaining descriptions for property concerns or boundaries. The City makes no representation or warranty with respect to the accuracy or currency of these data sets, especially in regard to labeling of surveyed dimensions, or agreement with official sources such as records of survey, or mapped locations of features.

Notes

View city of Mercer Island Zoning Map.

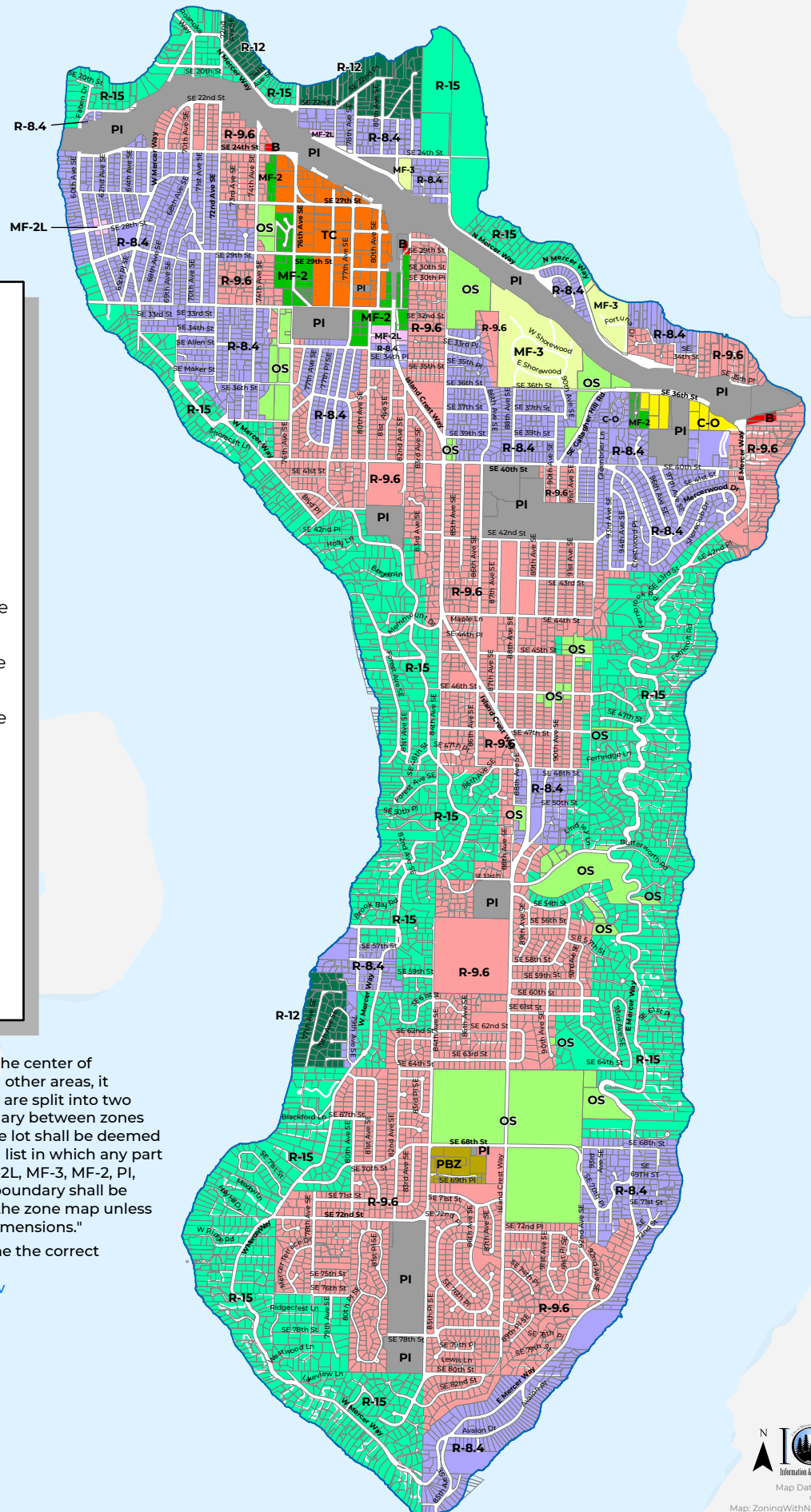
(Ord. No. 24C-15, § 6(Exh. A), 11-4-2024)



CITY OF MERCER ISLAND ZONING MAP

Item 3.

Proposed zoning change: City Hall (C-O) and Public Works (R-8.4) parcels to PI.



- OS
Open Space
- R-15
Residential 15,00 sq. ft. lot
- R-12
Residential 12,000 sq. ft. lot
- R-9.6
Residential 9,600 sq. ft. lot
- R-8.4
Residential 8,400 sq. ft. lot
- MF-2L Multi-Family, Limited
Maximum density 26 units/acre
- MF-3 Multi-Family
Maximum density 26 units/acre
- MF-2 Multi-Family
Maximum density 38 units/acre
- PI
Public Institution
- PBZ
Planned Business Zone
- C-O
Commercial Offices
- TC
Town Center
- B
Business

The zone boundaries generally coincide with the center of the public right of way and plat boundaries. In other areas, it coincides with lot-lines. In some areas, parcels are split into two zones. Per City Code 19.01.040 "where a boundary between zones divides a lot into two or more pieces, the entire lot shall be deemed to be located in the first zone on the following list in which any part of the lot is located: R-15, R-12, R-9.6, R-8.4, MF-2L, MF-3, MF-2, PI, PBZ, C-O, TC, and B. The location of the zone boundary shall be determined by use of the scale appearing on the zone map unless the location of the boundary is indicated by dimensions."

Please consult with a City planner to determine the correct designation for your property.

Contact: Landuse.Planning@MercerIsland.gov

Original map Adopted: Ord 99C-13

Amended: Ord 00C-06

Amended: Ord 05C-13

Amended: Ord 13C-02

Amended: Ord 14C-07

Amended: Ord 14C-10

Amended: DR16-01

DSG Director's Memo, dated 06/10/2016

Amended: Ord 17C-24

ed: Ord 18C-14

ed: Ord 24C-15

CITY OF MERCER ISLAND

COMMUNITY PLANNING AND DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040

PHONE: 206.275.7605 | www.mercergov.org



TRANSPORTATION CONCURRENCY CERTIFICATE NO. TCC25-018

Pursuant to MICC 19.20.020 this Certificate confirms that the transportation concurrency requirement for the proposed development described below has been satisfied pursuant to the conditions contained in this Certificate.

Project Name:	REZONE TO PUBLIC INSTITUTION	Issuance Date:	NOVEMBER 10, 2025
Site Address / Location:	9611 SE 36TH ST	ExpirationDate:	NOVEMBER 10, 2026*
Parcel(s):	2655500075	*or as otherwise established in language below	

Applicant: KELLYE HILDE
9611 SE 36TH ST
MERCER ISLAND, WA, 98040

Owner: MERCER ISLAND CITY OF,
9611 SE 36TH ST
MERCER ISLAND, WA 98040

Proposed Land Use:	COMMERCIAL	Units:	EMPLOYEES
Type of Development Proposal:	OTHER	Square Footage:	
Related Application(s):	SEP25-017	Net New Trips:	8

This Certificate is only an indication that there is adequate vehicular capacity on the City of Mercer Island street network to support the traffic forecasted to be generated by the development described above. This Certificate implies no other approvals of land use, site design, or code compliance. It is subject to the following general conditions:

Validity: A transportation concurrency certificate is valid only for the specified uses, densities, intensity and development proposal site(s) for which it was issued and shall not be transferred to a different project or parcel. A transportation concurrency certificate shall remain valid for the longer of:

1. One (1) year from the date of issuance;
2. During the period of time the development proposal associated with the certificate is under review by the city;
3. For the same period of time as the development approval. If the development does not have an expiration date or an approved phasing schedule that allows a longer build-out, the concurrency certificate shall be valid for one (1) year from the date of the last permit approval associated with the development proposal;
4. For a period of time specified in an approved development agreement.

Expiration: A transportation concurrency certificate shall expire if any of the following occur:

1. The timeframe established in the Validity section above is exceeded.
2. The related development permit application is denied or revoked by the city.
3. The related development permit expires prior to issuance of a building permit.

Extension: A transportation concurrency certificate shall not be extended. A new transportation concurrency application, review and certificate are required if the previous transportation concurrency certificate has expired.

**COMMUNITY PLANNING & DEVELOPMENT**206.275.7605
www.mercerisland.gov/cpd**September 19, 2025**

City of Mercer Island
Attn: Kellye Hilde, Public Works Deputy Director
9601 SE 36th St
Mercer Island, WA 98040
Via: Email

RE: **RZN25-001 & SEP25-017** Determination of Complete Application; 9601 & 9611 SE 36th St, Mercer Island, WA 98040

The City of Mercer Island received an applications for a **Reclassification of Property (Rezone)** and a **SEPA Threshold Determination** for the subject property on September 17, 2025. The City has assigned file number **RZN25-001** to the Rezone application and **SEP25-017** to the SEPA Review application. Following review of the applications, City staff has determined that the applications are procedurally complete and has established a vesting date of September 19, 2025.

The application is scheduled for mailing and posting on September 29, 2025 as required by MICC 19.15.090. The Notice of Application and Notice of Public Hearing for the Rezone application will be combined, as allowed in MICC 19.15.100(A). The Public Hearing is scheduled for November 19, 2025 at 6:00PM with the Planning Commission.

A work session will be held on November 12, 2025 at 6:00PM with the Planning Commission.

Formal review of the application will now begin in compliance with Mercer Island City Code, Chapter 19. As review progresses, additional documentation will most likely be requested.

Pursuant to Mercer Island City Code 19.15.110(B), if the applicant fails to provide the required information within 60 days from the date of any request for information, the application shall lapse, and become null and void.

Please do not hesitate to contact me if you have any questions.
Sincerely,

Molly McGuire, Senior Planner
(206) 275-7712 | molly.mcguire@mercerisland.gov
City of Mercer Island Community Planning and Development

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040
 206.275.7605 | www.mercerisland.gov



PUBLIC NOTICE OF APPLICATION & PUBLIC NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City of Mercer Island has received an application for the request described below and that the Mercer Island Planning Commission will hold a public hearing at its regular meeting on **Wednesday, November 19, 2025 at approximately 6:00PM** at the Mercer Island Community and Events Center:

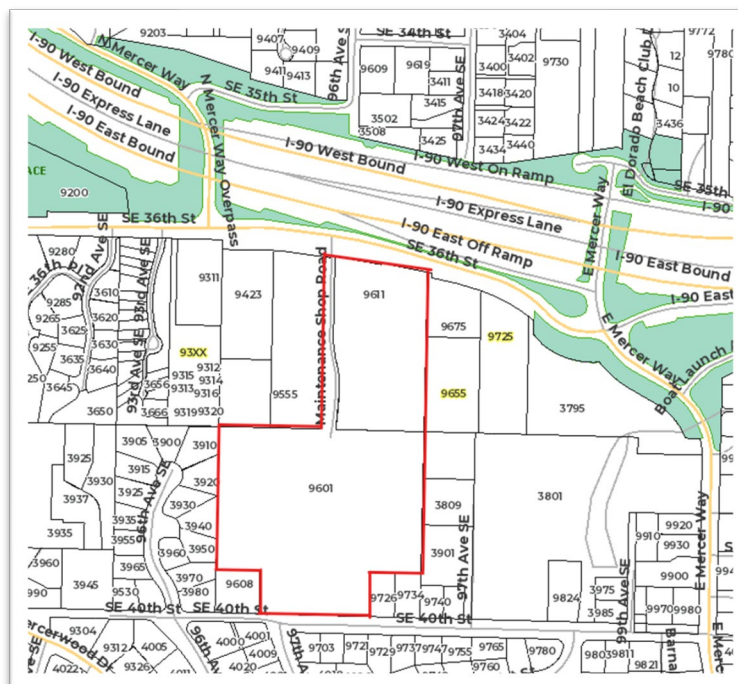
File No.: RZN25-001; SEP25-017

Permit Type: Quasi-Judicial (RZN25-001); Type III (SEP25-017)

Description of Request: A request for a reclassification of property (rezone) with SEPA Review to reclassify two City-owned properties from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI). Both sites are currently used for public services and are designated as Public Facility in the City's Comprehensive Plan. The rezone would also support the City's plan to construct a new Public Safety and Maintenance (PSM) Facility on the site.

Applicant/Owner: Kellye Hilde, Public Works Deputy Director (City of Mercer Island) / City of Mercer Island

Location of Property: 9601 & 9611 SE 36th St, Mercer Island WA 98040
 King County Assessor tax parcel numbers: 965550-0185; 265550-0075



SEPA Compliance:

Following review of the submitted State Environmental Policy Act (SEPA) checklist, an initial evaluation of the proposed project for probably significant adverse environmental impacts was conducted. The City expects to issue a SEPA Determination of Non-Significance (DNS) for this project. The optional DNS process, as specified in Washington Administrative Code (WAC) 197-11-355, is being used. This may be your only opportunity to comment on the environmental impacts of the proposal. The proposal may include mitigation measures under applicable codes, and the project review process may incorporate or require mitigation measures regardless of whether an Environmental Impact Statement (EIS) is prepared. A copy of the subsequent threshold determination for this specific project may be obtained upon request.

Project Documents: <https://mieplan.mercergov.org/public/RZN25-001>

Written Comments: This may be the only opportunity to comment on this proposal. Written comments on this proposal may be submitted to the City of Mercer Island either by email, in person, or by mail to the City of Mercer Island, 9611 SE 36th Street, Mercer Island, WA 98040-3732. Anyone may comment on the application, receive notice, and request a copy of the decision once made. Only those persons who submit written comments or participate at the public hearing (if a hearing is required) will be parties of record; and only parties of record will have the right to appeal.

Public Hearing and Public Meeting:

Pursuant to [MICC 19.15.030](#), a public hearing is not required for SEPA threshold determinations. A public hearing is required for reclassifications of property pursuant to [MICC 19.15.260](#).

A public hearing for RZN25-001 is scheduled before the Planning Commission on **Wednesday, November 19, 2025 at approximately 6:00PM** at the Mercer Island Community and Events Center (8263 SE 24th St, Mercer Island, WA 98040).

The Planning Commission public hearing is accessible in person and using Zoom. The public will have the opportunity to comment during the public hearing by either attending in person, calling in, or logging onto the meeting via Zoom. Written comments may be submitted to the City of Mercer Island by e-mail to cityclerk@mercerisland.gov until such time that the public hearing is adjourned.

Detailed instructions on how to comment live during the public hearing will be available online on or before November 14, 2025, at <https://www.mercerisland.gov/bc-pc>

Americans with disabilities accommodations are available by calling (206) 275-7791.

Applicable Development Regulations:

Applications for reclassifications of property are required to be processed as quasi-judicial reviews pursuant to Mercer Island City Code (MICC) 19.15.260. Review criteria for reclassifications of property are contained in MICC 19.15.240. Applications for SEPA reviews are required to be processed as Type III land use reviews pursuant to MICC 19.15.030. The City's Environmental Procedures can be found in Chapter 19.21 MICC.

Other Associated Permits:

Permit No(s): TCC25-018

Environmental Documents:

Copies of all studies and/or environmental documents are available through the above project documents link.

Application Process Information:

Date of Application:	September 17, 2025
Determined to Be Complete:	September 19, 2025
Published in Newspaper:	October 1, 2025
Weekly Permit Bulletin Notice:	September 29, 2025
Date Mailed:	September 29, 2025
Date Posted on Site:	September 29, 2025
SEPA Comment Period Ends:	5:00PM on October 31, 2025
Rezone Comment Period Ends:	Close of Public Hearing on November 19, 2025

Project Contact:

Molly McGuire, Senior Planner
molly.mcguire@mercercisland.gov | (206) 275-7712

Client	91534 - City of Mercer Island- LEGALS	Phone	(206) 275-7600		
Address	9611 SE 36th Street	E-Mail	deborah.estrada@mercerisland.gov		
	Mercer Island, WA, 98040	Fax	(206) 275-7663		
Order#	1020291	Requested By	DEB ESTRADA	Order Price	\$287.81
Classification	3030 - Legal Notices	PO #	NOA & PH	Tax 1	\$0.00
Start Date	10/01/2025	Created By	0917	Tax 2	\$0.00
End Date	10/01/2025	Creation Date	09/25/2025, 11:44:00 am	Total Net	\$287.81
Run Dates	1			Payment	\$0.00
Publication(s)	Mercer Island Reporter				
Sales Rep	9470 - Jennifer Tribbett	Phone	(360) 802-8212		
		E-Mail	jtribbett@courierherald.com		
		Fax			

**CITY OF
MERCER ISLAND –
NOTICE OF APPLICA-
TION AND NOTICE OF
PUBLIC HEARING
SEP25-017 &
RZN25-001 – Public
Hearing November 19,
2025**

**NOTICE IS HEREBY
GIVEN** that the City of
Mercer Island has re-
ceived an application for
the request described
below and that the Mer-
cer Island Planning
Commission will hold a
public hearing at its
regular meeting on
**Wednesday, November
19, 2025 at approxi-
mately 6:00PM** at the
Mercer Island Commu-
nity and Events Center:
File No.: RZN25-001;
SEP25-017

Permit Type: Qusai-Ju-
dicial (RZN25-001);
Type III (SEP25-017)

**Description of Re-
quest:** A request for a
reclassification of prop-
erty (rezone) with SEPA
Review to reclassify two
City-owned properties
from Commercial Office
(C-O) and Single-Family
Residential (R-8.4) to
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Both sites are currently
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and are designated as
Public Facility in the
City's Comprehensive
Plan. The rezone would
also support the City's
plan to construct a new
Public Safety and Main-
tenance (PSM) Facility
on the site.

Applicant/Owner: Kel-
lye Hilde, Public Works
Deputy Director / City of
Mercer Island

Location of Property:
9601 & 9611 SE 36th St,
Mercer Island WA 98040
King County Assessor

tax parcel numbers:
965550-0185; 265550-
0075

A vicinity map is
available at <https://mieplan.mercergov.org/public/RZN25-001>

SEPA Compliance: Following review of the submitted State Environmental Policy Act (SEPA) checklist, an initial evaluation of the proposed project for probably significant adverse environmental impacts was conducted. The City expects to issue a SEPA Determination of Non-Significance (DNS) for this project. The optional DNS process, as specified in Washington Administrative Code (WAC) 197-11-355, is being used. This may be your only opportunity to comment on the environmental impacts of the proposal. The proposal may include mitigation measures under applicable codes, and the project review process may incorporate or require mitigation measures regardless of whether an Environmental Impact Statement (EIS) is prepared. A copy of the subsequent threshold determination for this specific project may be obtained upon request.

Project Documents:
<https://mieplan.mercergov.org/public/RZN25-001>

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This may be the only opportunity to comment on this proposal. Written comments on this proposal may be submitted to the City of Mercer Island either by email, in person, or by mail to the City of Mercer Island, 9611 SE 36th Street, Mercer Island, WA 98040-3732. Anyone may comment on the application, receive notice, and request a copy of the decision once made. Only those persons who submit written comments or participate at the public hearing (if a hearing is required) will be parties of record; and only parties of record will have the right to appeal.

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cer Island, WA 98040).
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Applicable Development Regulations: Applications for reclassifications of property are required to be processed as quasi-judicial reviews pursuant to Mercer Island City Code (MICC) 19.15.260. Review criteria for reclassifications of property are contained in MICC 19.15.240. Applications for SEPA reviews are required to be processed as Type III land use reviews pursuant to MICC 19.15.030. The City's Environmental Procedures can be found in Chapter 19.21 MICC.

Other Associated Permits: Permit No(s): TCC25-018

Environmental Documents: Copies of all studies and/or environmental documents are available through the above project documents link.

Application Process Information: Date of Application: September 17, 2025; Determined to Be Complete: September 19, 2025; Published in Newspaper: October 1, 2025; Weekly Permit Bulletin Notice: September 29, 2025; Date Mailed: September 29, 2025; Date Posted on Site: September 29, 2025; **SEPA Comment Period Ends: 5:00PM on October 31, 2025;** **Rezone Comment Period Ends: Close of Public Hearing on November 19, 2025**

Project Contact: Molly McGuire, Senior Planner | molly.mcguire@mercerisland.gov | (206) 275-7712
 Deborah Estrada, MMC
 Deputy City Clerk
 Published in the Mercer Island Reporter: October 1, 2025
 MIR1020291
 10/1/25

Molly McGuire

From: Molly McGuire
Sent: Wednesday, October 1, 2025 11:11 AM
To: callahan.ryan@gmail.com
Cc: jennifer.h.callahan@gmail.com; Deb Estrada
Subject: RE: RZN25-001; SEP25-017 Mercer Island City Property Proposed Rezone

Hi Ryan and Jennifer,

Thank you for submitting public comment on the City of Mercer Island Rezone application, City file no. RZN25-001. Your comment has been received and included in the public record.

Sincerely,

Molly McGuire
Senior Planner
City of Mercer Island – Community Planning & Development
206-275-7712 | www.mercerisland.gov

*Notice: Emails and attachments may be subject to disclosure pursuant to the Public Records Act (chapter 42.56 RCW).
The City of Mercer Island utilizes a hybrid working environment. Please see the City’s [Facility and Program Information](#) page for City service hours of operation.*

From: Ryan Callahan <callahan.ryan@gmail.com>
Sent: Tuesday, September 30, 2025 8:54:37 PM
To: City Clerk <cityclerk@mercerisland.gov>
Cc: Jennifer Hart <jennifer.h.callahan@gmail.com>
Subject: RZN25-001; SEP25-017 Mercer Island City Property Proposed Rezone

Dear Planning Commission Members and City Council,

I am writing to formally oppose the proposed reclassification of parcel 9601 SE 36th Street from Residential (R-8.4) to Public Institution (PI) for a Public Safety and Maintenance facility. As a nearby resident, I strongly advocate for maintaining the residential zoning and developing this property with homes as originally intended, rather than legitimizing an incompatible industrial use that has already negatively impacted our neighborhood.

EXISTING USE IS A DETRIMENT TO THE NEIGHBORHOOD: The site is currently being used as a maintenance facility, and the City has failed to maintain this property to the standards expected in a residential neighborhood. The property is poorly maintained and has become a visual blight—a black eye on our otherwise well-kept residential area. Facilities and overgrowth visible from SE 40th St. are entirely inconsistent with the residential character our neighbors work hard to maintain. This substandard maintenance has already depreciated surrounding property values and diminished our neighborhood's appeal. The proposed rezone will only further diminish property values.

PREFERENCE FOR RESIDENTIAL DEVELOPMENT: These parcels were originally zoned residential for a good reason—they are located within an established residential neighborhood. I strongly prefer that this property be developed with homes per the original zoning intent. Residential development would enhance our community, maintain property values, increase the tax base through private ownership, and restore the neighborhood cohesion that has been disrupted by the current industrial use. The City should not be permitted to permanently convert residential land to industrial use simply because it has been operating a facility there, particularly when that facility has been poorly maintained.

RETROACTIVE LEGITIMIZATION OF NON-CONFORMING USE: This rezoning application appears to be an attempt to retroactively legitimize a use that may not currently conform to the property's residential zoning. The City should not reward its own non-compliance by granting a rezone. If the current use violates R-8.4 residential zoning requirements, the proper remedy is to relocate the facility to appropriately zoned land and restore this property to residential use—not to change the zoning to accommodate an existing violation. Allowing retroactive rezoning to legitimize potentially non-conforming uses sets a dangerous precedent that undermines the integrity of our zoning code and eliminates protections for residential neighborhoods.

INCOMPATIBILITY WITH RESIDENTIAL CHARACTER: The proposed rezoning would permanently authorize industrial-scale operations in a purely residential zone. Maintenance facilities generate significant noise from heavy equipment, vehicles, machinery, power tools, and backup alarms beginning in early morning hours when crews depart for daily operations. As nearby residents have already experienced, this activity directly conflicts with the quiet residential character our neighborhood was designed to maintain. Rather than formalizing this incompatible use, the City should restore the property to its intended residential purpose.

ADVERSE PROPERTY VALUE IMPACTS: Research consistently demonstrates that industrial and utility facilities adjacent to residential properties decrease surrounding home values by 5-10%. The current maintenance facility—with its poor upkeep, heavy vehicle traffic, equipment storage, and industrial operations—has already created negative externalities that diminish the desirability and market value of neighboring homes. Granting this rezone would permanently codify these impacts rather than correcting them. Conversely, developing the property with quality residential homes would enhance property values throughout the neighborhood.

INCREASED TRAFFIC AND SAFETY CONCERNS: The maintenance facility generates substantial daily truck traffic, including large municipal vehicles, equipment haulers, and service trucks. This heavy vehicle presence on residential streets poses safety risks to children, pedestrians, and local traffic patterns while degrading road conditions. Residential development would generate normal neighborhood traffic patterns consistent with surrounding properties and far less disruptive than industrial operations.

ENVIRONMENTAL AND QUALITY OF LIFE IMPACTS: The SEPA review identifies probable significant adverse environmental impacts. Maintenance facilities typically involve fuel storage, chemical handling, equipment washing operations, and outdoor material storage—all of which are inappropriate adjacent to residential properties and may pose long-term environmental and health concerns. The fact that these operations may already be occurring—and that the City has failed to properly maintain the site—does not justify making them permanent through rezoning.

ALTERNATIVE SITES AVAILABLE FOR CITY OPERATIONS: The City owns other properties already zoned public or commercial use that would be appropriate for maintenance facility operations. If the City requires this facility, it should be relocated to properly zoned land. These residential parcels should be made available for their intended use—residential development. The City could even sell the property to recover costs and reduce its maintenance burden while allowing private homeowners to develop quality residences that enhance rather than detract from our neighborhood.

FACILITY EXPANSION CONCERNS: The application notes plans to "construct a new Public Safety and Maintenance (PSM) Facility on the site." This suggests not merely continuing existing operations, but potentially expanding them. Any such expansion would further intensify the incompatible industrial use in our residential neighborhood, increase the visual blight, and compound the negative impacts we already experience.

DOUBLE STANDARD: It is particularly troubling that the City, which enforces strict maintenance and appearance standards on residential property owners, has failed to maintain its own property to acceptable standards in our neighborhood. Private residents face fines and citations for far less egregious violations than what the City has allowed on this property. If the City cannot maintain this property to residential neighborhood standards, it should not own property in residential zones.

REQUEST FOR DENIAL AND RESIDENTIAL RESTORATION: I respectfully urge the Planning Commission to deny this reclassification request and direct City staff to:

1. Investigate whether current operations comply with R-8.4 residential zoning requirements
2. Identify alternative sites that are appropriately zoned for maintenance facility operations
3. Develop a plan to relocate this facility to a non-residential location
4. Restore the subject property to residential use through sale or development of single-family homes consistent with surrounding properties

The proper solution is not to rezone residential land to accommodate an industrial facility that has been poorly maintained, but rather to relocate City operations and allow this property to fulfill its intended residential purpose. This would benefit the neighborhood, restore property values, and demonstrate the City's commitment to maintaining the residential character of our community.

Our residential neighborhood has been carefully developed and maintained over decades by private homeowners who take pride in their properties. The City should be held to the same standard. Granting this rezone would permanently sacrifice residential land to legitimize an incompatible use that has already proven detrimental to our neighborhood. I urge you to deny this application and work toward returning these parcels to residential use as originally intended.

ALTERNATE PROPOSAL SUGGESTION: I would however be willing to entertain a revised rezone that provides residential properties continuously along SE 40th St. and a public walking/bike path from SE 40th for neighborhood access to city hall and surrounding businesses and the bike trail (especially now that the JCC has closed the trail that used to exist next to the JCC). Converting a small amount of Parcel 9601 to actual residential properties would raise funds for the project and better align with the original intended use, significantly increasing the quality of the neighborhood.

Thank you for considering this opposition. Please confirm that my email has been received and added to the public record.

Respectfully submitted,

Ryan Callahan & Jennifer Hart

4020 96th Ave SE, Mercer Island, 98040

206.917.9345

Molly McGuire

From: Robert Johnson <rh1johnson4@hotmail.com>
Sent: Wednesday, October 8, 2025 10:18 AM
To: Molly McGuire
Subject: Re: Rezone of city property question

Sure.
 My question is simply: post rezone what is the setback? That should be easy to answer with out committing to how that setback will be treated.

On Oct 8, 2025, at 9:55 AM, Molly McGuire <molly.mcguire@mercerisland.gov> wrote:

Hi Robert,

 I was forwarded your email since I am the planner working on the rezone application. Did you intend for your comment to be entered into the record as a formal public comment? Public comments that are received during the comment period are included in the project file and responded to by the applicant throughout the review process.

 Please let me know if you would like your comment entered into the record.
 Thank you,

Molly McGuire
 Senior Planner
 City of Mercer Island – Community Planning & Development
 206-275-7712 | www.mercerisland.gov

*Notice: Emails and attachments may be subject to disclosure pursuant to the Public Records Act (chapter 42.56 RCW).
 The City of Mercer Island utilizes a hybrid working environment. Please see the City’s [Facility and Program Information](#) page for City service hours of operation.*

-----Original Message-----
 From: Robert Johnson <rh1johnson4@hotmail.com>
 Sent: Wednesday, October 8, 2025 9:11 AM
 To: Kellye Hilde <kellye.hilde@mercerisland.gov>
 Subject: Rezone of city property question

Hi
 I live at 3910 96th Ave SE, Mercer Island WA 98040 .
 What set back or greenbelt do you envision between the hoped for redevelopment and our residential homes?
 It would be great if we didn’t have to look directly at the comings and goings and had a green shield of existing trees in the setback to protect our view.
 Robert Johnson



State of Washington
Department of Fish and Wildlife, Region 4
Region 4 information: 16018 Mill Creek Blvd, Mill Creek, WA 98012 | phone: (425)-775-1311

October 23, 2025

City of Mercer Island
ATTN: Molly McGuire
molly.mcguire@mercerisland.gov

Hello Molly McGuire,

We would like to discuss the City of Mercer Island Rezone & New PSM Facility project (SEPA #202504012, File#SEP25-017) located at 9601, 9611 SE 36th St, Mercer Island, WA 98040, as proposed by Kellye Hilde. The Washington Department of Fish and Wildlife (WDFW) is responsible for preserving, protecting, and perpetuating the state's fish, wildlife, and ecosystems while providing sustainable recreational and commercial opportunities for fish and wildlife. Recognizing our responsibilities, we will submit the comments for the Rezone & New PSM Facility. Other comments may be offered in the future.

Fish and Wildlife Resources and Recommendations:

The applicant proposes to increase impervious surfaces, reconstruct and expand one overwater structure, and construct one new overwater structure over a Type F stream. Given the proximity of these developments to a wetland associated with the unnamed tributary to Lake Washington, which is known for salmonids utilizing this area, several concerns arise. The Department is concerned that reducing buffer distance at this location may adversely impact fish and their aquatic habitat (WAC 220-660-100).

- Per the Department's management recommendations, the provided materials must document the average bankfull width of the channel in the project reach and include hydraulics. We request to see the critical areas report and the hydraulic analysis once they are prepared.
- We require side profiles to be included in the plan set for the new structure. The new structure is necessary to meet the fish passage structure criteria, including unimpeded fish passage, as well as convey the 100-year flow and associated debris (WAC 220-160-200)

- WDFW would prefer the new structure design be changed to a bridge if possible (WAC 220-660-190 & 200). Although initial costs may be higher, it will save money over time with lower maintenance costs and will not become a barrier for fish in the future.
- Additionally, if the mitigation sequence (WAC 197-11-768) is assessed and avoidance of impacts is infeasible, then, considering the benefits lost from mature tree removal, and to fulfill no-net-loss requirements, we recommend a minimum of a 4:1 replacement ratio to mitigate the buffer reduction and tree removal. We also recommend planting native coniferous tree species near the stream to maximize shade. If cutting down trees is part of the plan, we would like to see them utilized on site, such as for making benches, fencing, or Large Woody Material (LWM) in the wetland system.
- Finally, due to its proximity to a regulated stream and given the two water crossing structures, this project will require an HPA. Consequently, we encourage people planning hydraulic projects to submit a general concept (pre-application) for review through the [Aquatic Protection Permitting System \(APPS\)](#). At any stage of the planning process, you may contact your local habitat biologist, Maria McNaughton (maria.mcnaughton@dfw.wa.gov or 360-890-2975), to ask questions and get feedback on project design and compliance with WAC 220-660 (the Hydraulic Code).

Thank you for taking the time to consider our comments on this proposal, which aim to better align it with state regulations and the best available science for fish and wildlife habitats and ecosystems. Please do not hesitate to contact me with any questions or if you need our technical assistance or resources during this process.

Sincerely,



Beck Sessa (she/her)
Biologist, Habitat Division
Washington Department of Fish and Wildlife

R4Splanning@dfw.wa.gov

425.651.9790

Cc: Maria McNaughton, Habitat Biologist, maria.mcnaughton@dfw.wa.gov

Beck Sessa, Habitat Biologist, R4Splanning@dfw.wa.gov



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

Northwest Region Office
PO Box 330316, Shoreline, WA 98133-9716 • 206-594-0000

October 31, 2025

Molly McGuire, Senior Planner
Community Planning and Development Department
City of Mercer Island
9611 SE 36th St
Mercer Island, WA 98040

Re: City of Mercer Island Rezone & New Public Safety and Maintenance Facility
File# SEP25-017, Ecology SEPA# 202504012

Dear Molly McGuire:

Thank you for the opportunity to provide comments on the State Environmental Policy Act (SEPA) notice of application utilizing the optional determination of nonsignificance (ODNS/NOA) process for the City of Mercer Island Rezone & New Public Safety and Maintenance Facility project. Based on review of the checklist associated with this project, the Department of Ecology (Ecology) has the following comments:

The property is listed by Ecology as a contaminated Site (Mercer Island Public Works Site, Cleanup Site ID 8968). The Site was enrolled in Ecology's Voluntary Cleanup Program (VCP) in 2004 (VCP NW1365) at the initiation of the Site cleanup process; however, the Site was terminated from the VCP in 2007 due to cleanup inactivity. Petroleum contamination has been confirmed in soil and groundwater at the Site due to releases from former underground storage tanks (USTs) (LUST ID 973). Cleanup of the Site has not been completed, and contamination remains present on the property. Information for this Site can be found on Ecology's [Mercer Island Public Works Site Webpage](#).

Ecology recommends the proposal include the cleanup of the Site under the Model Toxics Control Act (MTCA), WAC 173-340, to address the known soil and groundwater contamination present on the property. Since the contaminants on the property are petroleum-related, Ecology recommends cleaning up the Site through the Washington Pollution Liability Insurance Agency (PLIA). PLIA assists tank owners, operators, and property owners with petroleum-related Site cleanup under their [Technical Assistance Program \(TAP\)](#).

Molly McGuire
October 31, 2025
Page 2

Ecology recommends working with PLIA to develop a contingency plan to address contaminated media and to complete Site cleanup prior to and during construction activities. PLIA's [TAP Fact Sheet](#) can provide more information regarding Site cleanup. If an unknown UST is encountered during demolition activities, it must be decommissioned in accordance with local fire department regulations.

Ecology strongly recommends working with an environmental professional to assist with regulatory compliance requirements. The environmental profession can also assist with UST decommissioning (if needed). If PLIA determines that the Site is not eligible for their TAP, the environmental professional can assist in enrolling the Site into Ecology's VCP.

Thank you for considering these comments from Ecology. If you have any questions or would like to respond to these comments, please contact Kim Vik from the Toxics Cleanup Program at (206) 556-5258 or by email at kim.vik@ecy.wa.gov.

Sincerely,



Kelli Price
SEPA Coordinator

Sent by email: Molly McGuire, molly.mcguire@mercerisland.gov

ecc: Kim Vik, Ecology

Applicant Response to Public Comments

RZN25-001 and SEP25-017

This document responds to public comments on the City's rezone application (RZN25-001) for Parcels 2655500075 and 2655500185 and the SEPA Checklist (SEP25-017). Responses cite the Mercer Island Comprehensive Plan ([Ordinance 24C-16](#)) and the Mercer Island City Code (MICC), including [MICC 19.15.240](#) (Reclassification of property), [Chapter 19.07 MICC](#) (Environment), [Chapter 19.10 MICC](#) (Trees), and applicable [Chapter 19.11 MICC](#) design standards required for Public Institution (PI) development under [MICC 19.05.010\(C\)](#).

RZN25-001 PUBLIC COMMENTS

1. **Existing use is a detriment to the neighborhood:** The site is currently being used as a maintenance facility, and the City has failed to maintain this property to the standards expected in a residential neighborhood. The property is poorly maintained and has become a visual blight—a black eye on our otherwise well-kept residential area. Facilities and overgrowth visible from SE 40th St. are entirely inconsistent with the residential character our neighbors work hard to maintain. This substandard maintenance has already depreciated surrounding property values and diminished our neighborhood's appeal. The proposed rezone will only further diminish property values.

Applicant Response:

The proposed rezone is consistent with the Comprehensive Plan and the approval criteria of [MICC 19.15.240\(C\)](#). Both parcels (2655500075, 2655500185) are designated Public Facility on the Future Land Use Map ([Ordinance 24C-16](#), Land Use Element, pp. 101-102), identifying civic and institutional uses such as City Hall, public safety facilities, and municipal operations. Rezoning to PI aligns zoning with this adopted designation and the site's long-standing civic use.

The Public Safety and Maintenance (PSM) Facility will improve facility and site conditions by replacing aging buildings and reorganizing yard space for City vehicles and materials to:

- Improve operational efficiency with well-designed storage and circulation areas for large vehicles, equipment, and materials;
- Provide covered storage, improved lighting, security, and landscaping to screen parking and yard areas;
- Incorporate outdoor staff amenity spaces and pedestrian connections;
- Construct new facilities and yard structures that incorporate high-quality architectural detail with materials that are easily maintainable; and
- Utilize grade changes, retaining walls, material enclosures, and screening vegetation to visually and audibly screen site activities.

These improvements will significantly enhance the property's appearance, functionality, and compatibility with the surrounding neighborhood, directly addressing maintenance concerns raised by residents.

Although the site is outside the Town Center, development within the PI zone must comply with the design standards of [Chapter 19.11 MICC](#), as required by [MICC 19.05.010\(C\)](#). This ensures that the PSM Facility is held to the same design standards intended to ensure compatibility, pedestrian orientation, and a human-scale built environment.

In accordance with [MICC 19.11.010\(D\)](#):

- **Design Vision:** New or redeveloped facilities should enhance the public realm, provide a sense of place, and incorporate landscaping, architectural detailing, and pedestrian connections.
- **Function:** The design must support accessibility and circulation for pedestrians, bicyclists, motorists, and service vehicles while reflecting a high-quality civic character.
- **Site Features:** Public amenities, greenery, and architectural treatments will help the facility fit sensitively into its setting and maintain a human scale.
- **Pedestrian Orientation:** Site layout and circulation will prioritize safe and convenient pedestrian movement and integrate opportunities for alternative transportation.

Through these requirements, the PSM Facility will be designed to meet the City's standards for high-quality civic development. The project will balance operational needs with context-sensitive site and building design, landscaping, and environmental performance measures consistent with the Comprehensive Plan's goal of providing efficient, durable, and well-maintained public facilities.

2. **Preference for residential development:** These parcels were originally zoned residential for good reason—they are located within an established residential neighborhood. I strongly prefer that this property be developed with homes per the original zoning intent. Residential development would enhance our community, maintain property values, increase the tax base through private ownership, and restore the neighborhood cohesion that has been disrupted by the current industrial use. The City should not be permitted to permanently convert residential land to industrial use simply because it has been operating a facility there, particularly when that facility has been poorly maintained.

Applicant Response:

While one parcel is currently zoned R-8.4, both parcels are designated Public Facility in the Mercer Island Comprehensive Plan, the City's 20-year policy document that guides future land use and development decisions. This designation reflects the long-standing civic use of the property and the City's intent for the site to continue accommodating municipal and public safety services.

Pursuant to [MICC 19.15.240\(C\)\(1\) and \(2\)](#), rezoning the parcels to PI implements the Comprehensive Plan by aligning zoning with the adopted land-use designation and ensuring that the property continues to serve essential public functions. Redeveloping the site with single-family housing would directly conflict with the City's long-range land-use map and limit the City's ability to provide critical emergency, public safety, maintenance, and operational services from a centralized, purpose-built facility.

As noted in Response 1, PI projects must also meet applicable [Chapter 19.11 MICC](#) design standards as required by [MICC 19.05.010\(C\)](#).

3. **Retroactive legitimization of non-conforming use:** This rezoning application appears to be an attempt to retroactively legitimize a use that may not currently conform to the property's residential zoning. The City should not reward its own non-compliance by granting a rezone. If the current use violates R-8.4 residential zoning requirements, the proper remedy is to relocate the facility to appropriately zoned land and restore this property to residential use—not to change the zoning to accommodate an existing violation. Allowing retroactive rezoning to legitimize potentially non-conforming uses sets a dangerous precedent that undermines the integrity of our zoning code and eliminates protections for residential neighborhoods.

Applicant Response:

The proposed rezone is to align the zoning map with the City's long-standing Comprehensive Plan designation and lawful approvals for the site's current use.

The maintenance facility at 9601 SE 36th Street (Parcel No. 2655500185) was established through a Conditional Use Permit (CUP 7910-001) approved by the City of Mercer Island Planning Commission and City Council in November 1979. The facility was expressly authorized under the R-8.4 Residential zoning district, which at that time allowed public utility and governmental buildings as conditional uses. The Planning Commission staff report, Design Commission minutes, and Council action ([Bill No. 883](#)) confirm that the project met all applicable development standards, including setbacks, height limits, lot coverage, landscaping, and access requirements.

Since its approval, the facility has continuously operated as a lawful public use under that permit. It is therefore not a non-conforming use, but a permitted one consistent with the City's prior zoning code and CUP conditions.

The proposed rezone to PI is a legislative correction that brings the zoning map into conformity with the Public Facility designation established in the Comprehensive Plan ([Ordinance 24C-16](#)). Pursuant to [MICC 19.15.240\(C\)\(4\)](#), such action is a lawful policy-based reclassification that implements the City's adopted land use vision for long-term civic and institutional use of these parcels—not a site-specific action designed to cure a violation, even if there was one.

In summary, the rezone formalizes existing, legally established City operations on land that has served as a public works facility for more than four decades. It does not reward any alleged non-compliance or set precedent for zoning exceptions; rather, it ensures consistency between the Comprehensive Plan, zoning map, and long-approved public use.

4. **Incompatibility with residential character:** The proposed rezoning would permanently authorize industrial-scale operations in a purely residential zone. Maintenance facilities generate significant noise from heavy equipment, vehicles, machinery, power tools, and backup alarms beginning in early morning hours when crews depart for daily operations. As nearby residents have already experienced, this activity directly conflicts with the quiet residential character our neighborhood was designed to maintain. Rather than formalizing this incompatible use, the City should restore the property to its intended residential purpose.

Applicant Response:

The proposed rezone and use are compatible with surrounding land uses under the criteria of [MICC 19.15.240\(C\)\(5\)](#). As discussed in Responses 1, 2, and 3, both parcels have long supported lawful civic functions that serve the entire community. The existing maintenance facility was approved under a Conditional Use Permit (CUP 7910-001) in 1979 and has operated continuously since that time as a permitted public use. Rezoning to Public Institution (PI) does not introduce a new or intensified activity; it aligns the zoning map with the Public Facility designation in the Comprehensive Plan and the site's historic and intended civic role.

Development within the PI zone must comply with [MICC 19.05.010\(C\)](#) and the applicable sections of [Chapter 19.11 MICC](#) (Design Standards). These provisions apply City-wide to ensure civic facilities meet consistent expectations for site layout, building form, and compatibility, even when located outside the Town Center. Standards addressing building placement, modulation, screening, lighting, and pedestrian circulation will guide project design to minimize potential impacts on adjacent homes and maintain a well-screened edge along SE 40th Street.

Operations at the facility will remain municipal in nature, limited to City fleet vehicles, equipment, and staff. These activities are regulated by City noise, traffic, and environmental codes. Collectively, the proposed rezone and required design standards will ensure the property functions efficiently for civic purposes while maintaining a compatible relationship with surrounding residential uses.

5. **Adverse property value impacts: Research consistently demonstrates that industrial and utility facilities adjacent to residential properties decrease surrounding home values by 5-10%. The current maintenance facility—with its poor upkeep, heavy vehicle traffic, equipment storage, and industrial operations—has already created negative externalities that diminish the desirability and market value of neighboring homes. Granting this rezone would permanently codify these impacts rather than correcting them. Conversely, developing the property with quality residential homes would enhance property values throughout the neighborhood.**

Applicant Response

Concerns regarding compatibility and neighborhood character are addressed in Responses 1, 2 and 4. Property values, however, are not a decision criterion under [MICC 19.15.240](#). The City's review obligation is to demonstrate that the proposed PI zoning is consistent with the Comprehensive Plan and compatible with surrounding land uses under [MICC 19.15.240\(C\)\(1\), \(5\), and \(6\)](#).

Both parcels are designated Public Facility in the Comprehensive Plan, which identifies the site for civic and institutional functions that benefit the entire community. Rezoning to PI aligns zoning with this adopted designation and enables construction of a PSM Facility that consolidates essential City services.

Providing well-designed public facilities that improve operational efficiency and emergency responsiveness represents a community-wide public benefit that serves all Mercer Island residents. While the City does not pursue zoning changes to affect private property values, this rezone fulfills the public purpose of maintaining reliable, efficient, and accessible City services consistent with the

Comprehensive Plan's goals for public health, safety, and welfare ([Ordinance 24C-16](#), Land Use Element, p. 101- 102 and Capital Facilities Element, pp. 183–185).

6. **Increased traffic and safety concerns:** The maintenance facility generates substantial daily truck traffic, including large municipal vehicles, equipment haulers, and service trucks. This heavy vehicle presence on residential streets poses safety risks to children, pedestrians, and local traffic patterns while degrading road conditions. Residential development would generate normal neighborhood traffic patterns consistent with surrounding properties and far less disruptive than industrial operations.

Applicant Response

A transportation analysis included in the SEPA Checklist ([SEP25-017](#), section 14.f) estimates approximately eight additional PM-peak-hour trips compared with existing operations - an increase well within City concurrency standards ([Chapter 19.20 MICC](#)). The proposed access will remain on SE 36th Street, maintaining existing circulation patterns and avoiding neighborhood cut-through traffic on SE 40th Street.

As described in Responses 1 and 4, development within the PI zone is subject to the design and access standards of [MICC 19.05.010](#) and applicable sections of [Chapter 19.11 MICC](#). These requirements ensure that site circulation, frontage improvements, and access points are designed to maintain safe and efficient operations for pedestrians, vehicles, and service equipment.

Final permits will include detailed review of frontage and access design to confirm compliance with applicable City standards and to maintain neighborhood safety.

7. **Environmental and quality of life impacts:** The SEPA review identifies probable significant adverse environmental impacts. Maintenance facilities typically involve fuel storage, chemical handling, equipment washing operations, and outdoor material storage—all of which are inappropriate adjacent to residential properties and may pose long-term environmental and health concerns. The fact that these operations may already be occurring—and that the City has failed to properly maintain the site—does not justify making them permanent through rezoning.

Applicant Response

The SEPA Checklist ([SEP25-017](#), sections 3 and 7) did not identify any probable significant adverse environmental impacts associated with the proposed rezone or redevelopment. The checklist and supporting technical studies - including the Wetland and Stream Delineation Report (Facet, April 22, 2024)—found that all potential impacts can be mitigated through standard measures required under [Chapter 19.07 MICC](#) (Environment), [Chapter 19.10 MICC](#) (Trees), and state environmental regulations in WAC 197-11 (SEPA Rules).

Fuel storage, chemical handling, and vehicle maintenance activities will be conducted in compliance with state and local environmental requirements. Any above-ground or underground storage tanks will be permitted, managed, or decommissioned consistent with the Washington State Department of Ecology (Ecology) standards for hazardous materials management and spill prevention. The new

facility will include designated, contained areas for vehicle washing, equipment storage, and material handling designed to prevent runoff and protect nearby critical areas and groundwater.

Under the new PI zoning, site redevelopment will trigger full environmental and building permit review, ensuring compliance with [MICC 19.07.090](#) (Critical Area Review 2) and Ecology's Stormwater Management Manual for Western Washington. The project will include stormwater treatment, detention, and spill-control systems that comply with current City and Ecology standards.

The rezone does not authorize site operations or exempt the property from environmental regulation. Future construction and facility use will remain subject to City, state, and federal environmental review to ensure all activities are properly contained and managed. These reviews will ensure the redeveloped site meets current environmental and public health requirements.

8. **Alternative sites available for city operations:** The City owns other properties already zoned for public or commercial use that would be appropriate for maintenance facility operations. If the City requires this facility, it should be relocated to properly zoned land. These residential parcels should be made available for their intended use—residential development. The City could even sell the property to recover costs and reduce its maintenance burden while allowing private homeowners to develop quality residences that enhance rather than detract from our neighborhood.

The City does not own other property that is zoned for public or commercial use that is appropriate for public safety and maintenance facilities. The City proposes to continue using its existing, City-owned municipal campus for the PSM Facility. This site has long served as the location for City Hall and Public Works operations and is already developed and equipped for municipal use.

As described in Responses 1 and 2, both parcels are designated Public Facility in the Comprehensive Plan ([Ordinance 24C-16](#)), which identifies this property for civic and institutional functions. Rezoning to PI aligns the zoning map with that adopted designation and provides a consistent regulatory framework for redevelopment.

The proposal is supported by Goal 1 of the Comprehensive Plan's Capital Facilities Element (pp. 183–185), which emphasize providing public facilities in a fiscally responsible and cost-effective manner. Using existing City property avoids the need for land acquisition or relocation of infrastructure while modernizing facilities that serve the entire community.

9. **Facility expansion concerns:** The application notes plans to "construct a new Public Safety and Maintenance (PSM) Facility on the site." This suggests not merely continuing existing operations, but potentially expanding them. Any such expansion would further intensify the incompatible industrial use in our residential neighborhood, increase the visual blight, and compound the negative impacts we already experience.

Applicant Response

The proposed PSM Facility will replace and consolidate existing City functions that already operate from the site. It does not expand the scope or intensity of municipal operations beyond their current

civic purpose. The new facility is designed to improve efficiency, safety, and long-term reliability of essential services by replacing aging and undersized buildings that no longer meet operational needs.

As described in Responses 1 and 2, both parcels are designated Public Facility in the Mercer Island Comprehensive Plan ([Ordinance 24C-16](#)), which identifies this site for civic and institutional use. The rezone to PI aligns zoning with this adopted designation and provides a consistent regulatory framework for redevelopment.

Redevelopment of the site will occur through the City's standard permit process and will be subject to all applicable development, environmental, and design standards under [Title 19 MICC](#). These requirements ensure that site layout, building scale, landscaping, and operations are reviewed to maintain compatibility with surrounding properties.

- 10. Double standard:** It is particularly troubling that the City, which enforces strict maintenance and appearance standards on residential property owners, has failed to maintain its own property to acceptable standards in our neighborhood. Private residents face fines and citations for far less egregious violations than what the City has allowed on this property. If the City cannot maintain this property to residential neighborhood standards, it should not own property in residential zones.

[Applicant Response](#)

As noted in Response 3, the existing maintenance facility was lawfully established under Conditional Use Permit (CUP 7910-001) approved in 1979 and has operated as a permitted civic use since that time. City-owned properties are subject to the same maintenance, environmental, and development regulations as any other property. Redevelopment under the Public Institution (PI) zone will require full compliance with applicable building, environmental, and design standards. Construction, operations, and site maintenance will continue to be reviewed and inspected through the City's established permitting and code-enforcement processes to ensure consistent compliance with City regulations.

- 11. Request for denial and residential restoration:** I respectfully urge the Planning Commission to deny this reclassification request and direct City staff to:

- Investigate whether current operations comply with R-8.4 residential zoning requirements
- Identify alternative sites that are appropriately zoned for maintenance facility operations
- Develop a plan to relocate this facility to a non-residential location
- Restore the subject property to residential use through sale or development of single-family homes consistent with surrounding properties

[Applicant Response](#)

As noted in Response 3, the existing maintenance facility was lawfully established under Conditional Use Permit (CUP 7910-001), approved by the City Council in 1979. The permit authorized public utility and governmental uses within the R-8.4 zone and confirmed that the facility met all applicable development standards in effect at that time. The site has operated continuously as a permitted civic use and remains in compliance with that approval.

City staff also investigated whether alternative locations could accommodate public works and public safety operations as part of the PSM Facility pre-design process. That analysis determined there were

no feasible alternative sites on Mercer Island that met the operational, access, and land area requirements necessary for these essential municipal functions.

The comment's proposal to relocate operations or redevelop the site for residential use is not consistent with the Comprehensive Plan ([Ordinance 24C-16](#)), which designates both parcels as Public Facility for long-term civic and institutional use. As discussed in Responses 1, 2, and 3, the site has long served as a lawful and essential civic facility. Rezoning to PI aligns the zoning map with this adopted designation and ensures the property remains available for the continued delivery of critical City services consistent with adopted land use policy.

The rezone also ensures that any future redevelopment is reviewed under current design, environmental, and permitting standards, maintaining compatibility with the surrounding neighborhood and improving site conditions over time.

12. **Alternate proposal suggestion: I would however be willing to entertain a revised rezone that provides residential properties continuously along SE 40th St. and a public walking/bike path from SE 40th for neighborhood access to city hall and surrounding businesses and the bike trail (especially now that the JCC has closed the trail that used to exist next to the JCC). Converting a small amount of Parcel 9601 to actual residential properties would raise funds for the project and better align with the original intended use, significantly increasing the quality of the neighborhood.**

Applicant Response

The suggestion to redevelop a portion of the site for residential use is not consistent with the Comprehensive Plan. Both parcels are designated Public Facility, reflecting the City's intent for long-term civic and institutional use.

As noted in Responses 1, 2, and 11, rezoning to PI aligns the zoning map with this adopted designation and supports continued use of the property for essential public services. Converting any portion of the site to residential use would conflict with this designation and with the City's capital planning goals.

Opportunities for improved pedestrian and bicycle connections will be reviewed during site design to ensure safe and accessible circulation consistent with the City's adopted [Pedestrian and Bicycle Facilities Plan \(2010\)](#). In addition, construction of new sidewalks and connections along SE 36th Street will occur as part of the upcoming [Water System Improvement Project](#), and further evaluation of multi-modal (bike, pedestrian, and vehicle) improvements will be undertaken through the City's annual [Transportation Improvement Program](#) (TIP) process. These planned improvements will enhance access and connectivity for nearby residents while supporting the site's long-term public use.

13. **What set back or greenbelt do you envision between the hoped for redevelopment and our residential homes? It would be great if we didn't have to look directly at the comings and goings and had a green shield of existing trees in the setback to protect our view.**

Applicant Response

As described in Responses 1, 2, and 4, development within the PI zone is subject to the design standards of [MICC 19.05.010](#) and applicable sections of [Chapter 19.11 MICC](#) (Town Center Development and Design Standards). These provisions establish site layout, building form, landscaping, and pedestrian circulation standards intended to ensure high-quality civic design and compatibility with surrounding uses.

Pursuant to [MICC 19.11.030\(A\)\(6\)](#), no minimum setbacks are required, except along public rights-of-way where space must be provided for sidewalks and landscaping. Along SE 36th Street, structures must be set back to provide at least 12 feet of sidewalk between the building and the curb, with additional setback encouraged for landscaping or pedestrian features.

Due to the presence of steep slopes and critical areas along the southeast, south, and southwest portions of the site, the City is limited in where development can occur, resulting in natural buffers along those property edges. Together, these design standards, natural site constraints, and the City's landscaping and tree retention requirements will ensure a visually compatible and well-landscaped transition between future PI development and adjacent residential properties.

SEP25-017-001 PUBLIC COMMENTS

1. The applicant proposes to increase impervious surfaces, reconstruct and expand one overwater structure, and construct one new overwater structure over a Type F stream. Given the proximity of these developments to a wetland associated with the unnamed tributary to Lake Washington, which is known for salmonids utilizing this area, several concerns arise. The Department is concerned that reducing buffer distance at this location may adversely impact fish and their aquatic habitat (WAC 220-660-100).
 - Per the Department's management recommendations, the provided materials must document the average bankfull width of the channel in the project reach and include hydraulics. We request to see the critical areas report and the hydraulic analysis once they are prepared.
 - We require side profiles to be included in the plan set for the new structure. The new structure is necessary to meet the fish passage structure criteria, including unimpeded fish passage, as well as convey the 100-year flow and associated debris (WAC 220-160-200).
 - WDFW would prefer the new structure design be changed to a bridge if possible (WAC 220-660-190 & 200). Although initial costs may be higher, it will save money over time with lower maintenance costs and will not become a barrier for fish in the future.
 - If the mitigation sequence (WAC 197-11-768) is assessed and avoidance of impacts is infeasible, then, considering the benefits lost from mature tree removal, and to fulfill no-net-loss requirements, we recommend a minimum of a 4:1 replacement ratio to mitigate the buffer reduction and tree removal. We also recommend planting native coniferous tree species near the stream to maximize shade. If cutting down trees is part of the plan, we would like to see them utilized on site, such as for making benches, fencing, or Large Woody Material (LWM) in the wetland system.

- Due to its proximity to a regulated stream and given the two water crossing structures, this project will require an HPA. Consequently, we encourage people planning hydraulic projects to submit a general concept (pre-application) for review through the Aquatic Protection Permitting System (APPS). At any stage of the planning process, you may contact your local habitat biologist, Maria McNaughton (maria.mcnaughton@dfw.wa.gov or 360-890-2975), to ask questions and get feedback on project design and compliance with WAC 220-660 (the Hydraulic Code).

Applicant Response

WDFW's comments are consistent with the intent of [MICC 19.07](#) (Environment), which requires protection of critical areas, fish and wildlife habitat, and compliance with state and federal regulations. Several of the Department's recommendations go beyond the City's adopted requirements and will be reviewed for consistency with applicable City and state codes during permitting.

- Hydraulics / bankfull width documentation: [MICC 19.07.110](#) requires a critical area study prepared by a qualified professional using best available science consistent with the standards in the Washington Administrative Code [WAC Chapter 365-195](#). The study will evaluate site conditions and provide the level of detail necessary to demonstrate compliance with City and state standards.
- Side profiles and fish passage design: The City acknowledges WDFW's requirement under [WAC 220-660-200](#) for side profile drawings to demonstrate compliance with fish passage and hydraulic design criteria. Side profiles will be included in the final plan set for the proposed replacement structure to illustrate invert elevations, streambed alignment, slope, and hydraulic capacity to convey the 100-year flow and associated debris. These drawings, along with plan and cross-section views, will ensure the project meets WDFW fish passage and hydraulic performance standards and will be provided with the submittal for Hydraulic Project Approval (HPA) review.
- Bridge preference: The City's code allows bridges or culverts provided they comply with applicable standards under [MICC 19.07.180\(D\)\(1\)](#) and [WAC 220-660-190](#). The selection of structure type will be based on site conditions, engineering feasibility, and regulatory compliance.
- Tree replacement and buffer mitigation: Mitigation for buffer or tree impacts will follow the requirements of [MICC 19.07.100](#) (Mitigation Sequencing), [MICC 19.07.180\(E\)](#) (Watercourses), [MICC 19.07.190\(E\)](#) (Wetlands), and [Chapter 19.10 MICC](#) (Trees). These provisions require avoidance, minimization, and compensatory mitigation sufficient to achieve no net loss of ecological function.
- Hydraulic Project Approval (HPA): As required by [MICC 19.07.030\(B\)](#) and [WAC 220-660](#), an HPA will be obtained for any work in or over regulated waterbodies. Coordination with WDFW will occur as part of that permitting process.

The project will comply with all applicable environmental regulations under [Chapter 19.07 MICC](#), [Chapter 19.10 MICC](#), and [WAC 220-660](#). Recommendations from WDFW that extend beyond these

requirements will be considered within the context of adopted City and state standards but are not mandatory unless required by law or regulation.

CITY OF MERCER ISLAND
COMMUNITY PLANNING & DEVELOPMENT
 9611 SE 36TH STREET | MERCER ISLAND, WA 98040
 PHONE: (206) 275-7605 | www.mercerisland.gov



CITY USE ONLY		
PROJECT NO.	RECEIPT NO.	FEE
Date Received:		
Received By:		

SEPA REVIEW

The State Environmental Policy Act (SEPA), chapter [43.21C RCW](#), requires all governmental agencies to consider the environmental impacts of a proposal before making decisions. An environmental impact statement (EIS) must be prepared for all proposals with probable significant adverse impacts on the quality of the environment. The purpose of this checklist is to provide information to help you and the agency identify impacts from your proposal (and to reduce or avoid impacts from the proposal, if it can be done) and to help the agency decide whether an EIS is required.

REVIEW PROCESS – TYPE III LAND USE REVIEW

Type III reviews require the exercise of discretion about nontechnical issues. Type III reviews require a pre-application meeting, letter of complete application, notice of application mailing and posting, a 30-day public comment period, notice of decision, and the decision is made by the Code Official. Type III reviews do not require a public hearing.

SEPA reviews are also subject to the environmental procedures outlined in [MICC 19.21](#). When the city is the lead agency for a proposal, the responsible official shall supervise compliance with the threshold determination requirements and, if an EIS is necessary, shall supervise preparation of the EIS.

Upon the receipt of an application for a proposal, the receiving city department shall, and for city proposals, the initiating city department shall, determine whether the proposal is an action potentially subject to SEPA and, if so, whether it is categorically exempt. This determination shall be made based on the definition of action ([WAC 197-11-704](#)), and the process for determining categorical exemption ([WAC 197-11-305](#)). As required, city departments shall ensure that the total proposal is considered. If there is any question whether or not a proposal is exempt, then the responsible official shall be consulted.

PRE-APPLICATION MEETING

A Pre-Application Meeting is used to determine whether a land use project is ready for review, to review the land use application process, and to provide an opportunity for initial feedback on a proposed application. Some land use applications require a pre-application meeting – in particular: short and long subdivisions, lot line revisions, shoreline permits, variances, and critical area determinations. The City strongly recommends that all land use applications use the pre-application process to allow for feedback by City staff.

For more information on the Pre-Application Meeting process, please refer to the [Pre-Application Meeting Request Form](#).

FEES

Fees applicable to this project:

- SEPA Review
- Environmental Impact Statement

Refer to the City of Mercer Island [Fee Schedule](#) for current permit fees.

PROPERTY INFORMATION

Property Address:	9601 and 9611 SE 36th Street 98040
Parcel Number(s):	9655500185 and 2655500075

Gross Lot Area(s):

593,262 SF / 13.62 AC

Net Lot Area(s):

593,262 SF / 13.62 AC

Zone:

R-8.4 and CO

Shoreline Environment Designation (if located within 200 feet of Lake Washington):

☐ Urban Residential☐ Urban Park**CRITICAL AREAS ON PROPERTY****GEOLOGICALLY HAZARDOUS AREAS**

- ☒ Potential Landslide Hazard
- ☒ Erosion Hazard
- ☐ Seismic Hazard
- ☒ Steep Slope
- ☐ None

WATERCOURSES

- ☒ Type F
- ☐ Type Np
- ☐ Type Ns
- ☒ Piped
- ☐ Unknown

WETLANDS

- ☐ Category I
- ☐ Category II
- ☐ Category III
- ☒ Category IV
- ☐ Unknown

SUBMITTAL CHECKLIST

In addition to the items listed below, the code official may require the submission of any documentation reasonably necessary for review and approval of the land use application. An applicant for a land use approval and/or development proposal shall demonstrate that the proposed development complies with the applicable regulations and decision criteria.

- ☒ **1. Development Application Form.** Provide a completed and signed [Development Application Form](#).
- ☐ **2. Pre-Application Meeting.** [Pre-Application Meetings](#) are required for Type III & IV Land Use Permit Applications.
- ☒ **3. Project Narrative.** The project narrative should describe the proposed development, including any anticipated phases.
- ☒ **4. Title Report.** Less than 30 days old.
- ☐ **5. Affidavit of Ownership.** An Affidavit of Ownership, signed before a notary.
- ☐ **6. Affidavit of Agent Authority.** An Affidavit of Agent Authority, signed before a notary, if applicable.
- ☒ **7. Development Plan Set.** Refer to the [Land Use Application Plan Set Guide](#) for preparing plans.
- ☒ **8. Concurrent Review Form.** Provide a completed [Concurrent Review Form](#) if the applicant wishes to request consolidated review for two or more land use applications. Refer to [MICC 19.15.030\(F\)](#) for land use application reviews that may be consolidated.
- ☒ **9. SEPA Checklist.**
- ☒ **10. Fees.** Payment of required fees.

I HEREBY CERTIFY THAT I HAVE READ THIS APPLICATION AND SUBMITTAL CHECKLIST AND ALL REQUIRED APPLICATION MATERIALS ARE INCLUDED IN MY APPLICATION SUBMITTAL, UNLESS WAIVED BY THE CODE OFFICIAL. ALL INFORMATION SUBMITTED IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. I ACKNOWLEDGE THAT WILLFUL MISREPRESENTATION OF INFORMATION WILL TERMINATE THIS APPLICATION. I UNDERSTAND THAT MY SUBMITTAL WILL BE REVIEWED FOR COMPLETENESS AND, IF FOUND TO BE COMPLETE, WILL BE PROCESSED PURSUANT TO THE PROVISIONS OF CHAPTER 19.15 MICC.

Signature

Khilde

Date

9/17/2025

INSTRUCTIONS FOR APPLICANTS

This environmental checklist asks you to describe some basic information about your proposal. Governmental agencies use this checklist to determine whether the environmental impacts of your proposal are significant, requiring preparation of an EIS. Answer the questions briefly, with the most precise information known, or give the best description you can.

You must answer each question accurately and carefully, to the best of your knowledge. In most cases, you should be able to answer the questions from your own observations or project plans without the need to hire experts. If you really do not know the answer, or if a question does not apply to your proposal, write "do not know" or "does not apply." Complete answers to the questions now may avoid unnecessary delays later. Some questions ask about governmental regulations, such as zoning, shoreline, and landmark designations. Answer these questions if you can. If you have problems, the governmental agencies can assist you. The checklist questions apply to all parts of your proposal, even if you plan to do them over a period of time or on different parcels of land. Attach any additional information that will help describe your proposal or its environmental effects. The agency to which you submit this checklist may ask you to explain your answers or provide additional information reasonably related to determining if there may be significant adverse impact.

USE OF CHECKLIST FOR NONPROJECT PROPOSALS

For nonproject proposals complete this checklist and the supplemental sheet for nonproject actions (Part D). The lead agency may exclude any question for the environmental elements (Part B) which they determine do not contribute meaningfully to the analysis of the proposal. For nonproject actions, the references in the checklist to the words "project," "applicant," and "property or site" should be read as "proposal," "proposer," and "affected geographic area," respectively.

A. BACKGROUND

1. Name of proposed project, if applicable:

Public Safety and Maintenance Facility

2. Name of applicant:

City of Mercer Island

3. Address and phone number of applicant and contact person:

Kellye Hilde, 206-275-7806, 9611 SE 36th Street 98040

4. Date checklist prepared:

September 17, 2025

5. Agency requesting checklist:

City of Mercer Island

6. Proposed timing or schedule (including phasing, if applicable):

Finalizing design through 2026 with construction beginning in late 2026. The project is anticipated to be completed by the end of 2029.

7. Do you have any plans for future additions, expansions, or further activity related to or connected with this proposal? If yes, explain:

No.

8. List any environmental information you know about that has been prepared, or will be prepared, directly related to this proposal:

- *Wetland and Stream Delineation Report, dated April 22, 2024*
- *Arborist Report, dated April 29, 2024*
- *City Hall Asbestos Assessment Report, dated August 11, 2023*
- *Site Characterization Report, Maintenance Shop UST Facility, dated April 15, 1992*
- *Site Investigation Report, dated 2016*
- Additional information that will be prepared for this project includes the following.
 - Geotechnical Report
 - Critical Areas Report

9. Do you know whether applications are pending for governmental approvals of other proposals directly affecting the property covered by your proposal? If yes, explain:

No.

10. List any government approvals or permits that will be needed for your proposal, if known:

- *Washington State Department of Fish and Wildlife Joint Aquatic Resource Permit Application (JARPA), if applicable*
- *Washington State Department of Fish and Wildlife Hydraulic Project Approval (HPA), if applicable*
- *Washington State Department of Ecology Construction Discharge Permit*
- *City of Mercer Island Public Agency Exception, if applicable*
- *City of Mercer Island Critical Area Review 2*
- *City of Mercer Island Site Development Permit*
- *City of Mercer Island Right of Way Permit, if applicable*
- *City of Mercer Island Building Permit*
- *City of Mercer Island Mechanical, Plumbing and Electrical Permits*

11. Give brief, complete description of your proposal, including the proposed uses and the size of the project and site. There are several questions later in this checklist that ask you to describe certain aspects of your proposal. You do not need to repeat those answers on this page. (Lead agencies may modify this form to include additional specific information on project description.)

The project seeks to construct a new Public Safety and Maintenance Facility (PSM Facility) for the City of Mercer Island. The facility will house the Mercer Island Police Department, The Public Works Department, IT and GIS Departments, an Emergency Operations Center, a warehouse for public works materials and equipment, a vehicle maintenance shop, and general employee services. The facility also provides secure covered areas for the Mercer Island Police Department vehicle fleet, the Public Works vehicle fleet, a decant facility, a vehicle wash-bay, and uncovered site areas for Public Works materials and equipment storage and operations.

The facility includes approximately 70,100 gross square feet of enclosed and conditioned, or semi-conditioned space, along with approximately 85,550 gross square feet of overhead weathering cover in the form of roofs, overhangs, and canopies.

The facility is proposed to be located on previously developed parcels that are currently in active use for the proposed functions. The total gross area of the site is 592,061 square feet, or 13.59 acres.

12. Location of the proposal. Give sufficient information for a person to understand the precise location of your

proposed project, including a street address, if any, and section, township, and range, if known. If a proposal would occur over a range of area, provide the range or boundaries of the site(s). Provide a legal description, site plan, vicinity map, and topographic map, if reasonably available. While you should submit any plans required by the agency, you are not required to duplicate maps or detailed plans submitted with any permit applications related to this checklist.

The proposal is located at 9601 and 9611 SE 36th Street, Mercer Island, Washington, 98040, SE-7-24-5.

B. ENVIRONMENTAL ELEMENTS

1. Earth

- a. General description of the site (check one):

Flat ☐ Rolling ☐ Hilly ☒ Steep Slopes ☒ Mountainous ☐ Other ☐

- b. What is the steepest slope on the site (approximate percent slope)?

The site generally slopes downward from SE 40th Street along the south side of the project area to SE 36th Street to the north. The steepest section, with a 42% slope, is located in an isolated area on the southeastern portion of the site, as shown on the BRH survey dated May 15, 2024.

- c. What general types of soils are found on the site (for example, clay, sand, gravel, peat, muck)? If you know the classification of agricultural soils, specify them and note any agricultural land of long-term commercial significance and whether the proposal results in removing any of these soils.

According to NRCS mapping, the surface soils are classified as Kitsap silt loam:

- *Kitsap silt loam, 8–15% slopes in the western portion of the property.*
- *Kitsap silt loam, 2–8% slopes in the eastern portion.*

The specific soil types on parcel 265550-0075 remain unknown. For parcel 265550-0185, subsurface conditions were investigated only in a limited area, as documented in the Site Characterization Report for the City of Mercer Island Maintenance Shop UST Facility (Golder Associates, April 15, 1992). That report describes:

- *A surface layer of fill consisting of fine to coarse gravel and sand to a depth of about 3–5 feet.*
- *Native soils beneath the fill: fine to coarse sand with trace to some silt (upper unit), underlain at roughly 11–12 feet by stratified sand and silt with occasional clayey silt lenses (middle unit).*
- *A basal unit of clayey silt to silty clay, grading locally to silty sand or sandy silt near the north end of the site.*

These materials correspond to Unified Soil Classification System (USCS) groups such as SW/SM (well-graded to silty sands), CL/ML (clayey or silty soils), and locally GP/OL/GM (poorly graded gravel, organic silty or clay, silty gravel), as noted in the 1991 borings. Additional soil borings were completed and documented in the Site Investigation Report completed by Farallon Consulting in 2016.

- d. Are there surface indications or history of unstable soils in the immediate vicinity? If so, describe.

There are no visible indications of a history of unstable soils in the immediate vicinity. The City of Mercer Island's GIS web map includes the following designations on portions of the project site: Erosion, Seismic, Potential Landslide

- e. Describe the purpose, type, total area, and approximate quantities and total affected area of any filling, excavation, and grading proposed. Indicate source of fill.

The purpose of project excavation, fill, and regrading, is to remove unsuitable soils; establish stable surfaces for site improvements and structures; provide trenching for utilities; and create accessible pathways for vehicles, pedestrians, as well as functional routes and spaces for facility operations. The project anticipates cutting approximately 20,000 CY, utilizing approximately 12,000 CY from stockpile,

and importing approximately 24,000 CY. Select topsoil meeting applicable requirements will be stockpiled and reused, while excess material will be exported to a facility licensed to receive such materials.

- f. Could erosion occur as a result of clearing, construction, or use? If so, generally describe.

The project will include the temporary disturbance of soils during excavation and site grading activities necessary for construction. The project will incorporate necessary BMP's and Temporary Erosion and Sediment Control (TESC) planning to mitigate potential runoff during construction activities.

- g. About what percent of the site will be covered with impervious surfaces after project construction (for example, asphalt or buildings)?

Approximately 49% of the project site will be covered with structures and associated impervious surfaces such as parking areas and walkways.

- h. Proposed measures to reduce or control erosion, or other impacts to the earth, if any:

During construction, BMP's will be employed to minimize the amount of erosion and sediment potentially leaving the site. BMP's will be consistent with the City of Mercer Island erosion control standards and may include elements such as:

Erosion and sediment control plans developed and implemented in accordance with the Stormwater Management Manual for Western Washington. The plans could include elements for site stabilization, slope protection, drainage way protection, inlet protections, and sediment retention.

- *Silt fences may be used at site perimeters used to reduce runoff.*
- *Gravel base may be used to stabilize (future) paved areas. All other areas may be stabilized with other techniques including seeding and 4" straw mulch.*
- *Catch basin inserts may be used at catch basins that may receive sediment.*

A Stormwater Pollution Prevention Plan (SWPPP) and a Temporary Erosion and Sediment Control Plan (TESC), meeting the requirements of the City of Mercer Island, would be developed and implemented as a part of the project.

2. Air

- a. What types of emissions to the air would result from the proposal (i.e., dust, automobile, odors, and industrial wood smoke) during construction, operation, and maintenance when the project is completed? If any, generally describe and give approximate quantities if known.

During construction, emissions will be generated by standard construction equipment and vehicles. Once operational, emissions will primarily result from vehicle trips to and from the PSM facility by its users. During operation and maintenance activities, which already occur on the site, standard fleet and service vehicles will also be present.

- b. Are there any off-site sources of emissions or odor that may affect your proposal? If so, generally describe.

There are no known off-site sources of emissions or odors affecting this project.

- c. Proposed measures to reduce or control emissions or other impacts to air, if any:

Measures that may be incorporated during construction to minimize impacts to air quality include watering of construction surfaces to reduce airborne dust, other approved dust suppressants over exposed soils, temporary stabilization practices upon completion of grading, and covering materials in stockpiles on the site or during transport.

Vehicles may utilize wheel wash stations before leaving the construction site. Automobile emission

standards are regulated by the State of Washington.

3. Water

a. Surface:

- i. Is there any surface water body on or in the immediate vicinity of the site (including year- round and seasonal streams, saltwater, lakes, ponds, wetlands)? If yes, describe type and provide names. If appropriate, state what stream or river it flows into.

Wetlands and watercourses, as described in Chapter 19.07 MICC – Environment and defined in Chapter 19.16 MICC – Definitions, have been identified on the project site and documented in the Wetland and Stream Delineation Report for 9601 and 9611 SE 36th Street (Facet, April 22, 2024).

- ii. Will the project require any work over, in, or adjacent to (within 200 feet) the described waters? If yes, please describe and attach available plans.

The project proposes new impervious surfaces and structures, adjacent to the areas described in the delineation report. Reconstruction and expansion of one existing watercourse crossing is proposed, and one new watercourse crossing is proposed over an existing Type F stream; the crossing will be designed to comply with Washington State Department of Fish and Wildlife and City of Mercer Island water crossing design guidelines. Where conflicts between these critical areas, associated buffers, or building setbacks and proposed improvements occur, the site plan will be revised to comply with Chapter 19.07 MICC and submitted as part of the Critical Area Review 2 pursuant to MICC 19.07.040 and MICC 19.15.030.

- iii. Estimate the amount of fill and dredge material that would be placed in or removed from surface water or wetlands and indicate the area of the site that would be affected. Indicate the source of fill material.

No filling or dredging will be placed in or removed from surface water or wetlands.

- iv. Will the proposal require surface water withdrawals or diversions? Give general description, purpose, and approximate quantities if known.

None proposed.

- v. Does the proposal lie within a 100-year floodplain? If so, note location on the site plan.

The project site is not located within a 100-year floodplain.

- vi. Does the proposal involve any discharges of waste materials to surface waters? If so, describe the type of waste and anticipated volume of discharge.

No discharges of waste materials to surface waters are proposed.

b. Ground

- i. Will groundwater be withdrawn from a well for drinking water or other purposes? If so, give a general description of the well, proposed uses and approximate quantities withdrawn from the well? Will water be discharged to groundwater? Give general description, purpose, and approximate quantities if known.

No groundwater will be withdrawn for drinking water or other purposes, and no water will be discharged to groundwater.

- ii. Describe waste material that will be discharged into the ground from septic tanks or other sources, if any (for example: Domestic sewage; industrial, [containing the following chemicals...]; agricultural; etc.). Describe the general size of the system, the number of such systems, the number of houses to be served (if applicable), or the number of animals or humans the system(s) are expected to serve.

No waste material will be discharged to the ground. The site will be served by municipal sewer; no septic or other on-site systems are proposed.

c. Water runoff (including stormwater):

- i. Describe the source of runoff (including stormwater) and method of collection and disposal, if any (include quantities, if known). Where will this water flow? Will this water flow into other waters? If so, describe.

Stormwater runoff is expected from on-site facilities such as rooftops and parking areas only. Vegetated areas are not expected to produce surface flow or runoff. Roof water will be directed to BMPs as required, with some volume captured for on-site reuse. Runoff from parking and operations areas will be captured via catch basins and routed to a water quality treatment BMPs, including Modular Wetlands, prior to discharge into the existing (piped) city stormwater system located beneath SE 36th Street.

- ii. Could waste materials enter ground or surface waters? If so, generally describe.

As with any site-related construction activity, runoff from the construction site has the potential to enter ground or surface waters. The projects TESC plan would be implemented to minimize runoff leaving the site during construction.

d. Proposed measures to reduce or control surface, ground, runoff water, and drainage pattern impacts, if any:

Stormwater improvements for this project include areas of curb and gutter, vegetated swales, sloped to-drain paved areas, new catch basins and piped connections to the existing storm pipe network to convey runoff.

4. Plants

a. Check types of vegetation found on the site

- ☒ Deciduous tree: Alder, Maple, Aspen, other
- ☒ Evergreen tree: Fir, Cedar, Pine, other
- ☒ Shrubs
- ☒ Grass
- ☐ Pasture
- ☐ Crop or grain
- ☐ Wet soil plants: Cattail, buttercup, bulrush, skunk cabbage, other
- ☐ Water plants: Water lily, eelgrass, milfoil, other
- ☐ Other types of vegetation

b. What kind and amount of vegetation will be removed or altered?

The project will carefully manage vegetation on the site in compliance with Chapter 19.10 MICC, removing only trees, shrubs, and grasses that conflict with planned improvements or are determined by a licensed arborist to be unhealthy or unstable. Wherever feasible, trees and other vegetation will be protected and retained. The exact quantities of vegetation requiring removal have not yet been determined.

c. List threatened or endangered species known to be on or near the site.

None are known.

d. Proposed landscaping, use of native plants, or other measures to preserve or enhance vegetation on the

site, if any:

Project landscaping will feature native and climate-adapted plant species. Tree replacement will be provided as required pursuant to MICC 19.10.070. Invasive vegetation will be removed along wetlands and streams, with mitigation through the installation of native and climate-adapted plantings.

- e. List all noxious weeds and invasive species known to be on or near the site.

Blackberry (Himalayan), Creeping Buttercup, and English Ivy.

5. Animals

- a. State any birds and animals which have been observed on or near the site or are known to be on or near the site. Examples include:

Birds: hawk, heron, eagle, songbirds, other:

Mammals: deer, bear, elk, beaver, other:

Fish: bass, salmon, trout, herring, shellfish, other:

Various small birds have been observed on or near the site. Mammals such as deer, squirrel, and rodents have been observed on or near the site.

- b. List any threatened or endangered species known to be on or near the site.

None are known to occur on or near the site.

- c. Is the site part of a migration route? If so, explain.

Mercer Island lies within the Pacific Flyway, a major north-south migratory route extending from Alaska to Mexico and South America. However, no element of the proposed project would alter or interfere with this migration corridor.

- d. Proposed measure to preserve or enhance wildlife, if any:

To preserve or enhance wildlife habitat, the project proposes removing invasive plant species within designated critical areas and mitigating those areas with native and climate-adapted plantings.

- e. List any invasive animal species known to be on or near the site.

None are known.

6. Energy and Natural Resources

- a. What kinds of energy (electric, natural gas, oil, wood stove, solar) will be used to meet the completed project's energy needs? Describe whether it will be used for heating, manufacturing, etc.

Electricity will serve as the primary energy source for the completed project, supporting building heating and cooling, interior and exterior lighting, and electric vehicle charging infrastructure. The project will also incorporate solar power systems as required to meet Washington State Energy Code requirements in effect at the time of permitting. A diesel-powered backup generator will provide power to essential facilities during a power outage or emergency.

- b. Would your project affect the potential use of solar energy by adjacent properties? If so, generally describe.

No. The proposal will not limit or interfere with the potential use of solar energy on nearby properties.

- c. What kinds of energy conservation features are included in the plans of this proposal? List other proposed measures to reduce or control energy impacts, if any:

The project includes the following energy conservation measures:

1. *Buildings are oriented with passive solar design strategies to reduce heating and cooling demand*

and increase systems performance.

2. Buildings and covered spaces incorporate skylights to provide daylighting to covered spaces and reduce required artificial illumination levels and durations.
3. Buildings incorporate thermal envelopes that meet or exceed Washington State Energy Code standards for the reduction of heat-loss and heat-gain, reducing the cooling and heating loads to increase system performance.

7. Environmental Health

- a. Are there any environmental health hazards, including exposure to toxic chemicals, risk of fire and explosion, spill, or hazardous waste that could occur as a result of this proposal? If so, describe.

Yes. Demolition of the existing City Hall and Public Works buildings—constructed in 1957 and 1981—could release asbestos-containing materials (ACMs) and other building-related hazardous substances if not properly managed. An Asbestos Assessment Summary, dated August 11, 2023, confirmed asbestos within the ductwork and attic air handling unit at City Hall.

Past uses at the Maintenance Facility included underground fuel storage and dispensing; a 1992 site characterization documented petroleum hydrocarbon impacts in groundwater associated with former underground storage tanks. While no contamination has been identified within the City Hall footprint, soils and groundwater in the maintenance area may contain residual petroleum products.

Construction will also involve standard fuels and lubricants for heavy equipment, which present a low spill risk if not properly controlled.

- i. Describe any known or possible contamination at the site from present or past uses.

Petroleum-impacted groundwater associated with historic underground fuel storage was identified on the Public Works parcel. No contamination has been documented on the City Hall parcel other than asbestos-containing materials inside the building.

- ii. Describe existing hazardous chemicals/conditions that might affect project development and design. This includes underground hazardous liquid and gas transmission pipelines located within the project area and in the vicinity.

Above-ground fuel and propane storage tanks currently used for City vehicle and equipment fueling are located on site. No underground hazardous liquid or gas transmission pipelines are known within the project area or immediate vicinity. Any tank removal or decommissioning will comply with Washington State Department of Ecology regulations.

- iii. Describe any toxic or hazardous chemicals that might be stored, used, or produced during the project's development or construction, or at any time during the operating life of the project.

No toxic or hazardous chemicals are expected to be produced or stored in significant quantities during construction. Standard machine oils, fuels, and lubricants will be used for construction equipment. During operation, the facility will store limited amounts of unleaded gasoline, diesel fuel, and propane for City fleet and equipment, in accordance with applicable codes and safety standards.

- iv. Describe special emergency services that might be required.

No special emergency services are anticipated beyond routine fire protection and spill response already available on Mercer Island.

- v. Proposed measures to reduce or control environmental health hazards, if any:

- *Hazardous materials abatement: Complete a pre-demolition survey for asbestos, lead-based paint, PCBs, mercury, and other hazardous building materials. Abate or remove all identified materials prior to disturbance, in accordance with Puget Sound Clean Air Agency, EPA NESHAP, AHERA, DOSH/WAC 296-65, and City of Mercer Island*

requirements.

- *Fuel and tank management: Remove or decommission existing fuel and propane tanks in accordance with Washington State Department of Ecology underground/above-ground storage tank regulations. Maintain secondary containment for any active fuel storage.*
- *Petroleum-impacted soils: If stained soils, odors, sheens, or other evidence of contamination are encountered, implement a contaminated-media management plan (segregate, sample, characterize, and properly dispose at licensed facilities).*
- *Construction BMPs: Apply best management practices during construction, including spill-prevention kits, covered fueling areas, dust suppression, stormwater controls (SWPPP), and fire-prevention measures (e.g., extinguishers, hot-work permits).*
- *Training and oversight: Require contractors to prepare and follow a site-specific health and safety plan addressing hazardous materials, spill prevention, and emergency response.*
- *Waste handling: Dispose of asbestos, lead, PCB ballasts, mercury devices, petroleum-contaminated soils, and universal wastes at licensed facilities with appropriate manifests and chain-of-custody records.*

b. Noise

- i. What types of noise exist in the area which may affect your project (for example: traffic, equipment, operation, other)?

There are no known major sources of noise which may affect the project. Ambient noise is primarily traffic related and will not affect the project.

- ii. What types and levels of noise would be created by or associated with the project on a short-term or a long-term basis (for example: traffic, construction, operation, other)? Indicate what hours noise would come from the site.

Construction of the project would require the use of a variety of heavy and light construction machinery and equipment. Construction activity will adhere to the City of Mercer Island noise ordinance requirements. During long-term facility operation, noise would be generated from vehicle and equipment use and would be similar in profile to noise currently generated by similar facility operations.

- iii. Proposed measures to reduce or control noise impacts, if any:

During construction, standard noise reduction equipment on heavy or light machinery will be utilized where required. During long-term operation, the potential gradual transition to electric vehicles and equipment may reduce on-site noise generation.

8. Land and Shoreline Use

- a. What is the current use of the site and adjacent properties? Will the proposal affect current land uses on nearby or adjacent properties? If so, describe.

The site is currently occupied by the City of Mercer Island Police Department and Public Works Department, including fleet vehicles, equipment storage, and operations areas. Properties to the east and west contain a mix of commercial and residential uses. There are no active land uses immediately north of SE 36th Street. To the south, across SE 40th Street, the area is developed with residential housing. The proposal is not expected to adversely affect existing land uses on nearby or adjacent properties.

- b. Has the project site been used as working farmlands or working forest lands? If so, describe. How much agricultural or forest land of long-term commercial significance will be converted to other uses as a result

of the proposal, if any? If resource lands have not been designated, how many acres in farmland or forest land tax status will be converted to nonfarm or nonforest use?

No. The project site has not been used as working farmland or forest land, and it does not contain agricultural or forest land of long-term commercial significance. No acreage in farmland or forest land tax status will be converted to non-farm or non-forest use as a result of the proposal.

- c. Describe any structures on the site.

Existing structures on the site include:

- *Mercer Island City Hall (approximately 35,832 gross square feet).*
- *Public Works Maintenance and Operations Facility (approximately 15,347 gross square feet).*
- *Public Works yard sheds and outbuildings (approximately 12,200 gross square feet).*
- *Police Department trailer buildings (approximately 2,859 gross square feet).*

The site also contains asphalt-paved areas used for Public Works vehicle and equipment operations, along with approximately 182 parking spaces.

- d. Will any structures be demolished? If so, what?

Yes. All existing structures will be removed and replaced with new buildings and site improvements associated with the project.

- e. What is the current zoning classification of the site?

Parcel 2655500075 is zoned CO, and Parcel 2655500185 is zoned R-8.4 with a conditional use permit.

- f. What is the current comprehensive plan designation of the site?

Both parcels are designated Public Facility in the City of Mercer Island Comprehensive Plan.

- g. If applicable, what is the current shoreline master program designation of the site?

Not applicable. The site is not located within a shoreline jurisdiction.

- h. Has any part of the site been classified as an “environmentally sensitive” area? If so, specify.

Yes. The southern and western portions of parcel 2655500185 contain six Category IV wetlands and two Type F streams, along with their associated buffers and setbacks, which are considered environmentally sensitive areas under Chapter 19.07 MICC. No environmentally sensitive areas were identified on parcel 2655500075.

- i. Approximately how many people would reside or work in the completed project?

Approximately 123 staff members are expected to work in the completed project.

- j. Approximately how many people would the completed project displace?

None.

- k. Proposed measures to avoid or reduce displacement impacts, if any:

Not applicable. The project will not displace residents or businesses.

- l. Proposed measures to ensure the proposal is compatible with existing and projected land uses and plans, if any:

The City is applying to rezone the site to Public Institution (PI) to align with the Comprehensive Plan designation of Public Facility. The proposed use is consistent with both existing and planned land uses for the area.

9. Housing

- a. Approximately how many units would be provided, if any? Indicate whether high, middle, or low-income housing.

Not applicable. The proposal does not include residential units.

- b. Approximately how many units, if any, would be eliminated? Indicate whether high, middle, or low-income housing.

Not applicable. No housing units will be removed as part of the project.

- c. Proposed measures to reduce or control housing impacts, if any:

Not applicable. The project will not result in any housing impacts.

10. Aesthetics

- a. What is the tallest height of any proposed structure(s), not including antennas? What is the principal exterior material(s) proposed?

The tallest height of the proposed structure is approximately 40 feet above relative grade-plane.

Principle exterior materials include metal box-rib panels, cast-in-place concrete, and mass timber and steel for structural components.

- b. What views in the immediate vicinity would be altered or obstructed?

None. The project is not expected to alter or obstruct views in the immediate vicinity.

- c. Proposed measures to reduce or control aesthetics impacts, if any:

The project design incorporates setbacks from public rights-of-way on SE 36th Street and includes landscaped areas fronting SE 36th Street. Mature vegetation along SE 40th Street is expected to remain. These elements will help soften the building's appearance and minimize visual impact.

11. Light and Glare

- a. What type of light or glare will the proposal produce? What time of day would it mainly occur?

The project is not expected to generate significant light or glare. Site lighting will primarily occur during evening and nighttime hours to illuminate parking areas, equipment and materials loading zones, and drive aisles.

- b. Could light or glare from the finished project be a safety hazard or interfere with views?

Light or glare from the completed project is not anticipated to create safety hazards or interfere with surrounding views.

- c. What existing off-site sources of light or glare may affect your proposal?

None.

- d. Proposed measures to reduce or control light and glare impacts, if any:

New exterior lighting will be fully shielded and directed downward to minimize spillover and glare, consistent with the principles of Dark Sky-friendly design, such as those outlined by the International Dark-Sky Association. Ground-level exterior surfaces will use non-reflective finishes to further reduce glare potential.

12. Recreation

- a. What designated and informal recreational opportunities are in the immediate vicinity?

Aubrey Davis Park and Gallagher Hill Open Space are located near the project site and provide a range of informal and designated recreational opportunities, including trails and open space for passive use.

- b. Would the proposed project displace any existing recreational uses? If so, describe.

No. The project will not displace or limit access to any existing recreational uses.

- c. Proposed measures to reduce or control impacts on recreation, including recreation opportunities to be provided by the project or applicant, if any:

The project is not expected to affect recreation or recreational opportunities; therefore, no mitigation measures are proposed.

13. Historic and Cultural Preservation

- a. Are there any buildings, structures, or sites, located on or near the site that are over 45 years old listed in or eligible for listing in national, state, or local preservation registers? If so, specifically describe.

There are no known building, structures, or sites, located on or near the site that are over 45-years old and that are listed, or eligible to be listed in national, state, or local preservation registers.

- b. Are there any landmarks, features, or other evidence of Indian or historic use or occupation? This may include human burials or old cemeteries. Are there any material evidence, artifacts, or areas of cultural importance on or near the site? Please list any professional studies conducted at the site to identify such resources.

No professional cultural resource surveys have been conducted for the site, and no landmarks, artifacts, burials, or other evidence of historic or Tribal use have been identified to date. The site has been developed with municipal facilities since the 1950s, and no areas of known cultural importance are mapped in its vicinity. An inadvertent discovery protocol will be followed if any cultural resources are encountered during ground-disturbing activities.

- c. Describe the methods used to assess the potential impacts to cultural and historic resources on or near the project site. Examples include consultation with tribes and the department of archeology and historic preservation, archaeological surveys, historic maps, GIS data, etc.

No formal assessment of potential impacts on cultural or historic resources has been completed for this project to date. Prior to ground-disturbing activities, the City will coordinate with the Washington State Department of Archaeology and Historic Preservation (DAHP) and consult with interested tribes to determine whether an archaeological survey or additional review is warranted. If any cultural materials, human remains, or archaeological deposits are discovered during construction, work in the area will stop, and DAHP and affected tribes will be notified immediately so that appropriate measures can be implemented before work resumes.

- d. Proposed measures to avoid, minimize, or compensate for loss, changes to, and disturbance to resources. Please include plans for the above and any permits that may be required.

No cultural or historic resources have been identified on the project site to date. To avoid or minimize potential impacts if such resources are discovered during ground-disturbing activities, the City will:

- *Pre-construction coordination: Consult with the Washington State Department of Archaeology and Historic Preservation (DAHP) and interested tribes prior to site grading to determine whether additional review or an archaeological survey is warranted.*
- *Unanticipated discovery plan: Include in the construction specifications an inadvertent-discovery protocol requiring that if archaeological materials, human remains, or other cultural resources are encountered, work in the area will stop, the find will be protected, and DAHP and affected tribes will be notified immediately.*
- *Qualified professional oversight: If warranted by consultation or site sensitivity, retain a professional archaeologist to monitor excavation or review discoveries.*
- *Permitting: Should archaeological materials or human remains be identified, work will not resume until appropriate approvals—such as an Archaeological Excavation or Removal Permit under RCW 27.53 are obtained and mitigation measures recommended by DAHP or tribes are*

implemented.

Documentation and reporting: Any confirmed resources will be documented in accordance with DAHP standards, and mitigation (avoidance, data recovery, or other measures) will be developed in consultation with DAHP and tribes.

14. Transportation

- a. Identify public streets and highways serving the site or affected geographic area and describe proposed access to the existing street system. Show on site plans, if any.

The site is served by SE 36th Street along its northern frontage. Currently, access is provided by two curb cuts on SE 36th Street: one on parcel 2655500075 and another on parcel 2655500185. The proposed site plan maintains access via the existing curb cut on parcel 2655500185 and relocates the curb cut on parcel 2655500075 to a new location along the same frontage to improve circulation and safety.

- b. Is the site or affected geographic area currently served by public transit? If so, generally describe. If not, what is the approximate distance to the nearest transit stop?

The site is not directly served by public transit. The nearest transit access is approximately 1.3 miles away, via a walk along the Mountains to Sound Greenway Trail, to a King County Metro bus stop and the future Sound Transit light rail station.

- c. How many additional parking spaces would the completed project or nonproject proposal have? How many would the project or proposal eliminate?

The project will provide approximately 112 parking spaces for staff and the public, along with 123 spaces dedicated to City vehicles serving police and fleet operations. It will also reconfigure existing asphalt-paved areas currently used for Public Works vehicle and equipment operations. The site presently contains about 182 parking spaces; some of these will be reallocated as part of the redevelopment, with the overall supply adjusted to meet both operational requirements and public parking needs.

- d. Will the proposal require any new or improvements to existing roads, streets, pedestrian, bicycle or state transportation facilities, not including driveways? If so, generally describe (indicate whether public or private).

The proposal will not require new public roads or major off-site improvements to existing streets, pedestrian, bicycle, or state transportation facilities. Site access will continue to be provided from existing City streets. Minor on-site circulation and parking improvements, such as drive aisles, sidewalks, and bicycle parking will be constructed within the project limits to support safe and efficient access for staff, visitors, and fleet vehicles. Any temporary traffic control needed during construction (e.g., flagging or short-term lane closures) will be coordinated with the City's Public Works Department to maintain safe passage for all roadway users.

- e. Will the project or proposal use (or occur in the immediate vicinity of) water, rail, or air transportation? If so, generally describe.

The project will not use, nor is it located in the immediate vicinity of any waterborne, rail, or air transportation facilities. It is situated within an established municipal campus in an urban area of Mercer Island, with access provided solely by existing public streets. No impacts to, or reliance on, marine, rail, or aviation transportation are anticipated during construction or operation.

- f. How many vehicular trips per day would be generated by the completed project or proposal? If known, indicate when peak volumes would occur and what percentage of the volume would be trucks (such as commercial and non-passenger vehicles). What data or transportation models were used to make these estimates?

Based on the Institute of Transportation Engineers (Trip Generation Manual, 11th Edition), Land Use Code 730 – Government Office Building, the completed Public Safety and Maintenance project is

expected to employ approximately 123 staff. Using the ITE trip generation rate of 0.64 vehicle trip ends per employee during the weekday PM peak hour, the project is estimated to generate approximately 79 PM-peak-hour trips, compared with 71 trips from the existing facilities, for a net increase of about 8 trips during the PM peak hour.

Applying the ITE daily trip factor for government office buildings (approximately 8–9 daily vehicle trip ends per employee), the project is expected to generate on the order of 950–1,100 total vehicle trips per weekday, including both entering and exiting movements. Peak traffic volumes are anticipated during the weekday PM commuter period (4–6 p.m.), consistent with typical office uses.

Only a very small share of trips—estimated at less than 5%—would consist of trucks or other non-passenger/commercial vehicles, primarily City fleet and light-duty service trucks used for operations and maintenance. The analysis is based on ITE Trip Generation data for government office buildings and the trip calculations documented in the City's concurrency review.

- g. Will the proposal interfere with, affect or be affected by the movement of agricultural and forest products on roads or streets in the area? If so, generally describe.

The proposal is located within an urbanized area of Mercer Island and does not lie on designated agricultural or forest product haul routes. The project will primarily serve municipal operations and is not expected to interfere with, or be affected by, the movement of agricultural or forest products on area streets. Any temporary traffic control measures during construction (e.g., flagging or short-term lane closures) will be coordinated to maintain access for all road users.

- h. Proposed measures to reduce or control transportation impacts, if any:

The project is expected to generate only a small increase in vehicle trips, approximately eight additional PM-peak-hour trips, compared to the existing use—well within the City's adopted level-of-service standards. Because transportation impacts are minimal, no major off-site improvements are warranted.

15. Public Services

- a. Would the project result in an increased need for public services (for example; fire protection, police protection, health care, schools, other)? If so, generally describe.

The project is not expected to create a significant increase in demand for public services. The proposed Public Safety and Maintenance (PSM) Building and Operations Building will consolidate and modernize existing City functions (police, public works maintenance, operations, GIS, and IT) rather than introduce new uses.

Because the project replaces existing facilities serving the same municipal functions, it will not generate new school enrollment or substantial new demand for health-care or other community services. The project will include design features and code compliance (e.g., fire/life-safety systems, building security) to support ongoing service delivery without straining local resources.

- b. Proposed measures to reduce or control direct impacts on public services, if any.

Because the project primarily replaces and consolidates existing municipal functions, no substantial new demand for public services is anticipated. Standard building and site design measures, such as fire and life-safety systems, adequate access for emergency vehicles, and security features will be incorporated to support safe and efficient operations. Routine coordination with Police, Fire, and Public Works during design and construction will ensure facilities meet service needs without creating additional burdens on local providers.

16. Utilities

- a. Check utilities currently available at the site:

Electricity ☒

Natural Gas ☒

Water ☒

Refuse Service ☒

Telephone ☒Sanitary Sewer ☒Septic System ☐Other ☐

- b. Describe the utilities that are proposed for the project, the utility providing the service, and the general construction activities on the site or in the immediate vicinity which might be needed.

Power provided by Puget Sound Energy, water supplied by City of Mercer Island and Seattle Public Utilities, sewer provided by City of Mercer Island, natural gas provided by Puget Sound Energy, refuse service provided by Recology, telephone provided by Lumen, and data provided by Comcast and King County.

C. SIGNATURE

I certify (or declare) under penalty of perjury under the laws of the State of Washington that the answers to the attached SEPA Checklist are true and complete to the best of my knowledge. I understand that the lead agency is relying on them to make its decision.

Signature: Khilde

Date Submitted: 9/17/2025

SEPA RULES**SUPPLEMENTAL SHEET FOR NONPROJECT ACTIONS**

(do not use this sheet for project actions)

Because these questions are very general, it may be helpful to read them in conjunction with the list of the elements of the environment.

When answering these questions, be aware of the extent the proposal, or the types of activities likely to result from the proposal, would affect the item at a greater intensity or at a faster rate than if the proposal were not implemented. Respond briefly and in general terms.

1. How would the proposal be likely to increase discharge to water; emissions to air; productions, storage, or release of toxic or hazardous substances; or production of noise?

Proposed measures to avoid or reduce increases are:

2. How would the proposal be likely to affect plants, animals, fish, or marine life?

Proposed measures to protect or conserve plants, animals, fish, or marine life are:

3. How would the proposal be likely to deplete energy or natural resources?

Proposed measures to protect or conserve energy and natural resources are:

4. How would the proposal be likely to use or affect environmentally sensitive areas or areas designated (or eligible or under study) for governmental protection; such as parks, wilderness, wild and scenic rivers, threatened or endangered species habitat, historic or cultural sites, wetlands, floodplains, or prime farmlands?

Proposed measures to protect such resources or to avoid or reduce impacts are:

5. How would the proposal be likely to affect land and shoreline use, including whether it would allow or encourage land or shoreline uses incompatible with existing plans?

Proposed measures to avoid or reduce shoreline and land use impacts are:

6. How would the proposal be likely to increase demands on transportation or public services and utilities?

Proposed measures to reduce or respond to such demand(s) are:

7. Identify, if possible, whether the proposal may conflict with local, state, or federal laws or requirements for the protection of the environment.

[Statutory Authority: RCW [43.21C.110](#). WSR 16-13-012 (Order 15-09), § 197-11-960, filed 6/2/16, effective 7/3/16. Statutory Authority: RCW [43.21C.110](#) and [43.21C.100](#) [43.21C.170]. WSR 14-09-026 (Order 13-01), § 197-11-960, filed 4/9/14, effective 5/10/14. Statutory Authority: RCW [43.21C.110](#). WSR 13-02-065 (Order 12-01), § 197-11-960, filed 12/28/12, effective 1/28/13; WSR 84-05-020 (Order DE 83-39), § 197-11-960, filed 2/10/84, effective 4/4/84.]

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040

PHONE: 206.275.7605 | www.mercerisland.gov/cpd

**SEPA THRESHOLD OPTIONAL DETERMINATION OF
NON-SIGNIFICANCE (ODNS)**

NOTICE IS HEREBY GIVEN for the application described below:

Application No.:	SEP25-017	
Permit Type:	Type III	
Description of Request:	Review under the State Environmental Policy Act (SEPA) for the reclassification (rezone) of two City-owned properties from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI). Both sites are currently used for public services and are designated as Public Facility in the City's Comprehensive Plan. The rezone would also support the City's plan to construct a new Public Safety and Maintenance (PSM) Facility on the site, which is included in this SEPA Threshold Determination.	
Applicant:	Kellye Hilde, Public Works Deputy Director (City of Mercer Island) / City of Mercer Island	
Location of Proposal:	9601 & 9611 SE 36th St, Mercer Island, WA 98040 King County Assessor tax parcel number: 965550-0185; 265550-0075	
Lead Agency:	City of Mercer Island, Department of Community Planning & Development	
Project Documents:	Copies of all studies and/or environmental documents are available through the following link: https://mieplan.mercergov.org/public/RZN25-001	
Application Process Information:	Date of Application:	September 17, 2025
	Determined to be Complete:	September 19, 2025
	Bulletin Notice:	September 29, 2025
	Date of Mailing:	September 29, 2025
	Date of Sign Posting:	September 29, 2025
	Comment Period Ended:	5:00PM on October 31, 2025

The lead agency determined that the proposed development will not have a probably significant adverse impact on the environment. An environmental impact statement (EIS) is not required pursuant to RCW 43.21C.031(2). This decision was made after review of a completed environmental checklist and other information on file with the lead agency, including responses to public comments received during the public comment period,

prepared by the Applicant (Attachment A). This information is available to the public on request.

<input type="checkbox"/>	There is no comment period for this DNS.
<input checked="" type="checkbox"/>	This DNS is issued after using the optional DNS process in WAC 197-11-355. There is no further comment period on the DNS.
<input type="checkbox"/>	This DNS is issued under WAC 197-11-340(2); the lead agency will not act on this proposal for 14 days from the date below. Comments must be submitted by N/A at 5:00 PM.

Responsible Official: Molly McGuire, Senior Planner
molly.mcguire@mercerisland.gov | (206) 275-7712

Issued Date: November 3, 2025

Signature: /s/ Molly McGuire, Senior Planner

APPEAL INFORMATION

This decision to issue a Determination of Non-significance (DNS) rather than to require an EIS may be appealed pursuant to Section 19.21 of the Mercer Island Unified Land Development Code, Environmental procedures.

<input checked="" type="checkbox"/>	Any party of record may appeal this determination to the City Clerk at 9611 SE 36 th Street, Mercer Island, WA 98040 no later than <u>5pm on November 17, 2025</u> by filing a timely and complete appeal application and paying the appeal fee. You should be prepared to make specific factual objections. Contact the City Clerk to read or ask about the procedures for SEPA appeals. To reverse, modify, or remand this decision, the appeal hearing body must find that there has been substantial error, the proceedings were materially affected by irregularities in procedure, the decision was unsupported by material and substantial evidence in view of the entire record, or the decision is in conflict with the city's applicable decision criteria.
<input type="checkbox"/>	There is no agency appeal.

Applicant Response to Public Comments

RZN25-001 and SEP25-017

This document responds to public comments on the City's rezone application (RZN25-001) for Parcels 2655500075 and 2655500185 and the SEPA Checklist (SEP25-017). Responses cite the Mercer Island Comprehensive Plan ([Ordinance 24C-16](#)) and the Mercer Island City Code (MICC), including [MICC 19.15.240](#) (Reclassification of property), [Chapter 19.07 MICC](#) (Environment), [Chapter 19.10 MICC](#) (Trees), and applicable [Chapter 19.11 MICC](#) design standards required for Public Institution (PI) development under [MICC 19.05.010\(C\)](#).

RZN25-001 PUBLIC COMMENTS

1. **Existing use is a detriment to the neighborhood:** The site is currently being used as a maintenance facility, and the City has failed to maintain this property to the standards expected in a residential neighborhood. The property is poorly maintained and has become a visual blight—a black eye on our otherwise well-kept residential area. Facilities and overgrowth visible from SE 40th St. are entirely inconsistent with the residential character our neighbors work hard to maintain. This substandard maintenance has already depreciated surrounding property values and diminished our neighborhood's appeal. The proposed rezone will only further diminish property values.

Applicant Response:

The proposed rezone is consistent with the Comprehensive Plan and the approval criteria of [MICC 19.15.240\(C\)](#). Both parcels (2655500075, 2655500185) are designated Public Facility on the Future Land Use Map ([Ordinance 24C-16](#), Land Use Element, pp. 101-102), identifying civic and institutional uses such as City Hall, public safety facilities, and municipal operations. Rezoning to PI aligns zoning with this adopted designation and the site's long-standing civic use.

The Public Safety and Maintenance (PSM) Facility will improve facility and site conditions by replacing aging buildings and reorganizing yard space for City vehicles and materials to:

- Improve operational efficiency with well-designed storage and circulation areas for large vehicles, equipment, and materials;
- Provide covered storage, improved lighting, security, and landscaping to screen parking and yard areas;
- Incorporate outdoor staff amenity spaces and pedestrian connections;
- Construct new facilities and yard structures that incorporate high-quality architectural detail with materials that are easily maintainable; and
- Utilize grade changes, retaining walls, material enclosures, and screening vegetation to visually and audibly screen site activities.

These improvements will significantly enhance the property's appearance, functionality, and compatibility with the surrounding neighborhood, directly addressing maintenance concerns raised by residents.

Although the site is outside the Town Center, development within the PI zone must comply with the design standards of [Chapter 19.11 MICC](#), as required by [MICC 19.05.010\(C\)](#). This ensures that the PSM Facility is held to the same design standards intended to ensure compatibility, pedestrian orientation, and a human-scale built environment.

In accordance with [MICC 19.11.010\(D\)](#):

- **Design Vision:** New or redeveloped facilities should enhance the public realm, provide a sense of place, and incorporate landscaping, architectural detailing, and pedestrian connections.
- **Function:** The design must support accessibility and circulation for pedestrians, bicyclists, motorists, and service vehicles while reflecting a high-quality civic character.
- **Site Features:** Public amenities, greenery, and architectural treatments will help the facility fit sensitively into its setting and maintain a human scale.
- **Pedestrian Orientation:** Site layout and circulation will prioritize safe and convenient pedestrian movement and integrate opportunities for alternative transportation.

Through these requirements, the PSM Facility will be designed to meet the City's standards for high-quality civic development. The project will balance operational needs with context-sensitive site and building design, landscaping, and environmental performance measures consistent with the Comprehensive Plan's goal of providing efficient, durable, and well-maintained public facilities.

2. **Preference for residential development:** These parcels were originally zoned residential for good reason—they are located within an established residential neighborhood. I strongly prefer that this property be developed with homes per the original zoning intent. Residential development would enhance our community, maintain property values, increase the tax base through private ownership, and restore the neighborhood cohesion that has been disrupted by the current industrial use. The City should not be permitted to permanently convert residential land to industrial use simply because it has been operating a facility there, particularly when that facility has been poorly maintained.

Applicant Response:

While one parcel is currently zoned R-8.4, both parcels are designated Public Facility in the Mercer Island Comprehensive Plan, the City's 20-year policy document that guides future land use and development decisions. This designation reflects the long-standing civic use of the property and the City's intent for the site to continue accommodating municipal and public safety services.

Pursuant to [MICC 19.15.240\(C\)\(1\) and \(2\)](#), rezoning the parcels to PI implements the Comprehensive Plan by aligning zoning with the adopted land-use designation and ensuring that the property continues to serve essential public functions. Redeveloping the site with single-family housing would directly conflict with the City's long-range land-use map and limit the City's ability to provide critical emergency, public safety, maintenance, and operational services from a centralized, purpose-built facility.

As noted in Response 1, PI projects must also meet applicable [Chapter 19.11 MICC](#) design standards as required by [MICC 19.05.010\(C\)](#).

3. **Retroactive legitimization of non-conforming use:** This rezoning application appears to be an attempt to retroactively legitimize a use that may not currently conform to the property's residential zoning. The City should not reward its own non-compliance by granting a rezone. If the current use violates R-8.4 residential zoning requirements, the proper remedy is to relocate the facility to appropriately zoned land and restore this property to residential use—not to change the zoning to accommodate an existing violation. Allowing retroactive rezoning to legitimize potentially non-conforming uses sets a dangerous precedent that undermines the integrity of our zoning code and eliminates protections for residential neighborhoods.

Applicant Response:

The proposed rezone is to align the zoning map with the City's long-standing Comprehensive Plan designation and lawful approvals for the site's current use.

The maintenance facility at 9601 SE 36th Street (Parcel No. 2655500185) was established through a Conditional Use Permit (CUP 7910-001) approved by the City of Mercer Island Planning Commission and City Council in November 1979. The facility was expressly authorized under the R-8.4 Residential zoning district, which at that time allowed public utility and governmental buildings as conditional uses. The Planning Commission staff report, Design Commission minutes, and Council action ([Bill No. 883](#)) confirm that the project met all applicable development standards, including setbacks, height limits, lot coverage, landscaping, and access requirements.

Since its approval, the facility has continuously operated as a lawful public use under that permit. It is therefore not a non-conforming use, but a permitted one consistent with the City's prior zoning code and CUP conditions.

The proposed rezone to PI is a legislative correction that brings the zoning map into conformity with the Public Facility designation established in the Comprehensive Plan ([Ordinance 24C-16](#)). Pursuant to [MICC 19.15.240\(C\)\(4\)](#), such action is a lawful policy-based reclassification that implements the City's adopted land use vision for long-term civic and institutional use of these parcels—not a site-specific action designed to cure a violation, even if there was one.

In summary, the rezone formalizes existing, legally established City operations on land that has served as a public works facility for more than four decades. It does not reward any alleged non-compliance or set precedent for zoning exceptions; rather, it ensures consistency between the Comprehensive Plan, zoning map, and long-approved public use.

4. **Incompatibility with residential character:** The proposed rezoning would permanently authorize industrial-scale operations in a purely residential zone. Maintenance facilities generate significant noise from heavy equipment, vehicles, machinery, power tools, and backup alarms beginning in early morning hours when crews depart for daily operations. As nearby residents have already experienced, this activity directly conflicts with the quiet residential character our neighborhood was designed to maintain. Rather than formalizing this incompatible use, the City should restore the property to its intended residential purpose.

Applicant Response:

The proposed rezone and use are compatible with surrounding land uses under the criteria of [MICC 19.15.240\(C\)\(5\)](#). As discussed in Responses 1, 2, and 3, both parcels have long supported lawful civic functions that serve the entire community. The existing maintenance facility was approved under a Conditional Use Permit (CUP 7910-001) in 1979 and has operated continuously since that time as a permitted public use. Rezoning to Public Institution (PI) does not introduce a new or intensified activity; it aligns the zoning map with the Public Facility designation in the Comprehensive Plan and the site's historic and intended civic role.

Development within the PI zone must comply with [MICC 19.05.010\(C\)](#) and the applicable sections of [Chapter 19.11 MICC](#) (Design Standards). These provisions apply City-wide to ensure civic facilities meet consistent expectations for site layout, building form, and compatibility, even when located outside the Town Center. Standards addressing building placement, modulation, screening, lighting, and pedestrian circulation will guide project design to minimize potential impacts on adjacent homes and maintain a well-screened edge along SE 40th Street.

Operations at the facility will remain municipal in nature, limited to City fleet vehicles, equipment, and staff. These activities are regulated by City noise, traffic, and environmental codes. Collectively, the proposed rezone and required design standards will ensure the property functions efficiently for civic purposes while maintaining a compatible relationship with surrounding residential uses.

5. **Adverse property value impacts: Research consistently demonstrates that industrial and utility facilities adjacent to residential properties decrease surrounding home values by 5-10%. The current maintenance facility—with its poor upkeep, heavy vehicle traffic, equipment storage, and industrial operations—has already created negative externalities that diminish the desirability and market value of neighboring homes. Granting this rezone would permanently codify these impacts rather than correcting them. Conversely, developing the property with quality residential homes would enhance property values throughout the neighborhood.**

Applicant Response

Concerns regarding compatibility and neighborhood character are addressed in Responses 1, 2 and 4. Property values, however, are not a decision criterion under [MICC 19.15.240](#). The City's review obligation is to demonstrate that the proposed PI zoning is consistent with the Comprehensive Plan and compatible with surrounding land uses under [MICC 19.15.240\(C\)\(1\), \(5\), and \(6\)](#).

Both parcels are designated Public Facility in the Comprehensive Plan, which identifies the site for civic and institutional functions that benefit the entire community. Rezoning to PI aligns zoning with this adopted designation and enables construction of a PSM Facility that consolidates essential City services.

Providing well-designed public facilities that improve operational efficiency and emergency responsiveness represents a community-wide public benefit that serves all Mercer Island residents. While the City does not pursue zoning changes to affect private property values, this rezone fulfills the public purpose of maintaining reliable, efficient, and accessible City services consistent with the

Comprehensive Plan's goals for public health, safety, and welfare ([Ordinance 24C-16](#), Land Use Element, p. 101- 102 and Capital Facilities Element, pp. 183–185).

6. **Increased traffic and safety concerns:** The maintenance facility generates substantial daily truck traffic, including large municipal vehicles, equipment haulers, and service trucks. This heavy vehicle presence on residential streets poses safety risks to children, pedestrians, and local traffic patterns while degrading road conditions. Residential development would generate normal neighborhood traffic patterns consistent with surrounding properties and far less disruptive than industrial operations.

Applicant Response

A transportation analysis included in the SEPA Checklist ([SEP25-017](#), section 14.f) estimates approximately eight additional PM-peak-hour trips compared with existing operations - an increase well within City concurrency standards ([Chapter 19.20 MICC](#)). The proposed access will remain on SE 36th Street, maintaining existing circulation patterns and avoiding neighborhood cut-through traffic on SE 40th Street.

As described in Responses 1 and 4, development within the PI zone is subject to the design and access standards of [MICC 19.05.010](#) and applicable sections of [Chapter 19.11 MICC](#). These requirements ensure that site circulation, frontage improvements, and access points are designed to maintain safe and efficient operations for pedestrians, vehicles, and service equipment.

Final permits will include detailed review of frontage and access design to confirm compliance with applicable City standards and to maintain neighborhood safety.

7. **Environmental and quality of life impacts:** The SEPA review identifies probable significant adverse environmental impacts. Maintenance facilities typically involve fuel storage, chemical handling, equipment washing operations, and outdoor material storage—all of which are inappropriate adjacent to residential properties and may pose long-term environmental and health concerns. The fact that these operations may already be occurring—and that the City has failed to properly maintain the site—does not justify making them permanent through rezoning.

Applicant Response

The SEPA Checklist ([SEP25-017](#), sections 3 and 7) did not identify any probable significant adverse environmental impacts associated with the proposed rezone or redevelopment. The checklist and supporting technical studies - including the Wetland and Stream Delineation Report (Facet, April 22, 2024)—found that all potential impacts can be mitigated through standard measures required under [Chapter 19.07 MICC](#) (Environment), [Chapter 19.10 MICC](#) (Trees), and state environmental regulations in WAC 197-11 (SEPA Rules).

Fuel storage, chemical handling, and vehicle maintenance activities will be conducted in compliance with state and local environmental requirements. Any above-ground or underground storage tanks will be permitted, managed, or decommissioned consistent with the Washington State Department of Ecology (Ecology) standards for hazardous materials management and spill prevention. The new

facility will include designated, contained areas for vehicle washing, equipment storage, and material handling designed to prevent runoff and protect nearby critical areas and groundwater.

Under the new PI zoning, site redevelopment will trigger full environmental and building permit review, ensuring compliance with [MICC 19.07.090](#) (Critical Area Review 2) and Ecology's Stormwater Management Manual for Western Washington. The project will include stormwater treatment, detention, and spill-control systems that comply with current City and Ecology standards.

The rezone does not authorize site operations or exempt the property from environmental regulation. Future construction and facility use will remain subject to City, state, and federal environmental review to ensure all activities are properly contained and managed. These reviews will ensure the redeveloped site meets current environmental and public health requirements.

8. **Alternative sites available for city operations:** The City owns other properties already zoned for public or commercial use that would be appropriate for maintenance facility operations. If the City requires this facility, it should be relocated to properly zoned land. These residential parcels should be made available for their intended use—residential development. The City could even sell the property to recover costs and reduce its maintenance burden while allowing private homeowners to develop quality residences that enhance rather than detract from our neighborhood.

The City does not own other property that is zoned for public or commercial use that is appropriate for public safety and maintenance facilities. The City proposes to continue using its existing, City-owned municipal campus for the PSM Facility. This site has long served as the location for City Hall and Public Works operations and is already developed and equipped for municipal use.

As described in Responses 1 and 2, both parcels are designated Public Facility in the Comprehensive Plan ([Ordinance 24C-16](#)), which identifies this property for civic and institutional functions. Rezoning to PI aligns the zoning map with that adopted designation and provides a consistent regulatory framework for redevelopment.

The proposal is supported by Goal 1 of the Comprehensive Plan's Capital Facilities Element (pp. 183–185), which emphasize providing public facilities in a fiscally responsible and cost-effective manner. Using existing City property avoids the need for land acquisition or relocation of infrastructure while modernizing facilities that serve the entire community.

9. **Facility expansion concerns:** The application notes plans to "construct a new Public Safety and Maintenance (PSM) Facility on the site." This suggests not merely continuing existing operations, but potentially expanding them. Any such expansion would further intensify the incompatible industrial use in our residential neighborhood, increase the visual blight, and compound the negative impacts we already experience.

Applicant Response

The proposed PSM Facility will replace and consolidate existing City functions that already operate from the site. It does not expand the scope or intensity of municipal operations beyond their current

civic purpose. The new facility is designed to improve efficiency, safety, and long-term reliability of essential services by replacing aging and undersized buildings that no longer meet operational needs.

As described in Responses 1 and 2, both parcels are designated Public Facility in the Mercer Island Comprehensive Plan ([Ordinance 24C-16](#)), which identifies this site for civic and institutional use. The rezone to PI aligns zoning with this adopted designation and provides a consistent regulatory framework for redevelopment.

Redevelopment of the site will occur through the City's standard permit process and will be subject to all applicable development, environmental, and design standards under [Title 19 MICC](#). These requirements ensure that site layout, building scale, landscaping, and operations are reviewed to maintain compatibility with surrounding properties.

- 10. Double standard:** It is particularly troubling that the City, which enforces strict maintenance and appearance standards on residential property owners, has failed to maintain its own property to acceptable standards in our neighborhood. Private residents face fines and citations for far less egregious violations than what the City has allowed on this property. If the City cannot maintain this property to residential neighborhood standards, it should not own property in residential zones.

[Applicant Response](#)

As noted in Response 3, the existing maintenance facility was lawfully established under Conditional Use Permit (CUP 7910-001) approved in 1979 and has operated as a permitted civic use since that time. City-owned properties are subject to the same maintenance, environmental, and development regulations as any other property. Redevelopment under the Public Institution (PI) zone will require full compliance with applicable building, environmental, and design standards. Construction, operations, and site maintenance will continue to be reviewed and inspected through the City's established permitting and code-enforcement processes to ensure consistent compliance with City regulations.

- 11. Request for denial and residential restoration:** I respectfully urge the Planning Commission to deny this reclassification request and direct City staff to:

- Investigate whether current operations comply with R-8.4 residential zoning requirements
- Identify alternative sites that are appropriately zoned for maintenance facility operations
- Develop a plan to relocate this facility to a non-residential location
- Restore the subject property to residential use through sale or development of single-family homes consistent with surrounding properties

[Applicant Response](#)

As noted in Response 3, the existing maintenance facility was lawfully established under Conditional Use Permit (CUP 7910-001), approved by the City Council in 1979. The permit authorized public utility and governmental uses within the R-8.4 zone and confirmed that the facility met all applicable development standards in effect at that time. The site has operated continuously as a permitted civic use and remains in compliance with that approval.

City staff also investigated whether alternative locations could accommodate public works and public safety operations as part of the PSM Facility pre-design process. That analysis determined there were

no feasible alternative sites on Mercer Island that met the operational, access, and land area requirements necessary for these essential municipal functions.

The comment's proposal to relocate operations or redevelop the site for residential use is not consistent with the Comprehensive Plan ([Ordinance 24C-16](#)), which designates both parcels as Public Facility for long-term civic and institutional use. As discussed in Responses 1, 2, and 3, the site has long served as a lawful and essential civic facility. Rezoning to PI aligns the zoning map with this adopted designation and ensures the property remains available for the continued delivery of critical City services consistent with adopted land use policy.

The rezone also ensures that any future redevelopment is reviewed under current design, environmental, and permitting standards, maintaining compatibility with the surrounding neighborhood and improving site conditions over time.

12. **Alternate proposal suggestion: I would however be willing to entertain a revised rezone that provides residential properties continuously along SE 40th St. and a public walking/bike path from SE 40th for neighborhood access to city hall and surrounding businesses and the bike trail (especially now that the JCC has closed the trail that used to exist next to the JCC). Converting a small amount of Parcel 9601 to actual residential properties would raise funds for the project and better align with the original intended use, significantly increasing the quality of the neighborhood.**

Applicant Response

The suggestion to redevelop a portion of the site for residential use is not consistent with the Comprehensive Plan. Both parcels are designated Public Facility, reflecting the City's intent for long-term civic and institutional use.

As noted in Responses 1, 2, and 11, rezoning to PI aligns the zoning map with this adopted designation and supports continued use of the property for essential public services. Converting any portion of the site to residential use would conflict with this designation and with the City's capital planning goals.

Opportunities for improved pedestrian and bicycle connections will be reviewed during site design to ensure safe and accessible circulation consistent with the City's adopted [Pedestrian and Bicycle Facilities Plan \(2010\)](#). In addition, construction of new sidewalks and connections along SE 36th Street will occur as part of the upcoming [Water System Improvement Project](#), and further evaluation of multi-modal (bike, pedestrian, and vehicle) improvements will be undertaken through the City's annual [Transportation Improvement Program](#) (TIP) process. These planned improvements will enhance access and connectivity for nearby residents while supporting the site's long-term public use.

13. **What set back or greenbelt do you envision between the hoped for redevelopment and our residential homes? It would be great if we didn't have to look directly at the comings and goings and had a green shield of existing trees in the setback to protect our view.**

Applicant Response

As described in Responses 1, 2, and 4, development within the PI zone is subject to the design standards of [MICC 19.05.010](#) and applicable sections of [Chapter 19.11 MICC](#) (Town Center Development and Design Standards). These provisions establish site layout, building form, landscaping, and pedestrian circulation standards intended to ensure high-quality civic design and compatibility with surrounding uses.

Pursuant to [MICC 19.11.030\(A\)\(6\)](#), no minimum setbacks are required, except along public rights-of-way where space must be provided for sidewalks and landscaping. Along SE 36th Street, structures must be set back to provide at least 12 feet of sidewalk between the building and the curb, with additional setback encouraged for landscaping or pedestrian features.

Due to the presence of steep slopes and critical areas along the southeast, south, and southwest portions of the site, the City is limited in where development can occur, resulting in natural buffers along those property edges. Together, these design standards, natural site constraints, and the City's landscaping and tree retention requirements will ensure a visually compatible and well-landscaped transition between future PI development and adjacent residential properties.

SEP25-017-001 PUBLIC COMMENTS

1. The applicant proposes to increase impervious surfaces, reconstruct and expand one overwater structure, and construct one new overwater structure over a Type F stream. Given the proximity of these developments to a wetland associated with the unnamed tributary to Lake Washington, which is known for salmonids utilizing this area, several concerns arise. The Department is concerned that reducing buffer distance at this location may adversely impact fish and their aquatic habitat (WAC 220-660-100).
 - Per the Department's management recommendations, the provided materials must document the average bankfull width of the channel in the project reach and include hydraulics. We request to see the critical areas report and the hydraulic analysis once they are prepared.
 - We require side profiles to be included in the plan set for the new structure. The new structure is necessary to meet the fish passage structure criteria, including unimpeded fish passage, as well as convey the 100-year flow and associated debris (WAC 220-160-200).
 - WDFW would prefer the new structure design be changed to a bridge if possible (WAC 220-660-190 & 200). Although initial costs may be higher, it will save money over time with lower maintenance costs and will not become a barrier for fish in the future.
 - If the mitigation sequence (WAC 197-11-768) is assessed and avoidance of impacts is infeasible, then, considering the benefits lost from mature tree removal, and to fulfill no-net-loss requirements, we recommend a minimum of a 4:1 replacement ratio to mitigate the buffer reduction and tree removal. We also recommend planting native coniferous tree species near the stream to maximize shade. If cutting down trees is part of the plan, we would like to see them utilized on site, such as for making benches, fencing, or Large Woody Material (LWM) in the wetland system.

- Due to its proximity to a regulated stream and given the two water crossing structures, this project will require an HPA. Consequently, we encourage people planning hydraulic projects to submit a general concept (pre-application) for review through the Aquatic Protection Permitting System (APPS). At any stage of the planning process, you may contact your local habitat biologist, Maria McNaughton (maria.mcnaughton@dfw.wa.gov or 360-890-2975), to ask questions and get feedback on project design and compliance with WAC 220-660 (the Hydraulic Code).

Applicant Response

WDFW's comments are consistent with the intent of [MICC 19.07](#) (Environment), which requires protection of critical areas, fish and wildlife habitat, and compliance with state and federal regulations. Several of the Department's recommendations go beyond the City's adopted requirements and will be reviewed for consistency with applicable City and state codes during permitting.

- Hydraulics / bankfull width documentation: [MICC 19.07.110](#) requires a critical area study prepared by a qualified professional using best available science consistent with the standards in the Washington Administrative Code [WAC Chapter 365-195](#). The study will evaluate site conditions and provide the level of detail necessary to demonstrate compliance with City and state standards.
- Side profiles and fish passage design: The City acknowledges WDFW's requirement under [WAC 220-660-200](#) for side profile drawings to demonstrate compliance with fish passage and hydraulic design criteria. Side profiles will be included in the final plan set for the proposed replacement structure to illustrate invert elevations, streambed alignment, slope, and hydraulic capacity to convey the 100-year flow and associated debris. These drawings, along with plan and cross-section views, will ensure the project meets WDFW fish passage and hydraulic performance standards and will be provided with the submittal for Hydraulic Project Approval (HPA) review.
- Bridge preference: The City's code allows bridges or culverts provided they comply with applicable standards under [MICC 19.07.180\(D\)\(1\)](#) and [WAC 220-660-190](#). The selection of structure type will be based on site conditions, engineering feasibility, and regulatory compliance.
- Tree replacement and buffer mitigation: Mitigation for buffer or tree impacts will follow the requirements of [MICC 19.07.100](#) (Mitigation Sequencing), [MICC 19.07.180\(E\)](#) (Watercourses), [MICC 19.07.190\(E\)](#) (Wetlands), and [Chapter 19.10 MICC](#) (Trees). These provisions require avoidance, minimization, and compensatory mitigation sufficient to achieve no net loss of ecological function.
- Hydraulic Project Approval (HPA): As required by [MICC 19.07.030\(B\)](#) and [WAC 220-660](#), an HPA will be obtained for any work in or over regulated waterbodies. Coordination with WDFW will occur as part of that permitting process.

The project will comply with all applicable environmental regulations under [Chapter 19.07 MICC](#), [Chapter 19.10 MICC](#), and [WAC 220-660](#). Recommendations from WDFW that extend beyond these

requirements will be considered within the context of adopted City and state standards but are not mandatory unless required by law or regulation.

2. The property is listed by Ecology as a contaminated Site (Mercer Island Public Works Site, Cleanup Site ID 8968). The Site was enrolled in Ecology's Voluntary Cleanup Program (VCP) in 2004 (VCP NW1365) at the initiation of the Site cleanup process; however, the Site was terminated from the VCP in 2007 due to cleanup inactivity. Petroleum contamination has been confirmed in soil and groundwater at the Site due to releases from former underground storage tanks (USTs) (LUST ID 973). Cleanup of the Site has not been completed, and contamination remains present on the property. Information for this Site can be found on Ecology's Mercer Island Public Works Site Webpage.
 - Ecology recommends the proposal include the cleanup of the Site under the Model Toxics Control Act (MTCA), WAC 173-340, to address the known soil and groundwater contamination present on the property. Since the contaminants on the property are petroleum-related, Ecology recommends cleaning up the Site through the Washington Pollution Liability Insurance Agency (PLIA). PLIA assists tank owners, operators, and property owners with petroleum-related Site cleanup under their Technical Assistance Program (TAP).
 - Ecology recommends working with PLIA to develop a contingency plan to address contaminated media and to complete Site cleanup prior to and during construction activities. PLIA's TAP Fact Sheet can provide more information regarding Site cleanup. If an unknown UST is encountered during demolition activities, it must be decommissioned in accordance with local fire department regulations.
 - Ecology strongly recommends working with an environmental professional to assist with regulatory compliance requirements. The environmental profession can also assist with UST decommissioning (if needed). If PLIA determines that the Site is not eligible for their TAP, the environmental professional can assist in enrolling the Site into Ecology's VCP.

Applicant Response

The City is fully aware of the historic contamination at the site and has been actively working to bring the property into compliance. The City has retained Farallon Consulting, a third-party environmental consultant, to complete site investigations, remedial clean-up actions and coordinate with the Washington State Department of Ecology. Extensive data collection and research have been completed to characterize the extent of contamination as well as significant clean up actions and techniques.

The City is currently implementing remediation efforts in accordance with applicable state requirements and is committed to achieving full regulatory compliance. Cleanup activities are progressing toward site closure in coordination with Ecology, with project closeout anticipated in the near future.

**CITY OF MERCER ISLAND
ORDINANCE NO. 25C-29**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
AMENDING THE ZONING MAP DESIGNATION OF CERTAIN PROPERTIES AT
9601 AND 9611 SE 36TH STREET, FROM C-O AND R-8.4 TO PI; PROVIDING
FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, in compliance with the Washington State Growth Management Act, Chapter 36.70A RCW, the City of Mercer Island adopted a Comprehensive Plan in 1994 and has amended the plan on several occasions since that time; and

WHEREAS, in compliance with the Washington State Growth Management Act, Chapter 36.70A RCW, the City of Mercer Island has adopted a zoning code and map (Mercer Island City Code, Title 19, Unified Land Development Appendices); and

WHEREAS, on September 17, 2025, the Community Planning and Development Department received an application to reclassify two City-owned properties, identified by parcel numbers 2655500075 and 2655500185 from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI), submitted by the Public Works Department; and

WHEREAS, the City of Mercer Island has met all applicable public notice requirements for the reclassification of properties according to MICC 19.15.260; and

WHEREAS, on September 29, 2025, a combined Public Notice of Application, Public Notice of Public Hearing, and Intent to Adopt SEPA Determination of Non-significance was mailed to all property owners within 300 feet of the subject properties, published in the City's Weekly Permit Bulletin, and posted on site in a location that was visible to the public right-of-way; and

WHEREAS, on October 1, 2025, a combined Public Notice of Application, Public Notice of Public Hearing, and Intent to Adopt SEPA Determination of Non-significance (DNS) was published in the Mercer Island Reporter, a newspaper of general circulation; and

WHEREAS, on October 2, 2025, the City notified the Washington State Department of Commerce of the City's intent to amend the Development Code and requested expedited review; and

WHEREAS, on November 3, 2025, the City issued a SEPA Threshold DNS for the reclassification of properties consistent with the procedures established in Chapter 19.21 MICC; and

WHEREAS, on November 19, 2025, the Planning Commission held a duly advertised public hearing on the application to reclassify the two City-owned properties, and recommended approval of the reclassification to the City Council; and

WHEREAS, on December 2, 2025, at its closed record review of the application to reclassify the two City-owned properties, the City Council was briefed on the Planning Commission's recommendation, adopted findings that each of the criteria for reclassifications in MICC 19.15.240(C) were met by the application, and approved the reclassification of the two City-owned properties;

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

Section 1. Findings of Fact. The Planning Commission's findings on the reclassification of properties referenced in the "Whereas" clauses as shown in Exhibit A, and the "Whereas" clauses in the recital of this ordinance are adopted as the findings and conclusion of the City Council for passing this ordinance.

Section 2. Reclassification – Rezone. The Mercer Island City Council hereby approves the amendment to the City's zoning map, as shown in Exhibit B, by reclassification and rezone from "C-O" and "R-8.4" to "PI", the real properties legally described as:

LOT 18, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12, OF PLATS, PAGE 33, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT THE SOUTH 150 FEET THEREOF;
ALSO LOTS 19 AND 20, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12, OF PLATS, PAGE 33, RECORDS OF KING COUNTY, WASHINGTON;
ALSO LOT 21, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12, OF PLATS, PAGE 33, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT THE WEST 148.22 FEET OF THE SOUTH 147.5 FEET THEREOF;
ALSO THAT PORTION OF LOT 8, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12, OF PLATS, PAGE 33, RECORDS OF KING COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:
BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 8;
THENCE SOUTH 88°31'24" EAST ALONG THE SOUTH LINE OF SAID LOT 48.19 FEET TO A POINT ON A CURVE THE CENTER OF WHICH BEARS NORTH 81°45'41" WEST 1353.34 FEET;
THENCE NORTHERLY ALONG SAID CURVE AN ARC DISTANCE OF 132.87 FEET TO A POINT OF COMPOUND CURVATURE;
THENCE NORTHERLY ALONG A CURVE TO THE LEFT WITH A RADIUS OF 319.53 FEET, AN ARC DISTANCE OF 99.50 FEET TO A POINT OF TANGENCY;
THENCE NORTH 15°13'43" WEST 9.76 FEET;
THENCE NORTH 7°07'23" WEST 52.33 FEET TO A POINT OF CURVATURE;
THENCE NORTHERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 68.60 FEET, AN ARC DISTANCE OF 9.98 FEET TO A POINT OF TANGENCY;
THENCE NORTH 1°12'51" EAST 307.81 FEET TO THE SOUTH LINE OF A TRACT CONVEYED TO THE WASHINGTON TOLL BRIDGE AUTHORITY OF THE STATE OF WASHINGTON BY DEEDS RECORDED UNDER RECORDINGS NOS. 3034087 AND 3070349 FOR HIGHWAY PURPOSES;
THENCE NORTH 76°36'42" WEST ALONG SAID SOUTH LINE 34.68 FEET TO THE WEST LINE OF SAID LOT;
THENCE SOUTH 1°12'51" WEST 606.69 FEET TO THE POINT OF BEGINNING. (ALSO KNOWN AS PARCEL B OF CITY OF MERCER ISLAND LOT LINE REVISION MI 84-03-10 AS RECORDED UNDER RECORDING NUMBER 8403159004, IN KING COUNTY, WASHINGTON.)

AND

PARCEL A OF CITY OF MERCER ISLAND LOT LINE REVISION MI 84-03-10 AS RECORDED UNDER RECORDING NUMBER 8403159004, BEING A PORTION OF LOTS 8 AND 9, BLOCK 1, FRUITLAND ACRES TO THE CITY OF SEATTLE ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 12 OF PLATS, PAGE 33, IN KING COUNTY, WASHINGTON; EXCEPT THAT PORTION DEDICATED AS "PUBLIC RIGHT-OF-WAY" BY CITY OF MERCER ISLAND RESOLUTION NO. 1065 AS RECORDED UNDER RECORDING NUMBER 8811301367.

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 days after the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON DECEMBER _____, 2025.

CITY OF MERCER ISLAND

Salim Nice, Mayor

ATTEST:

APPROVED AS TO FORM

Andrea Larson, City Clerk

Bio Park, City Attorney

Date of publication:

COMMUNITY PLANNING & DEVELOPMENT

9611 SE 36TH STREET | MERCER ISLAND, WA 98040
PHONE: 206.275.7605 | www.mercerisland.gov



PLANNING COMMISSION

To: City Council

From: Dan Thompson, Planning Commission Chair

Date: November 19, 2025

Subject: Planning Commission Recommendation on the reclassification of two City-owned properties (RZN25-001)

Attachments: A. RZN25-001 Staff Report and Recommendation

On behalf of the Planning Commission, I am pleased to present this recommendation for the reclassification of two City-owned properties, identified by parcel numbers 2655500075 and 2655500185, also known as the City Hall and Public Works Maintenance and Operations properties. The properties are currently zoned Commercial Office (C-O) and Single-Family Residential (R-8.4) and designated "Public Facility" in the City's Comprehensive Plan. If the rezone is adopted by the City Council, the properties would be zoned Public Institution (PI).

The request includes a proposal for a site-specific amendment to the land use zoning designation. The site-specific nature of this request necessitated a separate, quasi-judicial review process for this item. On November 19, 2025, the Planning Commission held a public hearing and quasi-judicial review for the proposed reclassification of property (rezone) of two City-owned properties.

The proceedings began with the Assistant City Attorney asking Appearance of Fairness questions of each Commissioner to establish if any bias or conflicts of interest were present. None of the Commissioners identified anything that would bias their decision. Commissioner Nice identified a familial relationship to Mayor Nice for the record. All Commissioners affirmatively confirmed they could review and adjudge the proposal in a fair, objective, and unbiased manner. All participants at the public meeting were provided the opportunity to raise a challenge to the participation of any Commissioner based on appearance of fairness concerns and no challenges were raised.

The Planning Commission received for review four public comments that were submitted to the Planning Commission in advance of the public hearing. At the meeting, two additional public comments were provided. One was in opposition of the rezone due to concerns related to public noticing and compatibility with surrounding uses, and one was to voice concerns regarding the development of the site. The proponent of the reclassification application spoke to the proposal's compliance with the criteria for approval in MICC 19.15.240(C), followed by a

presentation from City staff on the Staff Report and Findings (Exhibit 1). The Planning Commission officially closed the record on the proposal.

In addition to the public comment and presentation, the Planning Commission considered the materials submitted by the applicant and the Staff Report dated November 19, 2025. In making its recommendation, the Planning Commission considered the criteria for approval of a rezone contained in MICC 19.15.240(C):

The City Council may approve a rezone only if all of the following criteria are met:

1. The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;
2. The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;
3. The proposed reclassification is an extension of an existing zone, or a logical transition between zones;
4. The proposed reclassification does not constitute an illegal site-specific rezone;
5. The proposed reclassification is compatible with surrounding zones and land uses;
6. The proposed reclassification does not adversely affect public health, safety and welfare; and
7. If a comprehensive plan amendment is required in order to satisfy subsection (C)(I) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

Findings

The Planning Commission adopted findings by motion for each of the seven criteria in MICC 19.15.240(C) for approval of a reclassification of property (rezone) during the November 19, 2025 quasi-judicial proceeding.

(C)(I): The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;

Planning Commission Finding: Both parcels are designated as Public Facility in the Future Land Use Map of the 2024 Mercer Island Comprehensive Plan, which was adopted on November 19, 2024 by Ordinance No. 24C-16. The Comprehensive Plan states that "[t]he public facility land use designation represents land within the City that is intended for public uses, including but not limited to schools, community centers, City Hall, and municipal services". Reclassifying these properties to the Public Institution (PI) zoning designation would directly align with the Public Facility Comprehensive Plan designation and would reflect both the current and planned public use of the properties.

The reclassification to the PI zone would support the development of a new Public Safety and Maintenance (PSM) Facility, which would replace the aging City Hall and Public Works buildings with a modern complex housing the City's Police Department, Emergency Department, Public Works Maintenance Operations, GIS, IT, and Customer Service staff. The City proposes to consolidate these services in a purpose-

built facility to ensure efficient land use and reliable delivery of essential public functions.

The proposal is consistent with the following Comprehensive Plan goals and policies:

Capital Facilities Element, Goal 1 – Ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of service. This goal calls for supporting essential public facilities that maintain community safety, health, and livability, directly aligning with the siting of the new PSM Facility.

Capital Facilities Element, Goal 2 – Plan for and replace aging and obsolete public buildings to ensure reliable and efficient delivery of essential services. The proposed replacement of City Hall and the Public Works buildings with the PSM Facility fulfills this goal by addressing outdated infrastructure and providing resilient, long-term civic facilities.

(C)(2): The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;

Planning Commission Finding: The purpose of the Mercer Island development code as set forth in MICC 19.01.010 is as follows:

The general purpose of this Code is to protect and promote health, safety, and the general welfare through the regulation of development within the city of Mercer Island.

To that end, this Code classifies the land within the city into various zones and establishes the use of land and nature of buildings within those zones; controls the form of plats and subdivisions; regulates the construction of commercial and residential structures; and protects critical and sensitive areas within the city.

The provisions of this Code are designed to consider light, air and access; to conserve and protect natural beauty and other natural resources; to provide coordinated development; to avoid traffic congestion; to prevent overcrowding of land; to facilitate adequate provisions for transportation, water, sewage, schools, parks and other public requirements; and to encourage the use of solar energy practices.

This Code is to be interpreted as a whole, in view of the purpose set out in this section.

If the general purpose of this development code conflicts with the specific purpose of any chapter of this development code, the specific purpose shall control.

The proposed reclassification achieves these purposes by implementing the Comprehensive Plan, which designates the subject properties as Public Facility intended for civic and institutional uses. The reclassification would promote health, safety, and welfare by enabling the construction of public facilities, which directly

supports public health and safety through daily operations in Police, Emergency Management, GIS, IT, and Public Works and Maintenance Operations.

Additionally, the proposed reclassification would apply a single zoning designation to both parcels, one of which is currently split-zoned. The reclassification would allow the all City-owned facilities on these parcels to be reviewed under clear, consistent, and well-established standards and reflect the expectations for civic development.

(C)(3): The proposed reclassification is an extension of an existing zone, or a logical transition between zones;

Planning Commission Finding: The proposed reclassification would be an extension of the existing Public Institution zoning designation, which covers the area between the north property lines of the subject parcels and the north side of I-90 (Exhibit 8). The reclassification would also provide a logical transition between zones:

Adjacent Zone	Parcel A	Parcel B
To the North	PI	PI
To the South	R-8.4 (Parcel B)	R-8.4
To the East	C-O (Parcel B)	C-O & R-8.4 (MF-2 beyond)
To the West	C-O	C-O & R-8.4

The applicant asserts that Parcel A fronts SE 36th St (zoned PI) to the north and is adjacent to C-O zoning, which is compatible with the PI zone given the shared emphasis on employment, service delivery, and larger building forms. Parcel B abuts SE 40th St to the south and is adjacent to R-8.4 zoning. The presence of steep slopes, streams, and wetlands along the east, south, and west borders of parcel B creates a natural buffer and logical transition between higher-intensity municipal uses and the low-density residential neighborhood. Rezoning the properties to PI would create a clear, predictable, and context-sensitive transition between commercial and residential areas while formalizing the long-established role of this site as Mercer Island's civic and operational hub.

(C)(4): The proposed reclassification does not constitute an illegal site-specific rezone;

Planning Commission Finding: The proposed rezone does not constitute an illegal site-specific rezone (spot zone) as the action is not an illegal spot zone. The subject properties are adjacent to SE 36th St, which is zoned PI. Past case law has determined that an illegal site-specific rezone (spot zone) singles out a small area from a larger area or district and specifically zones it for a use classification completely different and not in accord with the surrounding land, or the Comprehensive Plan and is not related to the general plan for the community as a whole. Decision makers must determine whether the zoning action bears a substantial relationship to the general welfare of the affected community.

An illegal spot zone would have some or all of the following characteristics:

1. Carves a small area out of a larger zoning district;

The parcels are adjacent to SE 36th St to the north, which is zoned PI. The proposed rezone would expand the existing PI zone to the south, and create two C-O zones to the east of west of the subject properties. The R-8.4 zones to the east, west, and south of Parcel B would be maintained. The proposed rezone would not isolate a small property within a larger zoning district or create an island of inconsistent zoning. Instead, rezone involves two contiguous, City-owned parcels that are adjacent to existing PI zoned property.

2. Allows uses of the smaller area that are inconsistent with uses allowed in the remaining larger zoning district;

The types of uses allowed in the PI and C-O zones are similar and both include government services and public and private schools. Public and private schools are also allowed in the single-family residential zones, and government services are allowed as a conditional use. The uses allowed in the PI zone are not inconsistent with the uses allowed in the remaining C-O and R-8.4 zoning districts.

3. Allows a use of the smaller area that is not in accord with the Comprehensive Plan;

The subject properties are designated Public Facility in the Comprehensive Plan. The uses allowed in the PI zone are in accord with the Public Facility Comprehensive Plan designation and are not inconsistent with the uses in the surrounding zoning districts.

4. Is merely for the private gain of one or a group of owners to the detriment of their neighbors without adequate public advantage or justification; and

The applicant asserts that the proposed rezone would confer no private gain and exists solely to support essential government operations. The proposed rezone would benefit the public by enabling the replacement of outdated municipal facilities. The rezone would not be detrimental to the neighborhood, as the properties have been consistently used as municipal services for decades. The proposed rezone would allow the properties to be developed in a manner that provides essential government services with greater coordination and efficiency between departments and, therefore, provides a greater benefit City wide.

5. Has no substantial relationship to the public health, safety, and general welfare.

The proposed rezone would directly support public health, safety and welfare by enabling the replacement of outdated municipal facilities with a modern Public Safety and Maintenance (PSM) Facility design to enhance the City's ability to deliver essential services. As discussed further below in Section 6, current municipal services are provided out of temporary facilities, which largely include remote offices, combining workspaces in existing buildings, and portable buildings. These facilities are inadequate and hinder the City's ability to provide essential services in an efficient manner. By enabling the City to construct a single, purpose-built facility to improve efficiency, strengthen emergency response, and ensure reliable delivery of essential public services,

the rezone would provide a benefit to the public health, safety, and general welfare of the City.

(C)(5): The proposed reclassification is compatible with surrounding zones and land uses;

Planning Commission Finding: The subject properties currently contain City Hall and the Public Works Maintenance and Operations facilities, both of which are long-standing civic uses that have coexisted compatibly with the adjacent residential and commercial areas for decades. The reclassification would formalize this civic use and align with the Mercer Island 2024 Comprehensive Plan Public Facility designation.

The applicant asserts that the proposed PI zone would be compatible with the C-O zone as both accommodate larger building forms, structured parking, and employment or service-related uses. Staff agree with this assertion. Both the C-O and PI zones allow similar uses at a similar scale. The adjacent R-8.4 zone is a low-density, single-family zone. Compatibility would be reinforced through site design standards.

The PI zone is intended to accommodate government and institutional uses and is applied in multiple locations across Mercer Island where public facilities are located adjacent to residential and commercial districts.

(C)(6): The proposed reclassification does not adversely affect public health, safety and welfare; and

Planning Commission Finding: The proposed rezone would directly support public health, safety and welfare by enabling the replacement of outdated municipal facilities with modern public facilities designed to enhance the City's ability to deliver essential services. The proposed rezone is consistent with the Public Facility designation in the Mercer Island 2024 Comprehensive Plan and would allow the City to consolidate Police, Emergency Management, GIS, IT, and Public Works Maintenance and Operations in a single, purpose-built facility which would improve service coordination, emergency response times, and overall operational efficiency and advance public safety and welfare. These services are currently provided out of temporary facilities, which largely include remote offices, combining workspaces in existing buildings, and portable buildings where the Police operate from the parking lot of City Hall. These facilities are inadequate and hinder the City's ability to provide essential public services in an efficient manner.

Additionally, the Comprehensive Plan Capital Facilities Element, Goal 1 is to ensure that capital facilities and public services necessary to support existing and new development are available at locally adopted levels of services. Providing essential public facilities that maintain community safety, health, and livability would implement this policy directive.


(C)(7): If a comprehensive plan amendment is required in order to satisfy subsection (C)(1) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

Planning Commission Finding: The proposed rezone does not require a Comprehensive Plan amendment. This criterion is not applicable.

Recommendation

After considerable discussion and deliberation, the Planning Commission approved the recommendation by a 5-0 vote:

The Planning Commission recommends that the City Council approve the reclassification of the two City-owned parcels to the Public Institution (PI) zone.



Dan Thompson
Planning Commission Chair

11-21-2025
Date



CITY OF MERCER ISLAND ZONING MAP Item 3.

 OS	Open Space
 R-15	Residential 15,00 sq. ft. lot
 R-12	Residential 12,000 sq. ft. lot
 R-9.6	Residential 9,600 sq. ft. lot
 R-8.4	Residential 8,400 sq. ft. lot
 MF-2L	Multi-Family, Limited Maximum density 26 units/acre
 MF-3	Multi-Family Maximum density 26 units/acre
 MF-2	Multi-Family Maximum density 38 units/acre
 PI	Public Institution
 PBZ	Planned Business Zone
 C-O	Commercial Offices
 TC	Town Center
 B	Business

The zone boundaries generally coincide with the center of the public right of way and plat boundaries. In other areas, it coincides with lot-lines. In some areas, parcels are split into two zones. Per City Code 19.01.040 "where a boundary between zones divides a lot into two or more pieces, the entire lot shall be deemed to be located in the first zone on the following list in which any part of the lot is located: R-15, R-12, R-9.6, R-8.4, MF-2L, MF-3, MF-2, PI, PBZ, C-O, TC, and B. The location of the zone boundary shall be determined by use of the scale appearing on the zone map unless the location of the boundary is indicated by dimensions."

Please consult with a City planner to determine the correct designation for your property.

Contact: Landuse.Planning@MercerIsland.gov

Original map Adopted: Ord 99C-13

Amended: Ord 00C-06

Amended: Ord 05C-13

Amended: Ord 13C-02

Amended: Ord 14C-07

Amended: Ord 14C-10

Amended: DR16-01

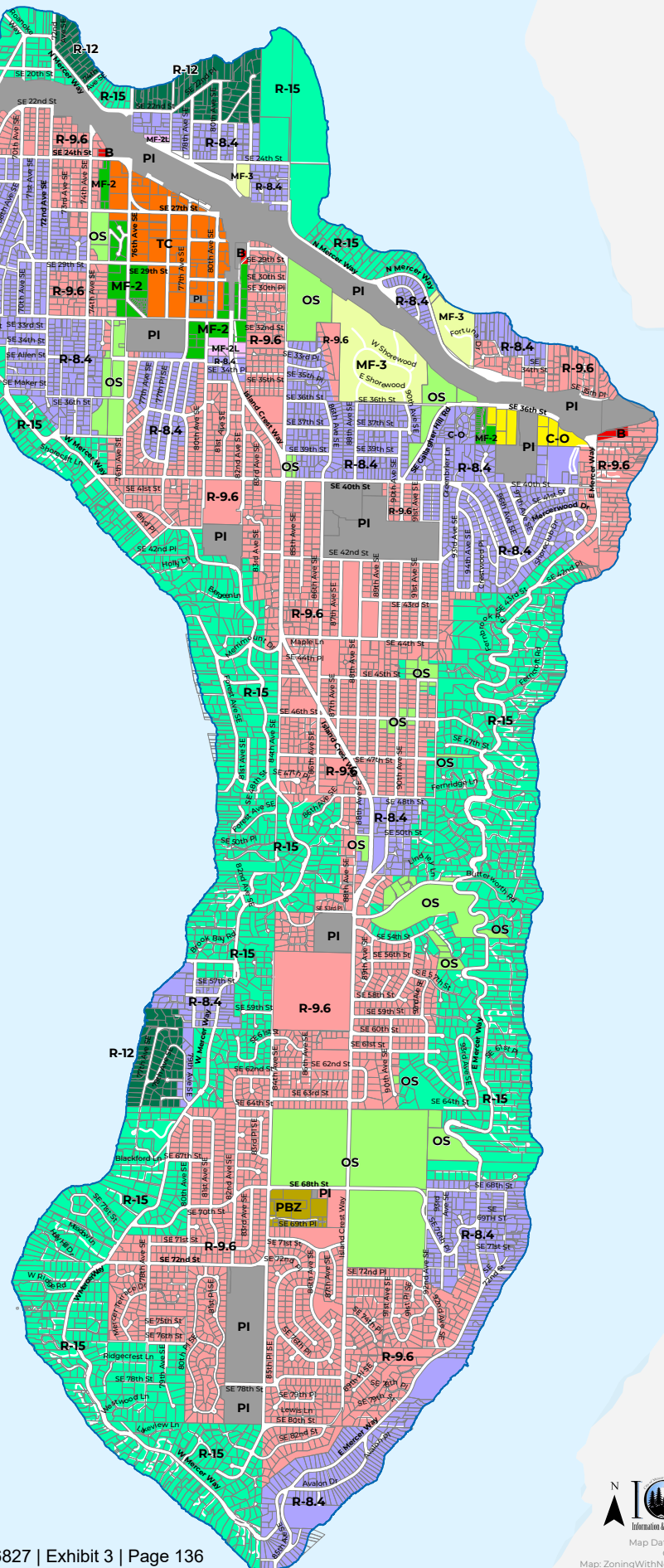
DSG Director's Memo, dated 06/10/2016

Amended: Ord 17C-24

Amended: Ord 18C-14

Amended: Ord 24C-15

Amended: Ord 25C-29



AB6827: Rezone of Two City-Owned Properties (Ordinance No. 25C-29)



Item 3.



Molly McGuire, Senior Planner
City Council
December 2, 2025

Proposal

- The applicant proposes to amend Appendix D MICC to rezone parcels 2655500075 (City Hall) and 2655500185 (Maintenance Operations) from C-O and R-8.4 to Public Institution (PI)

Background

- **September 17**, 2025: Application received
- **September 19**, 2025: Application determined to be complete for processing
- **September 29**, 2025: Public notice (NOA, NOPH, & SEPA DNS Intent) mailed, posted, and published in the Weekly Permit Bulletin
- **October 1**, 2025: Public notice (NOA, NOPH, & SEPA DNS Intent) published in the Mercer Island Reporter
- **November 3**, 2025: SEPA DNS issued and no appeals filed
- **November 19**, 2025: Planning Commission public hearing

Process

1. **November 19**, 2025: Planning Commission Public Hearing and Recommendation made based on:
 - Public Comments (4 written and 2 in-person)
 - Applicant Presentation
 - Staff Presentation, Staff Report, and Recommendation
- ▶ 2. **December 2**, 2025: City Council must consider the PC recommendation to approve the reclassification of two City-owned properties to the PI zone

Reclassification of Property (Rezone) Criteria

MICC 19.15.240 contains criteria for a rezone. City Council may approve a rezone only if **all** of the following are met:

1. Consistent with the Comprehensive Plan
2. Consistent with the purpose of the development code
3. An extension of an existing zone or logical transition between zones
4. Not an illegal site-specific rezone
5. Compatible with surrounding zones and land uses
6. Does not adversely affect public health, safety and welfare
7. Comprehensive plan amendment required prior to approval of the rezone (not applicable to this application)

**These criteria are summarized. Please see the packet for the actual code language.*

City Council Review & Decision

- Discussion and deliberation should be limited to whether or not the proposed reclassification of property meets all of the criteria in MICC 19.15.240(C).
- The record was made and concluded by the PC. The Council will conduct a closed record review of the PC Recommendation.
- **The Council must review only the information that was entered into the record:**
 - RZN25-001 application materials
 - The PC November 19, 2025 Agenda Packet
 - The video of the November 19, 2025 PC Special Hybrid Meeting

Staff Report

- Staff findings on the consistency of the application with the review criteria for rezones
- Staff recommendation based on this review

STAFF REPORT AND RECOMMENDATION	
Reclassification of Property (Rezone) RZN25-001 – Exhibit 1	
Project Number:	RZN25-001
Project Name:	City of Mercer Island Public Works and City Hall Rezone
Review Type:	Quasi-judicial
Description:	A request for a reclassification of property (rezone) of two City-owned properties from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI). Both sites are designated as Public Facility in the City's Comprehensive Plan.
Applicant/Owner:	City of Mercer Island / Kellye Hilde, City of Mercer Island Public Works Deputy Director
Address:	9601 & 9611 SE 36th St, Mercer Island, WA 98040 King County Assessor tax parcel numbers: 965550-0185; 265550-0075
Zoning Designation:	Commercial Office (C-O); Single-Family Residential (R-8.4)
Staff Contacts:	Molly McGuire, Senior Planner Jeff Thomas, Director
Key Project Dates:	Date of Application: September 17, 2025 Determined to be Complete: September 19, 2025 Notice of Application Bulletin Published: September 29, 2025 Notice of Application Mailed: September 29, 2025 Notice of Application Posted on Site: September 29, 2025 Comment Period Ended: Close of Public Hearing on November 19, 2025 Notice of Public Hearing Bulletin Published: September 29, 2025 Notice of Public Hearing Mailed: September 29, 2025 Notice of Public Hearing Posted on Site: September 29, 2025 Notice of Public Hearing Published in Mercer Island Reporter: October 1, 2025 Date of Open Record Public Hearing: November 19, 2025 at approximately 6:00PM

Planning Commission Findings & Recommendation

- The PC adopted findings that are generally consistent with the Staff Findings presented in the Staff Report.
- The PC made amendments by motion to the staff findings for criteria 2, 3, 5, and 6 to generalize the findings that these criteria have been met.

City Council Findings

The City Council must review the Planning Commission findings related to the criteria for rezones in MICC 19.15.240. The City Council may:

1. Adopt the Planning Commission's recommendation, including the adopted findings, as their own findings;
2. Adopt the Planning Commission's recommendation with amended findings; or
3. Reject the Planning Commission's findings and adopt their own findings.

Recommended Action

1. Adopt the Planning Commission's recommendation and adopt findings for the criteria for a reclassification of property consistent with the Planning Commission's findings, [as shown/as amended] in Exhibit A to Ordinance No. 25C-29.
2. Suspend City Council Rules of Procedure 6.3 requiring a second reading of Ordinance No. 25C-29. (Requires 2/3 majority of the City Council.)
3. Adopt Ordinance No. 25C-29 to reclassify parcel numbers 2655500075 and 2655500185 from Commercial Office (C-O) and Single-Family Residential (R-8.4) to Public Institution (PI).

Next Steps

Should the City Council vote to adopt the Planning Commission's recommendation and adopt Ordinance No. 25C-29, the City shall amend the zoning map to reflect the change in zoning designation. The City shall also indicate on the zoning map the number of the ordinance adopting the rezone. These changes will take effect 5 days after the publication of the ordinance.

Criterion 1

The proposed reclassification is consistent with the policies and provisions of the Mercer Island comprehensive plan;

PC Finding Summary: Both parcels are designated as Public Facility in the Comprehensive Plan and the proposal aligns with the description, goals and policies of this designation. The PI designation would reflect both the current and planned public use of the properties. PC find this criterion is met.

Criterion 2

The proposed reclassification is consistent with the purpose of the Mercer Island development code as set forth in MICC 19.01.010;

PC Finding Summary: The proposal achieves the purposes in the development code by promoting health, safety, and welfare by enabling the construction of public facilities. The proposal would provide coordinated development by establishing a single zone for the City-owned properties. PC find this criterion is met.

Criterion 3

The proposed reclassification is an extension of an existing zone, or a logical transition between zones;

PC Finding Summary: The proposal would be an extension of the existing PI zone, which is adjacent to the north property lines. The existing site conditions create a natural buffer and logical transition between high-intensity municipal uses and the low-density residential neighborhood. PC find this criterion is met.

Criterion 4

The proposed reclassification does not constitute an illegal site-specific rezone;

PC Finding Summary: An illegal spot zone would have some or all of the five characteristics outlined in the staff report. The proposal expands an existing zoning designation, allows uses that are consistent with the uses in the surrounding zones, is not merely for the private gain of one or a group of owners, and supports public health, safety, and welfare City wide. PC find this criterion is met.

Criterion 5

The proposed reclassification is compatible with surrounding zones and land uses;

PC Finding Summary: The existing civic uses have coexisted compatibly with the adjacent residential and commercial areas for decades and the reclassification would formalize this use and align with the Comprehensive Plan's Public Facility designation. The PI zone is intended to accommodate government and institutional uses and is applied in multiple locations across Mercer Island where public facilities are located adjacent to residential and commercial areas. PC find this criterion is met.

Criterion 6

The proposed reclassification does not adversely affect public health, safety and welfare;

PC Finding Summary: The proposal would enable the replacement of outdated municipal facilities through the construction of public facilities which would enhance the City's ability to deliver essential services. With the closure of City Hall, these services are currently provided out of temporary facilities and hinder the City's ability to serve residents efficiently. PC find this criterion is met.

Criterion 7

If a comprehensive plan amendment is required in order to satisfy subsection (C)(1) of this section, approval of the comprehensive plan amendment is required prior to or concurrent with the granting of an approval of the rezone.

PC Finding Summary: The proposed rezone does not require a Comprehensive Plan amendment. This criterion is not applicable.

City Manager's Report

Tuesday, December 2, 2025





Council Board and Commission Updates



Hybrid Meetings

- Upcoming Hybrid City Council Meeting
 - Regular Hybrid Meeting – Tuesday, December 16 to be canceled.
 - Regular Hybrid Meeting - Tuesday, January 6 at 5:00 p.m.
 - 2026 Planning Session – Friday, January 16 at 9:30 a.m.
- Boards and Commissions meetings are recessed until the new year.

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



City Updates



Watercourse Restoration Update

- The City is currently managing several watercourse restoration projects focused on stabilizing stream banks, reducing erosion, and enhancing aquatic habitats.
- Subbasin 23.2, in the 4300 block of WMW, was stabilized this past summer by adding logs, root wads, cobbles, and streambed aggregates to the eroded channel.
- Landscape restoration work, consisting of planting native trees, bushes, and ferns, is currently underway in Subbasin 23.2 and will be completed in the next two weeks.
- Installing new plants in fall/early winter helps with establishment and survivability in the spring growing season.



Water Supply Pipeline Replacement

Item 4.

- The City will be replacing a significant portion of the Seattle Public Utilities 24-inch water supply pipeline on a new alignment along SE 36th Street and Gallagher Hill Road.
- Design work is nearly two-thirds complete, with proposed pipe alignments, project footprint, and preliminary cost estimates established.
- Construction is anticipated to begin in spring 2026, pending final design, permitting, and bidding. Full project completion is expected by the end of 2027.
- The City will proactively communicate access and service impacts via the website, social media, signage, and resident outreach.
- To learn more about the project, visit letstalk.mercergov.org/water-supply-line-replacement



Upcoming Events



December Special Events

Item 4.



Holiday Tree Lighting

THURSDAY, DECEMBER 4TH, 5:30 PM, MERCERDALE PARK

JOIN THE CITY OF MERCER ISLAND LIGHTING OUR HOLIDAY TREE. BRING THE WHOLE FAMILY AND ENJOY THE SIGHTS AND SOUNDS OF THE HIGH SCHOOL CHOIR AND CREATION DANCE STUDIO PERFORMANCES.

Sponsored by Mercer Island City Lifestyle Magazine.



Community Holiday Party
December 19th, 6-8:30pm
Mercer Island Community & Event Center

Argosy Christmas Ship
December 19th, 8:30-9pm
Luther Burbank Park Beach

www.mercerisland.gov/parksrec



First Friday Art Walk

- Discover local art and celebrate community during the First Friday Art Walk.
- This Friday, December 5 from 5-8pm, explore and support the unique shops, galleries, and businesses in Town Center while you meet this month's artists.
- For the Art Walk map and more information, visit www.mercerislandartwalk.com/

Item 4.



Holiday Makers Market

- The Holiday Makers Market returns on Saturday, December 6 (10 a.m. to 3 p.m.) at the Mercer Island Community & Event Center.
- Shop unique, locally-made gifts, enjoy holiday music and treats, and support our community artisans.
- Get more information about this and all the other upcoming December Special Events on our website.

mercerisland.gov/parksrec



Some Good News



MIPD Preschool Visit

- Last month, Mercer Island Police Detective Chase Erickson visited a local preschool to share insights into the role of a police detective.
- He led an interactive activity where students practiced collecting evidence and fingerprints.
- The Mercer Island Police Department appreciates every opportunity to engage with local classrooms and community groups!



No Resident Left Hungry

- YFS and volunteers from the Mercer Island Chinese Association joined the Hopelink mobile food market last month to provide additional food to participants ahead of the holiday. This additional food support was supported by community and MIYFS Foundation donations.
- Food distributed included a turkey breast, flour, brown sugar, vegetable oil, tofu, and baby bok choy.
- YFS will again join Hopelink on their December 17 visit to provide similar holiday food staples. Those interested in accessing this service or donating to support the effort can email miyfs@mercerisland.gov.



Thank you!



Log #	AB No.	Received From	Question	Staff Response
1	6822	Reynolds	I see reference to polygraph fees. In what ways do we utilize polygraphs?	As part of the hiring process, all police department candidates must take a pre-employment polygraph test.
2	6822	Reynolds	With the new finance system, is it practical to provide the accounts payable report in CSV or Excel format?	<p>Yes, that is an option, but staff would prefer that Councilmembers access the financial software system directly to pull customized reports. This saves the staff time of generating multiple reports when the data is already available and accessible. When the new software system was purchased, it was done so with this type of access in mind.</p> <p>As a reminder, Councilmembers with a City issued laptop and cell phone can securely access and review detailed claims information directly in the City's financial management software. Staff are available at any time for training on the system.</p> <p>The software allows multiple search and filter options, including the ability to export to Excel, to optimize claims review. If you do not have a city issued laptop and cell phone, please email helpdesk@mercerisland.gov and staff will help issue the appropriate equipment. If you'd like to talk more about this, please reach out to Matt Mornick (with a cc to Jessi) to better understand the options.</p>

Log #	AB No.	Received From	Question	Staff Response																																				
3	6824	Reynolds	How much (%-wise) did the wholesale cost of water and sewer services provided to the city increase? Alternatively, how much of the utility rate increase can be explained by increases in what the city pays to other utility entities?	<p>The wholesale utility services the City purchases include drinking water from Seattle Public Utilities (SPU) and sewer treatment services from King County Metro (KC Metro). Staff estimate the cost of SPU water purchases will increase 6.9% in 2026 and KC Metro sewer treatment services will increase 7.5% in 2026.</p> <p>Alternatively, 32.4% (or \$5.11/month) of the total 2026 utility rate increase is due to SPU water purchases and KC Metro sewer services for an average single-family household customer. Refer to Table 1 below.</p> <table><caption>Table 1</caption><thead><tr><th>Sample Bill Allocation</th><th>Local</th><th>SPU/KC</th><th>Total</th></tr></thead><tbody><tr><td>2026</td><td></td><td></td><td></td></tr><tr><td>Water*</td><td>\$ 67.76</td><td>\$ 15.35</td><td>\$ 83.11</td></tr><tr><td>Sewer (Local)</td><td>68.28</td><td>-</td><td>68.28</td></tr><tr><td>Sewer (Metro)</td><td>-</td><td>62.66</td><td>62.66</td></tr><tr><td>Stormwater</td><td>26.58</td><td>-</td><td>26.58</td></tr><tr><td>Total</td><td>\$ 162.61</td><td>\$ 78.01</td><td>\$ 240.62</td></tr><tr><td>Total % of Bill</td><td>67.6%</td><td>32.4%</td><td>100.0%</td></tr><tr><td>\$ Increase from prior year</td><td>\$ 9.55</td><td>\$ 5.11</td><td>\$ 14.67</td></tr></tbody></table> <p>*Water bill allocation based on 2025 SPU purchases representing 19% of overall need.</p> <p>In 2026, total costs for the City’s utilities are expected to increase by \$14.67 per month, compared to 2025 for the average single-family household. An average single-family household customer assumes a ¾" meter with 7 centum cubic feet (one ccf is equal to 100 cubic feet) of monthly water usage and 6 ccf of monthly sewer usage.</p> <p>For additional information please refer to the slide deck presented to the Utility Board as part of the special meeting on October 28, 2025, located here: 10.28.25 City of Mercer Island Rate Study Presentation.</p>	Sample Bill Allocation	Local	SPU/KC	Total	2026				Water*	\$ 67.76	\$ 15.35	\$ 83.11	Sewer (Local)	68.28	-	68.28	Sewer (Metro)	-	62.66	62.66	Stormwater	26.58	-	26.58	Total	\$ 162.61	\$ 78.01	\$ 240.62	Total % of Bill	67.6%	32.4%	100.0%	\$ Increase from prior year	\$ 9.55	\$ 5.11	\$ 14.67
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Log #	AB No.	Received From	Question	Staff Response
4	6824	Reynolds	Which fees are constrained to cost-recovery levels, and which fees could be increased (if we chose to) to generate revenue to help fund other operations? which fees, if any, are currently below cost recovery levels?	<p>As you note, the City’s fee schedule includes fees constrained to cost recovery versus fees with potential for revenue generation. If you are seeking an analysis of each fee, staff can perform that analysis at the direction of the majority of the City Council, but it would be sometime in 2026 before we could complete that task. For now, here is a general overview of the fees.</p> <p>In a broad sense, fees constrained to cost recovery are legally restricted by Washington state law (RCW 82.02.020) and court precedent. They cannot exceed the actual cost of providing the service or would be considered an illegal tax. Examples include park and transportation impact fees and water and sewer connection charges.</p> <p>Impact fees are strictly regulated by the Growth Management Act (RCW 82.02.050-090). They must reflect the "proportionate share" of system improvements related to new development and cannot be used for general revenue or maintenance. Connection charges must represent an "equitable share" of the cost of the system (RCW 35.92.025). While they can include a buy-in to existing infrastructure, connection charges are generally tied to the cost of adding system capacity, not general profit for each respective utility.</p> <p>Fees with potential for revenue generation (above cost recovery) either fall under the City's "proprietary" powers (acting as a business) or are specifically authorized taxes/ fines. The City Council has more discretion here to set rates based on market demand or policy goals, potentially exceeding the direct cost of service to subsidize other programs. Examples include:</p> <ul style="list-style-type: none">• Facility Rental Fees. When the City operates venues like the Community Center, it acts in a proprietary capacity. Washington law generally allows cities to charge market rates for the use of their property, similar to a private business. The Council can increase these fees to "market rate" to generate revenue that supports the Parks Department's general operations, exceeding direct costs of

Log #	AB No.	Received From	Question	Staff Response																		
				<p>providing the service. Underlying direction for setting rental fees are outlined in the City’s Recreation Restart Strategy (AB 5908).</p> <ul style="list-style-type: none">• Utility Taxes (distinct from "utility rates for usage") levied on the gross operating revenue of the utility provider. Table 1 outlines the utility and the City’s respective tax rate: <table><tr><th>Utility Classification</th><th>2026 Tax Rate</th></tr><tr><td>Cable TV</td><td>7.0%</td></tr><tr><td>Telephone</td><td>6.0%</td></tr><tr><td>Cellular</td><td>6.0%</td></tr><tr><td>Natural Gas & Electricity</td><td>6.0%</td></tr><tr><td>Solid Waste</td><td>7.0%</td></tr><tr><td>Water</td><td>5.3%</td></tr><tr><td>Sewer</td><td>5.3%</td></tr><tr><td>Stormwater</td><td>5.3%</td></tr></table> <p>For example, unlike the water utility rate (which pays for pipes, pumps, reservoirs, and water use, among other costs), the 5.3% water utility tax is a revenue for the General Fund. The City Council can increase these taxes up to statutory limits.</p> <p>State law limits the rate of utility tax on telephone, cellular telephone, pager services, and natural gas to 6% unless voters approve a higher rate (RCW 35.21.870). Cable TV must not be taxed at a rate substantially different than other utilities. There are no restrictions on the tax rate for water, sewer, stormwater, or solid waste. Table 2 compares the average utility tax rate among regional cities and the resulting estimated revenue relative to total budgeted revenues in their General Fund for the 2025-2026 biennium.</p>	Utility Classification	2026 Tax Rate	Cable TV	7.0%	Telephone	6.0%	Cellular	6.0%	Natural Gas & Electricity	6.0%	Solid Waste	7.0%	Water	5.3%	Sewer	5.3%	Stormwater	5.3%
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5	6826	Reynolds	The AB indicates that the well water is potable. I did not recall this. Is it true?	The emergency well is capable of supplying up to five gallons per day (GPD) per person of potable water to residents during emergency events – it is not designed or approved to supplement the City’s distribution system. The well water must be boiled or treated prior to consumption but meets DOH regulatory requirements and definition for potable water.
6	6826	Reynolds	Logistically, what does the well distribution look like? It is like a single spigot that could serve one person at a time? If we had a true emergency, what is the throughput of people that could go through every day?	<p>There are a total of 11 stations capable of distributing water located along the south and west edges of Rotary Park.</p> <p>Traffic patterns will be adjusted when the emergency well is in operation – traffic on 88th will be restricted to northbound direction only and westbound direction on 44th – this is to ensure the safety of those retrieving water and volunteers operating the well, as well as for maximum distribution to the public.</p> <p>The stations on the western side of the park, along 88th Ave SE, will serve residents in vehicles and the stations on the southern end of the park, along SE 44th St., will serve those on foot or by bike.</p> <p>To operate all 11 distribution stations, we need a minimum of 27 volunteers. Water distribution would occur during daylight hours.</p> <p>Emergency management holds an annual Emergency Water Well training in the summer. This training is not only for volunteers, it is open and advertised to the public.</p> <p>We do not have an estimate of throughput, but given our robust training program we are prepared to maximize the distribution when the well is operational.</p>

Log #	AB No.	Received From	Question	Staff Response
7	6826	Reynolds	Did the utility board know about the pending \$1.8 MM rebate when they set the water rates?	<p>Yes, this fall staff informed the Utility Board of the rebate (although the final dollar amount was unknown at the time) and the upcoming contract negotiations, which will be part of the 2026 Utility Board Work Plan.</p> <p>Although the rebate returns to the Water Fund, staff anticipate there will be additional costs to the City to transfer remaining underground assets from SPU as part of the upcoming City Transmission Line Replacement Project (90.40.0032). Staff recommends funds from the rebate be used to offset costs tied to the transfer of assets and other project costs.</p> <p>Negotiations with SPU are underway and will conclude in Q3 2026.</p>
8	6826	Reynolds	Does the city have any viable alternative to purchasing SPU water? For example, could we buy into the Cascade Water Alliance? Has this been considered? Why might it be a good or bad idea?	<p>No, the City does not have a viable alternative to purchasing SPU Water. Prior to signing the 2003 contract, the City seriously considered joining the Cascade Water Alliance (early 2000’s) but decided against it. Considerable discussion and evaluation occurred with both the Utility Board and the City Council prior to executing the 2003 Agreement.</p>
9	6826	Reynolds	In what material ways does the MI contract differ from that of other cities?	<p>The contract does not differ from the other 16 cities and water purveyors. Other jurisdictions have different sources of water and different infrastructure which impacts overall contribution costs, but the contract language remains the same between the 16 purveyors.</p>
10	6826	Reynolds	Section VII.A of the contract appears to suggest that we have 60 days to pay. Is this consistent with the current contract? Do we make a conscious effort to pay on or near the due date, or do we pay when we get the invoice? More generally, what is our practice for invoice payments (generally---not just water purchase) when we have a material grace period?	<p>The term is consistent with the current contract.</p> <p>SPU invoices are treated like any other accounts payable vendor invoice. Once the invoice is reviewed and approved, payment is issued with the next regular check run. Generally, the City does not hold invoices that have payment terms in excess of 30 days and instead releases payment as soon as the claim is approved.</p>

Log #	AB No.	Received From	Question	Staff Response
11	6826	Reynolds	Exhibit 1 seems to suggest that our well can produce 400 gpm. Is that gallons per minute? $400 \times 60 \times 24 / 25000 = 23$ would seem to be the gallons per day per resident. Help me to reconcile that to the statement in the agenda bill that we have “an emergency well – capable of supplying up to five gallons per day (GPD) per person of potable water”	<p>Prior to the construction of the well at Rotary Park, the City was issued a permit by Department of Ecology to develop two standalone water supply sources.</p> <p>The City constructed the first well at Rotary Park and has extended the permit for construction of a South End well. Together, these two wells on a combined basis may provide a total of 400 gallons per minute and an annual quantity of 66.3-acre feet per year to meet emergency supply needs.</p> <p>The City’s operational goal for the Rotary Park site was to provide up to five gallons of water per day per person for up to 90 days in an emergency.</p> <p>The City is currently working with an engineering firm to evaluate the feasibility and limitations of the second well.</p>
12	6830	Weinberg	Are we replacing all of our police vehicles in 2025, or just some of them? How many?	<p>In 2025, 9 vehicles were replaced within the Police Department fleet – 7 patrol vehicles and two commander vehicles. Vehicles that were serviceable from the old fleet, are being repurposed as staff and backup patrol vehicles. The new vehicles are currently in the process of being outfitted with equipment before they become operational.</p> <p>Historically, the City replaces the police vehicles in two different intervals. Due to the replacement schedules and need, this round of fleet acquisition was compressed into one cycle. It is important to note that there are ongoing supply chain issues impacting fleet replacements, which resulted in the delay of many vehicle replacements.</p> <p>There are pros and cons of replacing the vehicles all at once. Staff will be evaluating the next phase of replacements and determining if it makes better sense to return to a phased replacement schedule.</p>

Log #	AB No.	Received From	Question	Staff Response
13	6830	Weinberg	Regarding the DVR system, are our two choices: [1] Decommission the old DVRs when we decommission the old cars and install new DVRs in the new vehicles which are supported by their manufacturer; or [2] Keep the existing no-long-supported Motorola systems, which would involve uninstalling them from the old cars and then re-installing them into the new cars?	<p>Yes, those are essentially the two options.</p> <p>The old in-car DVR system hardware is not recommended to be re-installed into the new vehicles. The old in-car DVR system is no longer supported by Motorola, meaning they do not offer product support or replacement of failing equipment, and the equipment is at the end of its useful life.</p> <p>Since the end of the City’s agreement with Motorola, the IT Department has kept the existing in-car DVR system running through procurement of replacement hardware from third party sources until a system replacement is acquired. The current practice is unsustainable as the old equipment is becoming increasingly unreliable and replacement parts are difficult to source.</p> <p>Staff were hoping to “hold off” on replacing the in-car DVR system until we could fully explore the purchase of body worn cameras. Our vision was for all of our systems to be fully integrated. We reached a point last month, however, where the plan to “hold off” is driving inefficiency and the equipment is at real risk of failure. We will ensure that the new in-car DVR equipment purchased will integrate with future technology purchases, including body worn cameras, should that system be procured in the future.</p>
14	6830	Weinberg	Is the \$40-55K annual operating cost a <i>net increase</i> from the existing systems we’re replacing, or will that be offset to some degree by the annual operating cost of old systems we’re considering decommissioning?	<p>The annual cost of the existing ALPR system (both parking and patrol) is approximately \$12,750. There was no annual cost for the in-car DVR system.</p> <p>The \$45-55k cost included in the agenda bill is the total estimated annual cost of the new in-car DVR and digital evidence management systems, not the net cost.</p>

Log #	AB No.	Received From	Question	Staff Response
15	6830	Weinberg	It seems that a limited-term service contract of, say, 7 years, can force a city’s hand into replacing a system which might actually be well short of its mechanical end-of-life. Do any suppliers of these systems offer <i>renewable</i> service contracts	Yes. The City purchased the existing in-car DVR system for \$53,972.56 in December of 2013, with the system going live early 2014. In 2019, at the end of the 5th year of the service agreement, the in-car DVR main units and cameras were replaced for \$39,341.53 with a new 5-year contract which expired in 2024.
16	6830	Weinberg	Has the existing DVR system truly failed, in that it has stopped working entirely, or has Motorola just stopped supporting it?	<p>The equipment has not failed, but it is truly at the end of its useful life. We are keeping it operational through sheer will and creatively sourcing replacement parts.</p> <p>As mentioned previously, Motorola no longer offers support for the City’s existing in-car DVR system. The City’s five-year support agreement expired in September 2025. When equipment needs to be repaired staff have to source the replacements through third party vendors. Literally, staff are looking on eBay for replacement parts.</p> <p>As noted in the previous response, we made the call last month that this equipment needed to be replaced now and we cannot wait until 2026. We will ensure that the equipment procurement will integrate with future technology purchases.</p>
17	6830	Weinberg	Will the ALPR parking enforcement systems which staff intend to propose in 2026 result in a net savings of parking enforcement staff time per day? If so, would it be possible to include an estimate of that anticipated savings and how much it is expected to offset the cost of the ALPR readers?	<p>While staff appreciate the question, the parking enforcement system is not part of this agenda bill and we don’t have capacity to prepare a response at this time. Staff will request quotes from vendors for a new automated parking enforcement system after the procurement of the in-car DVR and digital evidence management systems is complete.</p> <p>Due to the failing parking ALPR equipment (separate from the in-car DVR systems), the Police Support Officer is currently chalking tires and performing the duties of the job 100% manually. Purchasing a functioning parking enforcement system with ALPR technology will significantly improve efficiency.</p>

Log #	AB No.	Received From	Question	Staff Response
18	6830	Weinberg	Is the year correct on Objective 3.2 in the agenda? It says the body-worn-video recommendation would be presented in Q3'25. Did it mean to say Q3'26?	Yes, that was an error. The body worn cameras, cost, and scope will be coming to the City Council for discussion later in 2026 for consideration as part of the 2027-2028 budget. Note that body-worn cameras will require additional public records staff to manage the public records requests associated with this technology. The total cost of the technology and additional staff is the primary reason body-worn cameras have not yet been pursued and the reason these will be discussed independent of the other technology replacement items.
19	6830	Reynolds	Approximately how much did we pay in total (purchase, license, service, etc) for the extant ALPR system?	We purchased the current ALPR system, which includes patrol and parking enforcement technology (please see question #21 for the explanation of the two systems) in 2020 for \$80,717. We paid annual operating costs of \$12,750 in 2021, 2022, 2023, and 2024 for a total of \$131,717.
20	6830	Reynolds	What is our approximate annual parking ticket revenue?	Parking citation fees increased from \$20 to \$54 on January 1, 2025. From January 1 to November 30, 2025, the City issued 292 parking citations, with revenue estimated at \$16k.
21	6830	Reynolds	What successes can be attributed to the ALPR system? For example, how many stolen cars were identified? Did it result in any criminal apprehensions?	<p>The PD currently operates two ALPR systems: patrol-based and parking-based.</p> <p>The patrol-based ALPR system compares the captured plate to a 'hotlist' of known stolen or wanted vehicles. The operator receives the 'hit' notification and then confirms the data prior to taking any enforcement action. As we only archive seven days of data within the ALPR system the data on hits reported to officers does not exist within the system. It is too time consuming to review every case report to get the actual data of successes. We have seen apprehensions that we can directly attribute to the ALPR systems in the years that it has been in service.</p> <p>The parking-based ALPR system has two functions. It compares the license plates of vehicles that have paid the parking fees at either the boat ramp or in the Town Center Parking Area. It also has the ability to give a GPS lock of vehicles that are in the timed parking enforcement areas. Once it receives the data it notifies the operator that the vehicle is in violation, and a parking ticket can be issued.</p>

Log #	AB No.	Received From	Question	Staff Response
22	6830	Reynolds	Help me to understand the field of vision of the proposed car cameras. I think I understand that they film the back seat. Do the forward-facing cameras record the front seat, or are they designed to look outside the car? If so, is the front view the only outside view?	The forward-facing cameras do not capture the front seat area inside the vehicle. They are designed to capture the outside of the vehicle, specifically the field of view in front of the vehicle.
23	6830	Reynolds	How many public records requests does the city get per year related to the car video systems?	The City received 59 public records requests in 2024 and 81 public records requests in 2025 YTD related to the in-car DVR system.
24	6830	Reynolds	Should I be surprised that the ALPR system failed after about five years? Is it impractical to repair?	<p>The standard for computer replacements is five years. Computer equipment in Police vehicles is subject to harsher conditions than computer equipment used by other departments. The hardware is heavily used and subject to constant vibration and wide temperature ranges. The cameras are exposed to the elements and severe weather events.</p> <p>The City does not have the means to repair the cameras in-house and the system is no longer supported by the vendor.</p>



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6821
December 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6821: November 25, 2025 Payroll Certification	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Approve the November 25, 2025 Payroll Certification in the amount of \$992,406.48	<input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration Nicole Vannatter, Human Resources Manager
COUNCIL LIAISON:	n/a
EXHIBITS:	1. November 25, 2025 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 November 1, 2025 through November 15, 2025 in the amount of \$992,406.48 (see Exhibit 1).

BACKGROUND

[RCW 42.24.080](#) requires that all claims presented against the City by performing labor must be certified by the appropriate official to ensure that the labor was performed as described, and that the claims are just, due, and unpaid obligations against the City, before payment can be made. [RCW 42.24.180](#) allows the payment of claims to occur prior to City Council approval to expedite processing of the payment of claims, provided, however, that review and approval of the claims' documentation occurs at the next regularly scheduled public meeting. The Payroll Certification details the total payment to employees for labor performed and benefits payments made for each payroll. The City is on a 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	\$30,085.66
Leave cash outs for terminated employees	\$2,094.68
Service and recognition awards	\$975.00
Overtime earnings (see chart for overtime hours by department).	\$17,291.58
Total	\$50,446.92

Overtime hours by department:

Department	Hours
Administrative Services	
City Attorney's Office	
City Manager's Office	
Community Planning & Development	
Finance	7.00
Municipal Court	
Police	78.00
Public Works	125.00
Thrift Shop	2.00
Youth & Family Services	
Total Overtime Hours	212.00

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 Store.

RECOMMENDED ACTION

Approve the November 25, 2025 Payroll Certification in the amount of \$992,406.48 and authorize the Mayor to sign the certification on behalf of the entire City Council.

CITY OF MERCER ISLAND PAYROLL CERTIFICATION


Item 6.

PAYROLL PERIOD ENDING **11.15.2025**
PAYROLL DATED **11.25.2025**

Net Cash	\$	678,768.40
Net Voids/Manuals		
Net Total	\$	678,768.40
Federal Tax Deposit	\$	110,963.74
Social Security and Medicare Taxes	\$	68,187.32
State Tax (California & Oregon)	\$	682.83
State Tax (California)	\$	13.07
Family/Medical Leave Tax (California & Oregon)	\$	3.67
Public Employees Retirement System 1 (PERS 1)	\$	-
Public Employees' Retirement System (PERS Plan 2)	\$	31,168.63
Public Employees' Retirement System (PERS Plan 3)	\$	10,028.20
Public Employees' Retirement System (PERSJM)	\$	596.69
Public Safety Employees' Retirement System (PSERS)	\$	-
Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF Plan2)	\$	17,547.31
Regence & LEOFF Trust Medical Insurance Deductions	\$	13,315.98
Domestic Partner Medical Insurance Deductions	\$	2,091.91
Kaiser Medical Insurance Deductions	\$	(1,005.79)
Health Care - Flexible Spending Account Contributions	\$	1,884.82
Dependent Care - Flexible Spending Account Contributions	\$	922.61
ICMA Roth IRA Contributions	\$	568.77
ICMA 457 Deferred Compensation Contributions	\$	43,410.76
ICMA 401K Deferred Compensation Contributions	\$	-
Garnishments (Chapter 13)	\$	1,072.03
Child Support Wage Garnishment	\$	867.50
Mercer Island Employee Association Dues	\$	270.00
AFSCME Union Dues	\$	3,396.60
Police Union Dues	\$	3,296.11
Standard - Supplemental Life Insurance	\$	344.95
Unum - Long Term Care Insurance	\$	176.90
AFLAC - Supplemental Insurance Plans	\$	238.52
Transportation - Flexible Spending Account Contributions	\$	115.00
Miscellaneous	\$	507.76
Oregon Transit Tax and Oregon Benefit Tax	\$	8.55
Washington Long Term Care	\$	2,963.64
Tax & Benefit Obligations Total	\$	313,638.08

TOTAL GROSS PAYROLL	\$	992,406.48
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I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the City of Mercer Island, and that I am authorized to authenticate and certify to said claim.



 Finance Director

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

FTE AND LTE COUNTS AS OF 11/15/2025

Full Time Equivalents (FTEs)	2025 Budgeted	2025 Actual
Administrative Services	14.50	14.50
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	9.00
Municipal Court	3.10	3.10
Police	37.50	35.50
Public Works	64.00	63.00
Recreation	10.25	8.25
Youth & Family Services	11.93	10.93
Thrift Shop	3.00	3.00
Total FTEs	175.28	168.28
Limited Term Equivalents (LTEs)	2025 Budgeted	2025 Actual
Administrative Services	1.00	1.00
City Manager's Office	1.00	2.00
Community Planning & Development	2.00	2.00
Public Works	4.75	3.75
Youth & Family Services	2.83	1.83
Thrift Shop	6.50	7.90
Total LTEs	18.08	18.48
Total FTEs & LTEs	193.36	186.76

FTE Vacancies:

- 1.0 CIP Project Manager
- 1.0 Family Support Specialist
- 1.0 Planning Manager
- 2.0 Police Officer
- 1.0 Recreation Facility Supervisor
- 1.0 Recreation Assistant



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6822
December 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6822: Certification for Claims Paid October 31, 2025 through November 15, 2025	<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 October 31, 2025 through November 15, 2025 in the amount of \$5,431,244.12.	

DEPARTMENT:	Finance
STAFF:	Matt Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Certification for Claims Paid October 31, 2025 – November 15, 2025
CITY COUNCIL PRIORITY:	n/a

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

EXECUTIVE SUMMARY

The purpose of this agenda bill is to approve the October 31, 2025 through November 15, 2025 Accounts Payable Certification of Claims in the amount of \$5,431,244.12 (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 October 31, 2025, through November 15, 2025:

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

RECOMMENDED ACTION

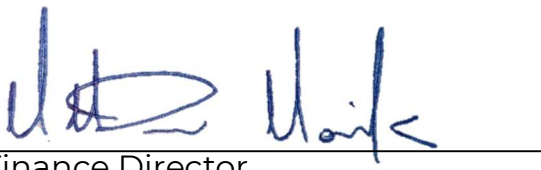
Approve the October 31, 2025 through November 15, 2025 Accounts Payable Certification of Claims in the amount of \$5,431,244.12 and authorize the Mayor to sign the certification on behalf of the entire City Council.



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
10/31/25	Direct Disbursement	177-181,184-190	WT 10-25	\$853,715.29
11/06/25	Check Register	225266-225343	110625	\$1,551,385.90
11/06/25	Electronic Funds Transfer	5025	EFT 1106	\$68,590.40
11/07/25	Direct Disbursement	182-183	WT-1107	\$2,009,465.00
11/13/25	Check Register	225344-225420	111325	\$925,573.05
11/13/25	Electronic Funds Transfer	5026-5031	EFT 1113	\$22,514.48
GRAND TOTAL:				\$5,431,244.12



CITY COUNCIL MINUTES REGULAR HYBRID MEETING NOVEMBER 18, 2025

Item 8.

CALL TO ORDER & ROLL CALL

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

PLEDGE OF ALLEGIANCE

The City Council delivered the Pledge of Allegiance.

AGENDA APPROVAL

It was moved by Weinberg; seconded by Anderl to:

Approve the agenda as presented.

PASSED: 7-0

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

Councilmember Reynolds left the meeting due to technical difficulties at 5:05 pm. Councilmember Reynolds returned at 5:15 pm.

SPECIAL BUSINESS

Eastside Fire and Rescue Fire Chief Recognition

Mayor Nice recognized Eastside Fire and Rescue Chief Ben Lane for his years of service and wished him well in retirement.

City Council thanked Chief Lane for his service.

Chief Lane said a few words and introduced Deputy Chief Kara Putnam who has been assigned as the new deputy chief to Mercer Island.

CITY MANAGER REPORT

City Manager Jessi Bon reported on the following items:

- **Council, Boards & Commission Meetings:**
 - City Council Meeting on Tuesday, December 2 at 5:00 pm
 - Planning Commission Meeting on Wednesday, November 19 at 6:00 pm
- **City Updates:**
 - Jake Jacobson Pickleball Courts Celebration – On November 18, Council, City staff, and friends of late Councilmember Jake Jacobson gathered at the pickleball courts at Luther Burbank Park for a dedication ceremony in his honor
 - First Hill Playground Replacement – Construction continues at the First Hill Playground and installation of the Alpha Tower is underway that will feature two slides and is designed for ages 5-12. Construction remains on track to conclude by the end of the year.

- King County North Mercer Sewer Interceptor – The work is now complete on the sewer pipe repairs and asphalt patching on 81st Ave SE between North Mercer and SE 24th St. The roadway is now open to traffic and final paving is scheduled for spring of 2026.
- **Upcoming Events:**
 - Holiday Tree Lighting: December 5 at 5:30 pm at Mercerdale
 - Community Holiday Party: December 19 at 6:00-8:30 pm at Mercer Island Community & Event Center
 - Argosy Christmas Ship: December 19 at 8:30-9:00 pm at Luther Burbank Park
 - Holiday Makers Market: December 6 at 10:00 am-3:00 pm at Mercer Island Community & Event Center
- **News:**
 - Thank you Covenant Shores!
 - In late October the Thrift Shop brought its van to Covenant Living at the Shores to pick up residents' donations and the van was quickly filled.
 - Thank you MIYFS Foundation! The City of Mercer Island has received a generous, one-time donation of \$30,000 from the MIYFS Foundation to bolster food-security efforts and mitigate the impact of recent reductions to the Supplemental Nutrition Assistance Program

APPEARANCES

Addie Smith spoke about being a hate crime survivor.

Dan Nordale (Mercer Island) thanked the Council for the dedication of the Luther Burbank Pickleball Courts to Jake Jacobson and spoke about the proposed amendments to the temporary uses and structures ordinance.

CONSENT AGENDA

AB 6806: November 10, 2025 Payroll Certification

Recommended Action: Approve the November 10, 2025 Payroll Certification in the amount of \$1,039,635.78 and authorize the Mayor to sign the certification on behalf of the entire City Council.

AB 6807: Certification for Claims Paid October 16, 2025 through October 31, 2025

Recommended Action: Approve the October 16, 2025 through October 31, 2025 Accounts Payable Certification of Claims in the amount of \$2,399,259.81 and authorize the Mayor to sign the certification on behalf of the entire City Council.

City Council Regular Hybrid Meeting Minutes of November 4, 2025.

Recommended Action: Approve the City Council Regular Hybrid Meeting Minutes of November 4, 2025.

AB 6777: 2024 Police Department Annual Report

Recommended Actions: Receive report. No action necessary.

AB 6805: Confirmation of the Municipal Court Judge Reappointment

Recommended Action:

1. Adopt Resolution No. 1686 confirming the reappointment of Judge Jeff Gregory to continue as the Mercer Island Municipal Court Judge for a four-year term, effective January 1, 2026 through December 31, 2029.
2. Authorize the City Manager to execute the Municipal Court Judge Employment Agreement, substantially in the form attached as Exhibit A to Resolution No 1686, and to execute future amendments to the Agreement based on needs and changes to the Municipal Court's operations, provided that financial impacts of the amendments are within the approved budget.

AB 6809: Omnibus Ordinance Related to Permanent Regulations for Housing Production and Permit

Streamlining (Ordinance No. 25C-27 Second Reading)

Recommended Action: Adopt Ordinance No. 25C-27 relating to permanent regulations for housing production and permit streamlining as set forth in Exhibit 1 to this AB.

AB 6810: B&O Tax Code Amendment (Ordinance. No. 25C-23, Second Reading)

Recommended Action: Adopt Ordinance No. 25C-23 to update City Code related to business & occupation tax.

AB 6811: Utility Easement Replacement (9150 Fortuna Drive)

Recommended Action: Authorize the City Manager to execute document relinquishing water easement (recording number 8510300965, located at 9150 Fortuna Drive) substantially in the form in Exhibit 2, in exchange for a new 20-foot-wide public utility easement substantially in the form in Exhibit 3, after the new public water infrastructure is accepted by the City Engineer and put into operation.

AB 6812: Amendment to Interlocal Agreement for Jail Services with South Correctional Entity (SCORE)

Recommended Action: Authorize the City Manager to execute the amendment to the interlocal agreement with SCORE for jail services as substantially shown in Exhibit 1 to AB 6812.

AB 6813: Sound Transit Roundabout Bill of Sale

Recommended Action: Authorize the City Manager to execute the Bill of Sale for the roundabout at North Mercer Way and 77th Ave SE substantially in the form included as Exhibit 2.

It was moved by Rosenbaum; seconded by Weinberg to:

Approve the Consent Agenda as presented, and the recommendations contained therein.

PASSED: 7-0

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

REGULAR BUSINESS**AB 6820: Sound Cities Association Voting Delegate for the North Caucus Meeting**

Mayor Nice asked if anyone was interested in being the voting delegate for the Sound Cities Association North Caucus Meeting on December 9. Councilmember Reynolds volunteered.

It was moved by Rosenbaum; seconded by Anderl to:

Appoint Councilmember Reynolds as the voting delegate at the Sound Cities Association North Caucus Meeting on December 9, 2025.

PASSED: 7-0

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

AB 6808: Permanent Regulations for Temporary Uses and Structures, Including Outdoor Dining (Ordinance No. 25C-26 Second Reading)

CPD Director Jeff Thomas provided background on the regulations related to temporary uses and structures. City Council asked questions about the proposed amendments.

It was moved by Rosenbaum; seconded by Weinberg to:

Adopt Ordinance No. 25C-26 relating to Permanent Regulations for Temporary Uses and Structures, Including Outdoor Dining as shown in Exhibit 1 to this AB.

PASSED: 7-0

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

It was moved by Anderl; seconded by Nice to:

Direct the City Manager to keep the docket item related to temporary uses and structures open and return to City Council in 2026 with options to include public notification as part of the temporary

uses and structures Type 1 permit.

PASSED: 6-0-1

FOR: 6 (Anderl, Becker, Nice, Reynolds, Rosenbaum, and Weiker)

ABSTAIN: 1 (Weinberg)

AB 6815: Public Hearing Amendments to the Historical Designation Criteria in MICC 16.01.030 to Comply with HB 1576 (Ordinance No. 25C-28 First Reading)

Mayor Nice opened the public hearing at 6:03 pm. There being no public comment Mayor Nice closed the public hearing at 6:04 pm.

CPD Director Jeff Thomas provided background on the development of the amendments to the regulations related to historical designation criteria and introduced Assistant Planner Madelyn Nelson who spoke about the state legislative updates that triggered the proposed amendments and provided an overview of the proposed amendments.

City Council asked questions about the proposed amendments.

It was moved by Reynolds; seconded by Rosenbaum to:

Set Ordinance No. 25C-28 for second reading and adoption.

PASSED: 7-0

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

AB 6814: 2025-2026 Mid-Biennial Budget Public Hearing, Financial Status Update, and Budget Adjustments

Mayor Nice opened the public hearing at 6:12 pm. There being no public comment Mayor Nice closed the public hearing at 6:12 pm.

Finance Director Matt Mornick provided the financial status update through Q3 2025. He discussed General Fund revenues, Parks & Recreation revenues, General Fund expense, and REET revenues.

Finance Director Mornick spoke about the property tax ordinances, the 2026 NORCOM budget, and the budget amendments included in Ordinance No. 25-33.

It was moved by Rosenbaum; seconded by Weinberg to:

Adopt Ordinance No. 25-33, amending the 2025-2026 Biennial Budget.

PASSED: 7-0

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

It was moved by Anderl; seconded by Rosenbaum to:

Adopt Ordinance No. 25-30, appropriating funds and establishing the amount of property taxes to be levied for fiscal year 2026.

PASSED: 7-0

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

It was moved by Weinberg; seconded by Anderl to:

Adopt Ordinance No. 25-31, establishing the dollar amount and percentage increases of the regular property tax levy and the levy lid lifts for fiscal year 2026.

PASSED: 7-0

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

It was moved by Becker; seconded by Weinberg to:

Adopt Resolution No. 1684, approving NORCOM's 2026 budget allocation to the City of Mercer Island.

PASSED: 7-0

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

AB 6819: Fire Apparatus Acquisition and Financing (Ordinance No. 25-34, First Reading and Adoption)

Management Analyst Carson Hornsby presented the background information on the replacement of the fire apparatus.

Eastside Fire & Rescue Deputy Chief of Safety and Support Services Greg Garat spoke about the replacement of the fire apparatus with an Enforcer Pumper Type-1 Fire Engine and discussed the timeline to receive the apparatus.

Finance Director Matt Mornick discussed the joint purchasing agreement, the financing of the lease purchase agreement, and the budgetary impacts related to the purchase of the new apparatus.

City Council asked questions of staff.

It was moved by Weinberg; seconded by Rosenbaum to:

Suspend City Council Rules of Procedure Section 6.2 requiring a second reading of an ordinance.

PASSED: 7-0

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

It was moved by Anderl; seconded by Rosenbaum to:

Adopt Ordinance No. 25-34 authorizing the purchase of one Pierce Enforcer Pumper and authorizing a joint purchase agreement between the City, EF&R, and Hughes Fire Equipment, Inc. and a Master Tax-Exempt Installment Purchase Agreement with Municipal Asset Management, Inc. to finance the City's apparatus, substantially in the form of the drafts attached as Exhibits A and B to Ordinance N. 25-34.

PASSED: 7-0

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

Councilmember Weiker was absent from the meeting from 6:56 pm – 7:10 pm.

AB 6817: Adoption of 2026 Legislative Priorities

Senior Management Analyst Robbie Cunningham Adams presented the 2026 State Legislative Priorities. City Council asked questions and provided feedback on the priorities.

It was moved by Rosenbaum; seconded by Weinberg to:

Adopt the City of Mercer Island 2026 State Legislative Priorities, substantially in the form attached as Exhibit 1 to AB 6817 as amended.

PASSED: 6-0

FOR: 6 (Anderl, Becker, Nice, Reynolds, Rosenbaum, and Weinberg)

ABSENT: 1 (Weiker)

It was moved by Reynolds; seconded by Nice to:

Amend the text of the "Preserving and Protecting the Environment" section to be the following: The City supports legislation, partnerships, and funding opportunities that advance the implementation of the City's adopted Climate Action Plan. This includes initiatives for clean energy, emissions reduction, electrification of public assets, and innovative practices that promote resilience and protect natural resources.

PASSED: 6-0

FOR: 6 (Anderl, Becker, Nice, Reynolds, Rosenbaum, and Weinberg)

ABSENT: 1 (Weiker)

AB 6818: Code Amendments to Chapter 10.22 MICC Impounding (Ordinance No. 25C-32)

Management Analyst Amelia Tjaden discussed the background on the code amendment and provided an overview of current impound procedures. She spoke about the proposed amendments contained in Ordinance No. 25C-32, the establishment of an administrative fee, and how the impound procedures would change with the proposed amendments. City Council asked questions about the proposed amendments.

It was moved by Weinberg; seconded by Rosenbaum to:

Schedule Ordinance No. 25C-32 for second reading and adoption.

PASSED: 7-0

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

AB 6816: 2026 Annual Comprehensive Plan and Development Code Amendments Docket

CPD Director Jeff Thomas presented an overview of the docket proposals that were received in 2025, the Planning Commission's review of the proposed docket items, and the Planning Commission recommendation to docket no items for 2026. City Council asked questions of staff.

It was moved by Weinberg; seconded by Reynolds to:

Accept and adopt the Planning Commission's recommendation to docket no Comprehensive Plan or Development Code amendment proposal received for 2026.

PASSED: 7-0

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

OTHER BUSINESS**Planning Schedule**

City Manager Jessi Bon spoke about the December 2 City Council meeting.

Councilmember Absences and Reports

Deputy Mayor Rosenbaum noted there is a special Farmers Market this weekend.

Councilmember Weiker noted she attended the King County Utilities Summit.

Councilmember Weinberg noted that the Eastside Transportation Partnership met and that his next monthly open lunch is on Saturday December 20 at Riviera Maya Restaurant.

Councilmember Reynolds noted that the Parks & Recreation Commission recently held a joint meeting with the Open Space Conservancy Trust.

Councilmember Becker thanked the Council for the opportunity over the last six months to fill position No. 7 and thanked Mayor Nice for his service on the City Council.

City Council was in recess from 7:23 pm – 7:32 pm.

EXECUTIVE SESSION

At 7:32 pm, Mayor Nice convened an Executive Session in Room 104 at the Mercer Island Community & Event Center, 8236 SE 24th Street, Mercer Island, WA and via Microsoft Teams.

Executive Session for planning or adopting the strategy or position to be taken by the City Council during the course of any collective bargaining, professional negotiations, or grievance or mediation proceedings, or reviewing the proposals made in the negotiations or proceedings while in progress pursuant to RCW 42.30.140(4)(b).

Mayor Salim Nice, Deputy Mayor Dave Rosenbaum, and Councilmember Lisa Anderl, Daniel Becker, and Ted Weinberg participated in person. Councilmembers Craig Reynolds and Wendy Weiker participated via Microsoft Teams.

Mayor Nice adjourned the Executive Session at 7:46 pm.

ADJOURNMENT

The Regular Hybrid Council Meeting adjourned at 7:46 pm.

Salim Nice, Mayor

Attest:

Andrea Larson, City Clerk



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6823
December 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6823: Amendments to the Historical Designation Criteria in MICC 16.01.030 to Comply with HB 1576 (Ordinance No. 25C-28 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. 25C-28 related to historical designation criteria in MICC 16.01.030.	

DEPARTMENT:	Community Planning and Development
STAFF:	Jeff Thomas, Community Planning & Development Director Madelyn Nelson, Assistant Planner
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 25C-28
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 conduct the second reading of Ordinance No. 25C-28 (Exhibit 1) amending the historical designation criteria in MICC 16.01.030 to comply with HB 1576.

- In 2025, the Washington State legislature enacted HB 1576. The bill establishes additional requirements for the historical designation process. It took effect on July 27, 2025, and currently supersedes, preempts, and invalidates any conflicting local regulations ([RCW 35A.21.450](#)).
- Some amendments to the [Mercer Island City Code \(MICC\) 16.01.030 – Historical Designation Criteria](#) are needed to comply with the requirements of RCW 35A.21.450.
- The proposed code amendment would make two changes:
 - Property owner consent would be required prior to historical designation if the designation would restrict the use, alteration, or demolition of the property.
 - Written consent from the property owner is not needed if the property is within an area recognized as a historical district via ordinance or if the property exceeds 125 years old.
- Ordinance No. 25C-28 would make the amendments necessary to comply with RCW 35A.21.450 (Exhibit 1).
- The City Council completed a first reading and public hearing on November 18, 2025 ([AB 6815](#)). No comments were provided.

- On December 2, the City Council is expected to adopt ordinance No. 25C-27 after completing a second reading.

BACKGROUND

On April 19, 2025, the State of Washington Legislature passed House Bill 1576 (HB 1576). This bill established [RCW 35A.21.450 - Historic landmark designation—Limitations](#), which sets standards for how code cities may designate historical buildings, structures, and sites. RCW 35A.21.450 became effective on July 27, 2025, and supersedes, preempts, and invalidates any conflicting local regulations. RCW 35A.21.450 requires the following for historical landmark designations:

- The property must be older than 40 years.
- If the designation would restrict the use, alteration, or demolition of the property, then written consent of the owner of the property must be obtained prior to designation. If a designation without consent has been made following the adoption of this house bill, then that designation is void.
- The property may be historically designated if it is within a historic district established through a local preservation ordinance, or if the nominator of the property has provided written documentation to show that the nominated property exceeds 125 years old and the City confirms this age.

EXISTING REGULATIONS

The City of Mercer Island adopted Historical Designation standards in 2002 via Ordinance No. 02-16, establishing standards for designation of historic structures, buildings, and sites in [MICC 16.01.030 – Historical Designation Criteria](#). This code section allows designation of a historic building, structure, or site in any zone if it is more than 50 years old and satisfies one or more of the following criteria:

- It is associated with events that have made a significant contribution to national, state or local history; or
- It is associated with the lives of persons significant in national, state or local history; or
- It embodies the distinctive characteristics of a type, period, style or method of design, architecture or construction.

EXISTING HISTORICAL DESIGNATIONS

Simultaneous to the adoption of the Historical Designation standards in 2002, the Luther Burbank Administration building and certain parts of Luther Burbank Park were transferred from being recognized under King County's historical designation process to the new Mercer Island historical designation becoming the first buildings, structures, and sites to be historically designated in the City. In 2004, the Veterans of Foreign Wars building was historically designated.

Historical designation curtails certain property rights by requiring additional permissions before engaging in work on the building, structure, or site. Historical designation offers incentives such as development agreements, even if inconsistent with the MICC, street vacations, beneficial placement of public improvements, public amenities, and/or rezoning per MICC 16.01.060. Special assessed valuation where the owner of a building, structure, or site may seek to have the property's assessed value adjusted in compliance with all provisions of RCW Chapter 84.26.

ISSUE/DISCUSSION

Staff have identified two amendments to MICC 16.01.030 that are needed to comply with the new requirements in HB 1576. Ordinance No. 25C-28 would make the following amendments to [MICC 16.01.030 – Historical designation criteria](#) to comply with RCW 35A.21.450:

- If historical designation would restrict the use, alteration, or demolition of the property then written consent from the property owner is required prior to designation.
- Written consent from the property owner is not needed if the property is within an area recognized as a historical district via ordinance or if the property exceeds 125 years old.

The proposed code amendments would not affect any existing historical designations.

Council completed their first reading on November 18, 2025 ([AB 6815](#)). No amendments were proposed to Ordinance No. 25C-28. The second reading is scheduled for December 2, 2025.

NEXT STEPS

If adopted, Ordinance No. 25C-28 will become effective five days after the notice of adoption is published.

RECOMMENDED ACTION

Adopt Ordinance No. 25C-28 related to historical designation criteria in MICC 16.01.030.

**CITY OF MERCER ISLAND
ORDINANCE NO. 25C-28**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON,
AMENDING MERCER ISLAND CITY CODE 16.01.030 TO CONFORM
REGULATIONS ON DESIGNATING HISTORICAL BUILDINGS, STRUCTURES,
OR SITES WITH UPDATED STATE LAWS; PROVIDING FOR SEVERABILITY;
AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, on May 19, 2025, Governor Bob Ferguson signed into law Substitute House Bill (HB) 1576 an act relating to the designation of historic landmarks by cities; reenacting and amending RCW 43.21C.495; adding a new section to Chapter 35.21 RCW; and adding a new section to Chapter 35A.21 RCW; and

WHEREAS, HB 1576 established RCW 35A.21.450, enacting limitations on historic landmark designations for code cities; and

WHEREAS, the City of Mercer Island is a code city and must comply with the requirements of RCW 35A.21.450; and

WHEREAS, the City has established standards for designating historical buildings, structures, or sites in Title 16 Mercer Island City Code (MICC); and

WHEREAS, MICC 16.01.030 requires a building, structure, or site to be associated with historical events, associated with a person of historical significance, or embody the characteristics of a distinctive architectural type, style, or period, and have achieved significance within the past fifty years to be eligible for historical designation; and

WHEREAS, MICC 16.01.030 must be amended to require property owner consent for historic designation of a building structure or site less than 125 years old or not within a designated historical district; and

WHEREAS, on October 6, 2025, the City issued a State Environmental Policy Act (SEPA) determination of nonsignificance (DNS). The SEPA determination was posted in the Community Planning and Development Bulletin and posted to the statewide SEPA register under file number 202504151. The SEPA determination was issued consistent with the procedures established in Chapter 19.21 MICC; and

WHEREAS, On October 3, the City notified the WA Department of Commerce (Commerce) of the intent to adopt development code amendments. The notice was assigned submittal ID 2025-S-9957. The Commerce 60-day review period will conclude on December 2, 2025; and

WHEREAS, on October 20, 2025, the comment period on the SEPA determination closed and no comments on the DNS were received; and

WHEREAS, On November 18, 2025, the City Council held a first reading and public hearing on the proposed amendments to title 16 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. Amended. MICC 16.01.030 – Historical Designation Criteria is amended as follows:

MICC 16.01.030 – Historical Designation Criteria

A historic building, structure or site may qualify for a historical designation if it is more than 50 years old and satisfies one or more of the following criteria:

A. The building, structure, or site:

- 1.A. ~~It~~ is associated with events that have made a significant contribution to national, state or local history; ~~or~~
- 2.B. ~~It~~ is associated with the lives of persons significant in national, state or local history; or
- 3.C. ~~It~~ embodies the distinctive characteristics of a type, period, style or method of design, architecture or construction.

B. If the designation would restrict the use, alteration, or demolition of the property, the written consent of the owner of the property must be obtained before being designated as a historic landmark. Consent of the owner of the property is not needed to designate the building, structure, or site as a historic landmark if it meets the criteria below:

1. The building, structure, or site is within the boundaries of a historic district established through a local preservation ordinance, or;
2. The building, structure, or site is demonstrated to be at least 125 years old.

C. The following building, structures, and sites shall not be considered eligible for historic designation.

1. Cemeteries, birthplaces, or graves of historical figures;
2. structures located on properties owned by religious institutions or used for religious purposes;
3. structures that have been moved from the structure's original location, reconstructed historical buildings; and
4. structures and sites that have achieved significance within the past 50 years shall not be considered eligible for historical designation.

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 days after the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON DECEMBER 2, 2025.

CITY OF MERCER ISLAND

Salim Nice, 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 6824
December 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6824: 2026 Fee Schedule Adoption	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
RECOMMENDED ACTION:	Approve Resolution No. 1685 adopting the 2026 Fee Schedule.	

DEPARTMENT:	Administrative Services
STAFF:	Ali Spietz, Chief of Administration
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Resolution No. 1685, including Exhibit A – 2025 Fee Schedule
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 for the City Council to update the City's fee schedule for 2026 (Exhibit 1).

- In November 2022, the City Council passed [Resolution No. 1635](#) establishing and adopting a Fee Schedule for the City.
- The fee schedule centralized the City's various fees in one document to be updated at least annually as part of the biennial budget adoption or mid-biennial budget review.
- The annual review of the fee schedule ensures that departments are evaluating fees for service regularly and on the same timeline. This is an established best practice outlined in the City's Financial Management Policies.
- In addition, to the current fee schedule, past fee schedules will be available for residents to access on the City's website.

BACKGROUND

In 2022, the City Council established a Citywide fee schedule to bring all set and published fees into one location to make it easier for the public to locate specific fees. The fees included in the schedule are either set by Mercer Island City Code, resolutions of the City Council, administratively by departments, or by an outside agency with which the City contracts. In addition, fees are calculated and adjusted in varying ways. For example, development services fees are tied to annual inflationary factors, utility rate adjustments are

derived from rate modeling and capital construction needs with input from the Utility Board, and recreation fees are often tied to market demands.

This centralized fee schedule benefits residents by providing simple, transparent access to City fees and benefits City staff by creating a process for annual review of all fees by staff and the City Manager. Every fall, each department will review and adjust, if necessary, the fees related to their work to be reflected in fee schedule.

ISSUE/DISCUSSION

The 2026 Fee Schedule was updated through outreach to individual City departments requesting any fee changes for the next year. The following fees are included in the 2026 Fee Schedule: animal and business licenses, copying/printing, parking, court, police, parks and recreation, development and construction permit, and miscellaneous fees, taxes, and utility rates. Fee determinations vary by department:

- Fees related to business licenses, parking permits, and copies are set by the City Council.
- Community Planning and Development fees are adjusted annually based on the estimated annual growth in personnel costs for CPD staff.
- Recreation fees are determined using cost recovery tiers as well as market- and competitor-based rates as adopted by Council in July 2021 (Reset Strategy [AB 5848](#)).
- Utility rates are established annually by the City Council based on recommendations from the Utility Board.
- Third party servicers set costs for the fees related to animal licensing, boater education, and business license processing, among others.

Below are changes in 2026 to different sections in the fee schedule (Exhibit 1):

6. POLICE FEES

Added Impounding Administrative Fee: \$100.00

7. PARKS AND RECREATION FEES

Mercer Room Rentals (Monday-Thursday)

- Added security deposit for renting one only section of the room: \$75

Mercer Room Rental Packages

- Added “Saturday (Peak Season: June – September; includes 12 hours)” rental fee: \$4,500
- Increased Weekend (Friday – Sunday; includes 12 hours) from \$3,700 to \$3,800
- Reduced Weekday (Monday – Thursday; includes 8 hours) from \$2,600 to \$2,000
- Added “Extended Package Rate” hourly: \$100

Gymnasium and Dance Room Rentals

- Added “Multi-Purpose/Dance Room security deposit (non-athletic)” fee: \$75
- Added Gym Carpet Squares half gym and full gym set up fees: \$400 and \$800

MICEC Fitness Room and Drop-In Activities

- Increased drop-in rates for non-residents from \$7 to \$8
- Aligned escalating percentage discounts on punch passes for both residents and non-residents
 - 10-Punch Pass (10% discount): Resident: \$40 to \$45 / Non-Resident: \$60 to \$72
 - 20-Punch Pass (20% discount): Resident: \$70 to \$80 / Non-Resident: \$100 to \$128
 - 30-Punch Pass (30% discount): Resident: \$90 to \$105 / Non-Resident: \$150 to \$168

P-Patch Garden Fees

- Increased plot fees: small \$60 to \$75 / large \$75 to \$100

Sport Court Fees

- Added sport court rental fees:
 - Court hourly (per court): \$25
 - Pickleball - Full Facility (per day): \$1,400
 - Tennis - Full Facility (per day): \$700

Commercial Photography

- Increased commercial photography fee and added videography: \$50 to \$175 per session

8. DEVELOPMENT AND CONSTRUCTION PERMIT FEES

- The hourly staff rate for both Community Development and Planning and Eastside Fire and Rescue has been adjusted to \$182 per hour.
- All other Development and Construction Permit Fees have increased by 2.3% (the first half CPI-W for 2025), to maintain alignment with the growth of personnel costs.
- Impact Fees have decreased by -1.6%, based on the Engineering News Record's 2025 Seattle Construction Cost Index (June to June). This is consistent with Title 19 of the Mercer Island City Code.
- The Building Valuation Table has not been escalated.
- Language has been added to clarify:
 - Minimum Land Use Fees are non-refundable
 - The cost of peer review related to Shoreline Permitting, Transportation Concurrency, and Tree Permit review will be the responsibility of the applicant.

10. UTILITY RATES

Every fall, Public Works and Finance staff meet with the Utility Board to review annual rate adjustments for the water, sewer, storm water, and emergency medical service (EMS) utilities. The table below outlines rate adjustments for an average single-family residence that the Utility Board unanimously approved for City Council consideration on October 28, 2025. The Utility Rates section of the fee schedule has been updated to reflect the increases in the rates.

Bi-Monthly Utility Rates <i>For Sample Single-Family Resident</i>		2025 Adopted	2026 Proposed	2026 \$ Change % Change	
City	Water	\$153.90	\$166.22	\$12.32	8.0%
City	Sewer Maintenance	\$71.49	\$74.35	\$2.86	4.0%
County	Sewer Treatment	\$116.56	\$125.32	\$8.76	7.5%
City	Storm Water	\$50.14	\$53.16	\$3.02	6.0%
City	EMS	\$11.65	\$12.26	\$0.58	4.97%
Total Charges		\$403.77	\$431.31	\$27.54	

NEXT STEPS

Following the adoption of the 2026 Fee Schedule by the City Council, staff will finalize the document for publication on the City's website on January 1, 2026.

RECOMMENDED ACTION

Approve Resolution No. 1685 adopting the 2026 Fee Schedule.

**CITY OF MERCER ISLAND
RESOLUTION NO. 1685**

**A RESOLUTION OF THE CITY OF MERCER ISLAND, WASHINGTON
ESTABLISHING THE CITY'S FEE SCHEDULE EFFECTIVE JANUARY 1, 2026
AND REPLACING CERTAIN RATES, FEES, AND CHARGES PREVIOUSLY
ADOPTED**

WHEREAS, fees are charged for services provided by departments of the City of Mercer Island; and

WHEREAS, City staff have collected various fees and centralized the location of the City's public fees in a Fee Schedule; and

WHEREAS, staff have reviewed and identified updates to certain fees for services provided by the City of Mercer Island in 2026; and

WHEREAS, this fee schedule will be updated annually to reflect true cost of service changes to each fee as needed;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AS FOLLOWS:

Effective on and after January 1, 2026, Exhibit A of this Resolution entitled "2026 Fee Schedule" is adopted as the fee schedule for the City of Mercer Island. All previously adopted rates, fees, and charges, including but not limited to those in the "Revised 2025 Fee Schedule," which are now included in the "2026 Fee Schedule," are replaced by the rates, fees, and charges in the "2026 Fee Schedule" on the aforementioned effective date. The "2026 Fee Schedule" shall continue to be effective until a new fee schedule for the City is adopted and becomes effective. Nothing contained in this Resolution shall affect the amount of collection of rates, fees, and charges established prior to January 1, 2026.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, AT ITS MEETING ON THE 2ND DAY OF DECEMBER 2025.

CITY OF MERCER ISLAND

Salim Nice, Mayor

ATTEST:

Andrea Larson, City Clerk



2026 FEE SCHEDULE

EFFECTIVE JANUARY 1, 2026

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1. ANIMAL LICENSES

([MICC 7.04.040](#))

Mercer Island is a member of Regional Animal Services of King County (RASKC); the following fees represent services offered by RASKC to City of Mercer Island residents.

PET LICENSE, ANNUAL	
Unaltered (Not Spayed/Neutered)	\$60.00
Altered (Spayed/Neutered)	\$30.00
Service or Assistive Animal	No Charge
K-9 Police Dog	No Charge
JUVENILE PET LICENSE, SIX MONTHS	\$15.00
Under six months of age, license expires after 6 months	
DISCOUNTED PET LICENSE, ANNUAL	\$15.00
Proof required that owner is 65 or older. Proof required that pet is spayed or neutered	
PET LICENSE REPLACEMENT TAG	\$5.00
For lost, unexpired tag	
DANGEROUS DOG REGISTRATION FEE	\$250.00
[MICC 7.04.130 (c)]	

LATE FEES

The following late fees apply to license renewal applications and must be paid in addition to any applicable license fees and penalties

PET LICENSE, (45 – 90 days past expiration)	\$15.00
PET LICENSE, (91 – 135 days past expiration)	\$20.00
PET LICENSE, (136 – 364 days past expiration)	\$30.00
PET LICENSE, (365+ days past expiration)	\$30 + prior year's license fee

2. BUSINESS LICENSES

([MICC Title 5](#))

BUSINESS LICENSE – MERCER ISLAND \$30.00

See [the Department of Revenue website](#) for additional processing fees

BUSINESS LICENSE – ANNUAL RENEWAL \$30.00

See [the Department of Revenue website](#) for additional processing fees

SOLICITOR LICENSE \$30.00

ADULT CABARET AND ADULT ENTERTAINMENT

([MICC 5.30.050](#))

ENTERTAINER'S LICENSE \$100.00

LICENSE FEE (ANNUAL) \$700.00

MANAGER'S LICENSE \$100.00

ADULT AND REGULATED TEEN DANCES

([MICC 5.18.100](#))

LICENSE FEE \$25.00

AMUSEMENT CENTERS AND AMUSEMENT DEVICES

([Chapter 5.02 MICC](#))

DEVICE (EACH) \$50.00

LICENSE (ANNUAL) \$300.00

OPERATOR'S LICENSE \$200.00

MASSAGE PARLORS AND BATHHOUSES

([MICC 5.08.050](#))

LICENSE FEE \$500.00

PERMIT FEE \$25.00

PRIVATE SECURITY AGENCIES

([Chapter 5.12 MICC](#))

EMPLOYEE REGISTRATION FEE \$25.00

LICENSE FEE \$250.00

TOW TRUCKS

([MICC 5.20.060](#))

LICENSE FEE (ANNUAL) \$25.00

3. COPY FEES

([MICC 2.14.070](#))

A. PUBLIC RECORDS FEES

INSPECTION OF RECORDS Inspection of records on the City's website or by appointment at the City.	No Fee
PHOTOCOPIES (11" x 17" or smaller, double-sided, or single-sided)	\$0.15 per page
PRINTED COPIES OF ELECTRONIC RECORDS	\$0.15 per page
SCANNING PAPER RECORDS	\$0.10 per page
E-FILES OR ATTACHMENTS FOR ELECTRONIC DELIVERY (PER 4 FILES)	\$0.05
TRANSMISSION OF RECORDS IN E-FORMAT (PER GB)	\$0.10
DIGITAL STORAGE MEDIA OR DEVICE PROVIDED BY AGENCY	Actual Cost
MAILING PHYSICAL RECORDS OR STORAGE DEVICES Of postage and container/envelope	Actual cost
CLERK CERTIFICATION	\$1.00 per document

For large requests, the City may take one or more of the following actions: require a deposit of 10 percent of the estimated copying costs before making copies; provide copies in installments; or require payment before providing further installments.

B. PRE-MADE MAPS, CUSTOM MAPS, AND GIS DATASET QUERIES

The prices listed below include applicable taxes and are subject to change. Any custom mapping, ordering of pre-made maps, or data for later pickup MUST be pre-paid.

Commonly requested maps are available for download in a PDF format from the City website. Other pre-made maps are also available in PDF format. There is no charge for electronic copies (unless it is a custom map request, then the rate will be charged according to the custom map pricing).

PAPER SIZE	REGULAR BOND PAPER	WATERPROOF PAPER
8.5" x 11" (ANSI A)	NO CHARGE	NOT AVAILABLE
11" x 17" (ANSI B)	NO CHARGE	NOT AVAILABLE
17" x 22" (ANSI C)	\$5.00	\$10.00
18" x 24" (ARCH C)	\$7.00	\$14.00
24" x 36" (ARCH D)	\$14.00	\$28.00
28" x 40"	\$18.00	\$36.00
36" x 48" (ARCH E)	\$28.00	\$56.00
36" x 60"	\$35.00	\$70.00

CUSTOM MAPS:

Custom maps will only be created using existing City GIS data. The City will not create custom maps that require data from outside organizations or require the creation of new data. The price for custom maps is **\$50.00/hour with a 15-minute minimum**.

0 to 15 minutes:	\$12.50
16 to 30 minutes:	\$25.00
Up to 45 minutes:	\$37.50
60 minutes:	\$50.00

CUSTOM DATA SET QUERIES:

Custom data request is defined as any existing City GIS Data. The City will not compile data from outside organizations or create new data. The price for custom data requests is **\$50.00/hour with a 1-hour minimum**. If a map is also requested at the same time and all work can be completed within one hour, only \$50.00 will be charged.

MAP AND DATA DELIVERY:

- Electronic maps- delivered via email or through the City's FTP site
- Printed maps- customer pick-up at Mercer Island City Hall. The City will not be shipping any printed maps.
- Custom data- delivered via email or through the City's FTP site.

To request pre-made maps, custom maps, and GIS dataset queries, send an inquiry to GISAdmin@mercerisland.gov.

4. PARKING FEES

[[MICC 10.74.020\(D\)](#)]

Parking Penalties

PARKING IN PERMIT-RESTRICTED AREA WITHOUT A VALID PERMIT	\$54.00 Penalty
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TRANSFER/UNAUTHORIZED USE OF NORTH MERCER RESTRICTED PARKING DISTRICT PERMIT	\$250.00 Penalty
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UNAUTHORIZED HANDICAPPED ZONE PARKING	\$450.00 Penalty
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Restricted Parking District

This permit is for a Mercer Island resident whose home address is within the boundaries of the North Mercer Restricted Parking District. Please see [MICC 10.74.030\(A\)](#) for the full text code regarding the RPD restrictions. The following permit fees are per vehicle per year.

RESTRICTED PARKING DISTRICT PERMIT	\$5.00 per vehicle
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RESTRICTED PARKING DISTRICT PERMIT (GUEST)	\$10.00 per vehicle
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TEMPORARY CONTRACTOR PARKING PERMIT	\$10.00 per vehicle
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5. COURT FEES

COURT RECORDS REQUESTS

NON-CERTIFIED DOCUMENTS	\$1.00 for each 5 pages
CERTIFIED DOCUMENTS	\$5.00
AUDIO CD	\$10.00

COURT FEES

MUNICIPAL COURT MARRIAGE CEREMONY	\$150.00 - \$250.00
MARRIAGE CEREMONY, COURT-PROVIDED WITNESS A minimum of 2 witnesses are required	\$25.00 per witness
CONTESTED HEARING FEES	Varies, see form
MITIGATION FEES	Varies, see form
PROOF OF INSURANCE* When insured but not carrying proof of insurance at time of traffic stop	Penalty reduced to \$25

*Within 15 days of the violation, the ticket will be dismissed with a \$25.00 administrative fee if proof of insurance at the time of the incident is shown to the court. If there is an additional violation on the ticket, you are responsible for the penalty amount associated with that violation.

6. POLICE FEES

CONCEALED PISTOL LICENSE (ORIGINAL)	\$49.25
CONCEALED PISTOL LICENSE (RENEWAL)	\$32.00
CONCEALED PISTOL LICENSE (LATE)	\$42.00
CONCEALED PISTOL LICENSE (REPLACEMENT)	\$10.00
FINGERPRINTING	Service currently unavailable
MANDATORY BOATER EDUCATION FEES	Varies, see website

Anyone 12 years old and older may operate a motorboat of 15 horsepower and greater with a Washington Boater Education Card. Without a card, the person must be supervised by someone at least 16 years old, who is carrying a Boater Education Card. Anyone born before January 1, 1955 is exempt from needing to carry a Boater Education Card. Click [here](#) to access qualifying courses.

FALSE ALARMS

([MICC 8.10.050](#))

FALSE ALARM DISPATCH (FIRST)	Warning Letter Only
FALSE ALARM DISPATCH (SECOND)	\$75.00
FALSE ALARM DISPATCH (THIRD)	\$100.00
FALSE ALARM DISPATCH (FOURTH)	\$125.00
FALSE ALARM DISPATCH (FIFTH +)	\$150.00

IMPOUNDING

([MICC 10.22.063](#))

ADMINISTRATIVE FEE	\$100.00
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7. PARKS AND RECREATION FEES

Additional information can be found at: www.mercerisland.gov/parksrec

A. MERCER ISLAND COMMUNITY & EVENT CENTER (MICEC) RENTAL FEES AND CHARGES

Meeting Room Rentals

Hourly rental fee	\$60
Security deposit	\$60
Staff setup/breakdown/clean-up	\$75

Mercer Room Rentals (Monday-Thursday)

Security deposit (2 and 3 sections)	\$500
Security deposit (1 section)	\$75
Full room (3 sections) hourly; 3-hr. minimum	\$180
Partial room (2 sections) hourly; 3-hr. minimum	\$150
Partial room (1 section) hourly	\$75
Staff setup/breakdown/clean-up (per section rented)	\$100
Food/beverage/alcohol	\$200

Mercer Room Rental Packages

Security deposit	\$500
Saturday (Peak Season: June – September; includes 12 hours)	\$4,500
Weekend (Friday – Sunday; includes 12 hours)	\$3,800
Weekday (Monday – Thursday; includes 8 hours)	\$2,000
Extended Package Hourly Rate	\$100

Additional Room Rentals

Catering Kitchen hourly (food/beverage/alcohol included)	\$100
Outdoor Terrace hourly	\$100
Landing hourly	\$100
Lobby hourly	\$100
Food Truck per truck (food/beverage/alcohol included)	\$200
Outdoor Lawn hourly	\$60
Game Room hourly	\$100

Gymnasium and Dance Room Rentals

Multi-Purpose/Dance Room hourly	\$75
Multi-Purpose/Dance Room security deposit (non-athletic)	\$75
Staff setup/breakdown/clean-up	\$100
Half Gym hourly	\$75
Full Gym hourly	\$130
Gym (non-athletic full gym; 10 hours)	\$6,000
Gym Deposit (non-athletic)	\$1,000
Gym Carpet Squares (half gym)	\$400
Gym Carpet Squares (full gym)	\$800

Full Facility Rental

Private Rental (12 hours)	\$12,500
Main Level Rental hourly (minimum of 5 hours)	\$1,000
Security Deposit	\$1,500

Extended Building Hours

Hourly in addition to rental fee	\$60
Parking Lot (non-community center events – per day rates)	
Spot Rental (Tier 1 – 70 spots)	\$350
Spot Rental (Tier 2 – 66 spots)	\$330
Spot Rental (Tier 3 – 50 spots)	\$250
Spot Rental (Tier 4 – 25 spots)	\$125
Full Parking Lot Rental (Tier 1, 2, 3, 4 – 211 spots)	\$1,500

B. RECREATION PROGRAMS & EVENT FEES AND CHARGES

Recreation Programs & Events: visit www.mercerisland.gov/parksrec

Boat Launch Parking

Daily pass	\$17
Monthly pass	\$55
Annual pass	\$125

MICEC Fitness Room and Drop-In Activities

Daily drop-in	
Resident	\$5
Non-Resident	\$8
10-Punch Pass (10% discount)	
Resident	\$45
Non-Resident	\$72
20-Punch Pass (20% discount)	
Resident	\$80
Non-Resident	\$128
30-Punch Pass (30% discount)	
Resident	\$105
Non-Resident	\$168

C. OUTDOOR FACILITY RENTAL FEES AND CHARGES**Picnic Area Reservations**

Full day	\$175
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P-Patch Garden Fees

Large Plot	\$100
Small Plot	\$75

Athletic Fields

Grass/Dirt fields hourly	\$30
Synthetic Turf Infields hourly	\$40
Full Synthetic Turf hourly	\$70
IMS Track/Field hourly	\$70

Additional Athletic Field Fees

Light Activation (per rental)	\$25
Baseball/Softball game prep	\$45
Batting Cage hourly	\$25
Concession Stand daily	\$100
Athletic Field Storage (per usage)	\$150

Sport Court Fees

Court hourly (per court)	\$25
Pickleball - Full Facility (per day)	\$1,400
Tennis - Full Facility (per day)	\$700

Fitness Classes/Outdoor Personal

Monthly fee	\$185
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Mercerdale Sign Board

Weekly fee	\$50
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D. SPECIAL EVENT PERMITS

Applications for Special Event Permits require City-wide staff review and are subject to additional insurance requirements. Please allow a minimum of 45 days for review. See [Special Events Guide for more information.](#)

Level 1 Event \$175

- Attendance at any one time estimated between 50-100 people;
- Held within existing venue/use area typically used for group gatherings, etc.; and
- Does not impact or interfere with standard, ordinary, and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event; and
- Does not require changes to safety or maintenance operations beyond normal levels; and
- No attendance or participation fees are charged; and
- Does not occur at Calkins Point or the Greta Hackett Sculpture Park; and
- No other permits are required.
- Administration Coordination shall be Division Review only.

Level 2 Event \$450

- Attendance at any one time estimated between 50-250 people;
- Held within existing venue/use area typically used for group gatherings, etc.; and/or

- May impact or interfere with standard, ordinary and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event; and/or
- Does not require changes to safety or maintenance operations beyond normal levels.
- Mercerdale Park can only be used for Level 2 events; that do not involve food trucks, and that do not require any additional permits.
- Does not occur at Calkins Point or the Greta Hackett Sculpture Park.
- Administration Coordination shall be either Division Review or Low-impact Committee Review.

Level 3 Event

\$1,250

- Single-faceted events open to the public, which does not include athletic competition; OR
- Attendance at any one time estimated between 251-600 people; and/or
- Held within existing venue/use area, but may include street, parking, or additional facility impacts; and/or
- May require operational changes to safety or maintenance - additional restrooms, deliveries, vehicle access, exclusive use of park space; and/or
- Calkins Point can only be used for a Level 3 event if attendance is fewer than 200 people.
- Administration Coordination shall be either Low-impact or High-impact Committee Review.

Level 4 Event

\$1,650

- Parades, timed competitions, in-water events, festival-style events open to the public, or event of any type that involves use of multiple City parks or public spaces; OR
- Attendance at any one time estimated at 601+people over a single day or multiple occurrences; and/or
- Has moderate to major impacts to surrounding areas (streets, neighborhoods, business district, other park amenities, etc.) and/or cannot be held within existing venue; and/or
- May impact or interfere with standard, ordinary and normal use of either public property or normal vehicle and pedestrian traffic in the vicinity of the event; and/or
- Has moderate to major impacts to safety or maintenance operations, including temporary or long-term road closures, offsite parking impacts, traffic and security control, additional restrooms, deliveries, vehicle access, and exclusive use of park space; and/or
- Administration Coordination shall be High-impact Committee Review.

E. SPECIAL USE PERMITS

Parking space or lot use (Excluding MICEC)

Please call

Photography (personal use) per session/per year	\$25/300
Commercial photography or videography per session/per year	\$175/500
Advertising or for-profit photography or filming	Please call
*Additional fees may apply. See special events guide .	

Staffing Rates

MICEC Custodial/ Recreation Staff Member hourly	Varies
Parks Maintenance staff member hourly	Varies
Mercer Island Police Officer (off duty) hourly (3 hour minimum)	Varies
Eastside Fire & Rescue Aid Car Unit	Varies

Miscellaneous Park Fees

Park Asset Donation Fee	Dependent on asset donated
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F. SPECIAL EVENTS IN PIONEER PARK AND ENGSTROM OPEN SPACE

Open Space Conservancy Trust owns Pioneer Park and Engstrom Open Space for the purpose of preserving and protecting them as natural ecosystems. Special events in Pioneer Park and Engstrom Open Space may cause long-term or cumulative damage to the ecosystem when heavy trail use or off-trail use occurs, either as part of the event or incidental to the event. The goal of this policy is to prevent damage to the ecological resources contained within these properties.

At the same time, the Trust seeks to encourage the use of its properties by the citizens of Mercer Island. The City of Mercer Island Parks and Recreation Department acts on behalf of the Trust. The purpose of this policy is to provide policy direction to the Parks and Recreation Department when special events in Trust properties are being proposed. This policy provides Parks and Recreation staff guidance to allow the public reasonable access to the Trust properties for special events while regulating special event activities to prevent damage. This policy is supplemental to the Parks and Recreation Special Events Policy for events that occur in Pioneer Park and Engstrom Open Space only. Please note that the off-trail use of Pioneer Park is prohibited except for approved educational, scientific or forest health activities.

The following are criteria that are used to determine what conditions or restrictions may be placed on special events in Pioneer Park and Engstrom Open Space.

1. If any of the following are expected, then the event requires a Special Event application, review, and permit:
 - a. The group size is more than 50 people
 - b. The event is timed or competitive
 - c. The event involves trail use other than walking
 - d. The group will occupy a fixed portion of the park for more than 10 minutes
 - e. The group will block any trail or inhibit the safe passage of park users

- f. Off trail use (limited to educational and scientific work)
2. Special Event applications that are located in Pioneer Park and/or Engstrom Open Space may be subject to the following reviews:
 - a. Review by the Parks Operations Manager, Natural Resources Project Manager, or designee.
 - b. Supplemental information, including maps and details showing environmental protection measures the applicant is proposing. Examples of such submittals can be provided by Parks and Recreation staff.
 - c. A presentation to the Open Space Conservancy Trust at one of its regular bimonthly meetings.
 3. The City of Mercer Island Parks and Recreation Department reserves the right to deny a special event application if it determines that an event will negatively impact Pioneer Park and/or Engstrom Open Space. This includes poor performance or unpaid damage claims on previous special events. The applicant may request that the Open Space Conservancy Trust review the determination of Parks and Recreation staff.
 4. Special events may be subject to the following conditions:
 - a. Temporary environmental protection features, such as fencing, plywood, ground covering, erosion control fabric, etc.
 - b. Site monitors at areas expected to be impacted to prevent off-trail use. The applicant may propose to provide site monitors, but Parks and Recreation reserve the right to require its own staff or paid independent staff to provide monitoring. Parks and Recreation staff cost \$55-75/hour with a 3-hour minimum.
 - c. Damage deposit proportional to the size of the group and the duration of activity, as follows:

Event Length	Number of participants			
	50-99	100-149	150-199	200-249
1 hour	\$500	\$1,000	\$1,500	\$2,000
2 hours	\$600	\$1,200	\$1,800	\$2,400
3 hours	\$700	\$1,400	\$2,100	\$2,800
4 hours	\$800	\$1,600	\$2,400	\$3,200

Any numbers or times in excess of what is listed will be calculated proportionally. the fee schedule may be adjusted to keep pace with inflation and cost increases.

- d. Any damage that occurs that is not covered by the damage deposit will be charged to the event organizer.
- e. Restoration plan – a schematic repair plan for anticipated impacts, including trail damage, vegetation damage, soil erosion and soil compaction.

5. Areas of concern:
- a. **The ravine in the northeast quadrant.** This terrain is steep and erodible. The trails are single track for the most part. Passing is difficult without going off-trail. Going off trail is likely to cause erosion and plant damage. Large and competitive events are expected to have high impact. Monitoring is typically required for events in this area.
 - b. **The southeast quadrant.** These trails are shared by horseback riders. Passing equestrians is difficult without going off trail. Coordination with the Saddle Club is required.
 - c. **Secondary trails, all quadrants.** Secondary trails are single track trails for the most part. Passing is difficult without going off-trail. Some trails are poorly drained, and users tend to walk on the edges, which causes widening. Best used in the dry season for large group events. Monitoring may be required.
 - d. **Picnic area across from shopping center.** This is a popular entry point to the park and can get consistent traffic from park users throughout the course of an event. Timed or competitive events may need monitoring and/or signage to alert park users to the event. Blocking access to this area is not permitted.

8. DEVELOPMENT AND CONSTRUCTION PERMIT FEES

(Resolution No. 1685, Effective January 1, 2026)

Consistent with the authority set forth in titles 17 and 19 of the Mercer Island City Code for the establishment and collection of development and construction fees, the following Development and Construction Permit Fee Schedule, including the Building Permit Calculation Table, (and otherwise established by Resolution No. 1686), are here by amended for 2026.

2026 Hourly Staff Rate for All Review Disciplines: \$182.00

Fee Name	Minimum Hours	Additional Fees	2026
A. MEETINGS			
Planner Meeting/Meeting with Staff (1/2 Hour)	N/A	N/A	\$182
Pre-application Meeting Type 1 (Up to 2 reviewers)	6	Hourly Staff Rate If Min. Exceeded	\$1,092
Pre-application Meeting Type 2 (More than 2 reviewers)	12		\$2,184
B. LAND USE AND PLANNING FEES			
Land Use and Planning Fees listed below are the minimum application fee, based on a minimum number of staff hours required by application type. If staff time exceeds the minimum hours, additional fees will be requested at the hourly rate in place at the time of accrual. The minimum application fee is non-refundable.			
Appeals (Fee Refunded If Appeal Is Granted)			
Appeal - includes Building, Land Use, Right of Way, Code Compliance, Code Interpretation	10	Hourly Staff Rate If Min. Exceeded, Plus Actual Costs of File Preparation & Transcripts	\$1,820
Critical Areas			
Critical Area Review Type 1	8	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$1,456
Critical Area Review Type 2	20		\$3,640
Design Review			
Design Review - Signs - Code Official	5	Hourly Staff Rate If Min. Exceeded	\$910
Design Review - Code Official	25		\$4,550
Design Commission Study Session	40		\$7,280
Design Commission Review - Exterior Alteration	95		\$17,290
Design Commission Review - Major New Construction	155		\$28,210

Fee Name	Minimum Hours	Additional Fees	2026
Deviations			
Deviation to Antenna Standards - Code Official	10	Hourly Staff Rate If Min. Exceeded	\$1,820
Deviation to Antenna Standards - Design Commission	25		\$4,550
Public Agency Exception - 115-hour minimum	115	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$20,930
Reasonable Use Exception - 115-hour minimum	115		\$20,930
Variance	65	Hourly Staff Rate If Min. Exceeded	\$11,830
Wet Season Construction Approval	N/A	N/A	\$1,638
Environmental Review (SEPA)			
SEPA Review	8	Hourly Staff Rate If Min. Exceeded	\$1,456
Environmental Impact Statement	120		\$21,840
Comprehensive Plan and Development Code Docket Requests			
Docket Application	15	Hourly Staff Rate If Min. Exceeded	\$2,730
Legislative Review (If Docketed)			
Comprehensive Plan Amendment	150	Hourly Staff Rate If Min. Exceeded	\$27,300
Code Amendment	150	Hourly Staff Rate If Min. Exceeded	\$27,300
Rezone	105	Hourly Staff Rate If Min. Exceeded	\$19,110
Other Land Use			
Accessory Dwelling Unit (ADU)	4	Hourly Staff Rate If Min. Exceeded	\$728
Code Interpretation Request	20		\$3,640
Conditional Use Permit (CUP)	105		\$19,110
Hearing Examiner Services	N/A	Plus Actual Additional Cost	\$3,640
Noise Exception Type I - IV	10	Hourly Staff Rate If Min. Exceeded	\$1,820
Other Permit / Services Not Listed	1		\$182
Public Notice Sign Fee (per sign)	N/A	N/A	\$66
Transportation Concurrency	1	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$182

FEE NAME	Minimum Hours	Additional Fees	2026
Shoreline Management			
Shoreline Exemption	6	Hourly Staff Rate If Min. Exceeded, Plus Actual Cost of Peer Review	\$1,092
Shoreline Substantial Development Permit	60		\$10,920
Shoreline Variance	80		\$14,560
Shoreline Conditional Use Permit	80		\$14,560
Shoreline Permit Revision	6		\$1,092
Subdivision			
Long Plat- Preliminary	200	Hourly Staff Rate If Min. Exceeded	\$36,400
Long Plat - Final	80		\$14,560
Long Plat - Alteration	200		\$36,400
Subdivision (continued)			
Lot Line Revision	8	Hourly Staff Rate If Min. Exceeded	\$1,456
Short Plat - Preliminary	100		\$18,200
Short Plat - Alteration	10		\$1,820
Short Plat - Final Plat	40		\$7,280
Wireless Communication Facilities			
New Wireless Communication Facility	50	Hourly Staff Rate If Min. Exceeded	\$9,100
New Wireless Communication Facility - 6409 Exempt	8		\$1,456
New Small Cell Deployment	2		\$364
Height Variance	65		\$11,830
Fire Review Fees Associated with Land Use Applications			
Fire Review of Land Use Applications	1.25	Hourly Staff Rate If Min. Exceeded	\$228
C. AFFORDABLE HOUSING			
Annual Fee for Monitoring Affordable Housing Units (per unit)			\$56

D. IMPACT FEES		
Type	Basis of Fee	Fee
School Impact Fees		
Single Family and middle housing (1-2 dwellings), per dwelling unit	School impact fees reduced to zero by MISD 8/2020	\$0
Multi Family and middle housing (3 or more dwellings), per dwelling unit		\$0
Accessory Dwelling Unit, per dwelling unit		\$0
Transportation Impact Fees		
Single Family and middle housing (1-2 dwellings), per dwelling unit	2022 Transportation Impact Fee Rate Study (Fehr and Peers)	\$4,318.02
Multi Family and middle housing (3 or more dwellings), per dwelling unit		\$1,929.74
Accessory dwelling unit, per dwelling unit		\$1,929.74
Senior Housing, per dwelling unit		\$1,286.15
Care Facility, per dwelling		\$964.87
Lodging, per guest room		\$2,710.59
Commercial Services, per square foot of gross floor area		\$8.09
Auto Service Center, per square foot of gross floor area		\$9.47
Bank, per square foot of gross floor area		\$62.73
School, per student		\$643.60
Daycare, per square foot of gross floor area		\$5.11
Institutional, per square foot of gross floor area		\$3.12
Light Industry/Industrial Park per square foot of gross floor area		\$2.30
Warehousing/Storage, per square foot of gross floor area		\$0.84
Restaurant, per square foot of gross floor area*		\$20.06
Quick Restaurant/Coffee Shop, per square foot of gross floor area*		\$72.00
General Retail, per square foot of gross floor area*		\$24.90
Supermarket, per square foot of gross floor area*		\$31.24
Gas Station, per pump		\$37,229.75
Administrative Office, per square foot of gross floor area		\$6.61
Medical/ Dental Office, per square foot of gross floor area		\$18.05
Recreation, per square foot of gross floor area	\$0.21	
*These retail and restaurant uses are exempt from paying impact fees; City pays Transportation Impact Fee Fund.		
Park Impact Fees		
Single Family and middle housing (1-2 dwellings), per dwelling unit	2022 Parks Impact Fee Rate Study (BERK)	\$6,314.30
Multi Family and middle housing (3 or more dwellings), per dwelling unit		\$3,932.27
Accessory Dwelling Unit, per dwelling unit		\$3,157.14

E. BUILDING PERMIT FEES**Construction Permit Fee Calculation Table**

- The Building Permit Fee is based on the Project Valuation as set forth in the table below. Final fee calculations rounded to the nearest cent.
- The Plan Check Fee is equal to 70% of the Building Permit Fee. This fee is in addition to the Building Permit fee. Additional fee will be charged at the hourly rate if more than 3 rounds of plan review are required.
- The "Combination Permit" Fee for Mechanical, Electrical and Plumbing Inspection is equal to 31% of the Building Permit Fee. This fee is in addition to the Building Permit fee. If separate permits - 10% Mechanical, 11% Electrical, 10% Plumbing
- Consistent with the authority set forth in titles 17 and 19 of the Mercer Island City Code for the establishment and collection of development and construction fees, Appendix A to this Fee Schedule amends the Building Valuation Data Table otherwise established by Resolution No. 1615.

Project Valuation	Building Permit Fee Calculation	Building Permit Fee Range
\$1 - \$500.99	\$40.06	\$40.06
\$501 - \$2000.99	\$41.73 for the first \$500.99 plus \$4.90 for each additional \$100	\$41.73 – \$115.23
\$2,001 - \$25,000.99	\$118.83 for the first \$2,000 plus \$23.24 for each additional \$1,000	\$118.83 - \$653.37
\$25,001 - \$50,000.99	\$671.95 for the first \$25,000 plus \$16.87 for each additional \$1,000	\$671.95 – \$1093.72
\$50,001 - \$100,000.99	\$1091.17 for the first \$50,000 plus \$11.67 for each additional \$1,000	\$1091.17 - \$1674.68
\$100,001 - \$500,000.99	\$1704.76 for the first \$100,000 plus \$9.36 for each additional \$1,000	\$1704.76– \$5448.77
\$500,001 - \$1,000,000.99	\$5547.09 for the first \$500,000 plus \$7.81 for each additional \$1,000	\$5547.09- \$9452.10
\$1,000,001 - \$999,999,999.99	\$9621.68 for the first \$1,000,000 plus \$6.10 for each additional \$1,000	\$9621.68 - \$6,103,521.68

This chart is used only to calculate the Building Permit, Plan Check, and Combination Permit portions of the overall fees required to issue a permit. Additional plan review and permit fees may apply.

Additional Review Fees	Minimum Hours	Additional Fees	2026
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F. ADDITIONAL BUILDING PERMIT FEES**Arborist**

Arborist review of Construction Permit	N/A	N/A	\$427
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Building

Building Plan Revisions	2	Hourly Staff Rate If Min. Exceeded	\$360
Plan Review (not otherwise specified, hourly)	1		\$182
Inspections (not otherwise specified, hourly)	1		\$182
Inspections Outside Normal Business Hours	2		\$540
Re-Inspection (Assessed Under Provisions of Section 305.8)	1		\$182
Partial Inspections	N/A	N/A	\$91

Additional Review Fees	Minimum Hours	Additional Fees	
Energy Compliance			
State Energy Compliance - Residential New	N/A	N/A	\$518
State Energy Compliance - Residential Alteration			\$261
State Energy Compliance - Non-Residential New			\$1,923
State Energy Compliance - Non-Residential Alteration			\$261
Engineering			
Engineering Review of Construction permit (hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
Fire Protection Review - Building Permits			
Residential Remodels & Substantial Alt Review	N/A	N/A	\$182
New Single Family Review < 10,000 SF			\$182
New Single Family Review > 10,000 SF			\$874
Non Single Family Review < 3,000 SF			\$182
Non Single Family Review < 5,000 SF			\$349
Non Single Family Review 5,000 - 50,000 SF			\$3,496
Non Single Family Review 50,000 SF +			\$6,990
Non Single Family Tenant Improvement			\$182
Additional Fire Protection Plan Review (hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
Fire Code Alternate	N/A	N/A	\$697
WUI Fire Review and Inspection (hourly)	0.5	Hourly Staff Rate If Min. Exceeded	\$90
Geotechnical			
Single Family	N/A	Plus Actual Cost of Peer Review	\$691
Multi-Family / Commercial	N/A	Plus Actual Cost of Peer Review	\$1,379
Intake Screening			
Intake Screening	N/A	N/A	\$903
Impact Fee Administration			
Impact Fee Deferral Review (School, Park, Transportation)	N/A	N/A	\$87
Re-roofing Single Family Residential			
Re-Roofing of Single Family Residences (except with same roofing system or masonry tile**)	N/A	N/A	\$214

Additional Review Fees	Minimum Hours	Additional Fees	2026
Special Foundations / Shoring			
Single Family	N/A	N/A	\$1,034
Multi-family/Commercial			\$1,552
Stop Work Fee			
Stop Work Fee	Double the applicable permit fee		Varies
Temporary Certificate of Occupancy			
Single Family	N/A	N/A	\$691
Multi-family/Commercial			\$6,202
Additional Review / Inspections (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
Wildland Urban Interface			
WUI CPD Review and Inspection (hourly)	1.5	Hourly Staff Rate If Min. Exceeded	\$270
G. DEMOLITION PERMITS			
Demolition			
Demolition - Single Family	N/A	N/A	\$430
Demolition - Non Single Family			\$751
Demolition - Soft/ Partial			\$214
Plan Review and Inspections (not otherwise specified)	1	Hourly Staff Rate If Min. Exceeded	\$182
H. ENGINEERING			
Engineering Review and Inspection			
Engineering Review	1	Hourly Staff Rate If Min. Exceeded	\$182
Storm Drainage Review and Inspection (hourly rate)	2		\$364
Plat Improvement/Site Development Permit Review and Inspection (hourly rate)	10		\$1,820
Street Vacation Review (hourly rate)	10	Hourly Staff Rate If Min. Exceeded	\$1,820
Easement Extinguishment Review (hourly rate)	5	Hourly Staff Rate If Min. Exceeded	\$910

Additional Review Fees	Minimum Hours	Additional Fees	2026
Side Sewer			
Side Sewer Revision/Modification/Repair	N/A	N/A	\$342
Side Sewer Disconnect			\$342
Side Sewer Connection			\$342
Side Sewer Stub Out to Property Line Only			\$342
Additional Review / Inspections (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
Water Service			
Water Service Order (Permit Processing Fee Only). Water Connection charges and Water Service Installation charges are not included.	N/A	N/A	\$1,572
Water Meter Setter / Service Line Only			\$1,572
Water Service Abandonment			\$525
Additional Review / Inspections (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
I. FIRE PERMITS			
Mobile Food Truck and Outdoor Cooking			
Annual Permit Fee w/ Regional Inspection	N/A	N/A	\$55
Annual Permit w/o Current Regional Inspection (Inspection to be Completed)			\$144
Operational Permits			
Operational Permits (hourly rate)	1	Hourly Staff Rate If Min. Exceeded	\$182
Fire Protection Permits			
Access Gate (combo permit - includes low voltage electrical inspection fee)	N/A	N/A	\$399
Commercial Solar Photovoltaic Power Systems 105.7.13			\$581
Emergency Responder Radio Coverage 105.7.5			\$763
Fire Alarm Commercial: NFPA 72 Low Voltage System (combo permit - includes one hour of electrical inspection)			\$1,946
Fire Alarm Communicator - AES Radio Transmitter (combo permit - includes low voltage electrical inspection fee)	N/A	N/A	\$399
Fire Alarm Residential: NFPA 72 Low Voltage System (combo permit -includes low voltage electrical inspection fee)			\$581
Fire Alarm Tenant Improvement Residential or Commercial, less than 5 devices: Low Voltage Fire Alarm System (combo permit - includes low voltage electrical inspection fee)			\$490

Additional Review Fees	Minimum Hours	Additional Fees	2026
Fire Protection Permits (continued)			
Fire Alarm Tenant Improvement: Low Voltage Fire Alarm System (combo permit - includes low voltage electrical inspection fee)	N/A	N/A	\$1036
Fire Code Alternate			\$697
Fire Hydrant			\$819
Fire Pump (combo permit - includes low voltage electrical inspection fee)			\$1,127
Fire Sprinkler Commercial: NFPA 13 - Per Riser			\$2,034
Fire Sprinkler System 13D Tank and Pump			\$1,127
Fire Sprinkler Residential (includes backflow inspection fee)			\$1,033
Fire Sprinkler TI OTC- Under 25 Heads			\$455
Fire Sprinkler TI - Commercial and Residential Over 25 heads			\$819
Fuel Cell Power Systems 105.7.10			Hourly Rate
Fuel Tanks - UST Residential Fuel Oil Removal			\$21
Hazardous Materials 105.7.9			\$455
Industrial Ovens 105.7.10			\$490
Kitchen Hood - Extinguishing System (combo permit - includes low voltage electrical inspection fee)			\$672
LP Gas Construction Permit			\$455
Smoke Control Systems 105.7.14			\$819
Special Fire Extinguishing System (combo permit - includes low voltage electrical inspection fee)			\$1,036
Standpipe Commercial			\$1,911
Underground Fire Main - NFPA 24 Sprinkler Supply Line			\$1,729
Wood/Pellet Stove			Hourly Rate
Fire Protection Plan Review and Inspection	1	Hourly Staff Rate If Min. Exceeded	\$182
J. GRADING PERMITS			
Grading and Land Clearing Permits			
Land Clearing	N/A	N/A	\$214
Grading: 50-100 cubic yards			\$285
Grading: 101-1,000 cubic yards			\$405
Grading: 1,001-5,000 cubic yards			\$530
Grading: 5,001-10,000 cubic yards			\$700
Grading: 10,000+ cubic yards			\$863
Additional Review / Inspections	1	Hourly Staff Rate If Min. Exceeded	\$182

Additional Review Fees	Minimum Hours	Additional Fees	2026
K. RIGHT OF WAY USE PERMITS			
Right of Way Use Permits			
Right of Way Encroachment Agreement (requires separate ROW Use Permit and Inspection)	N/A	N/A	\$769
Miscellaneous ROW Use			\$257
Type A - Underground Improvements in Unpaved Area			\$342
Type B - Surface Improvements			\$513
Type C - Underground Improvements in Paved Area			\$769
Plan Review and Inspections (not otherwise specified, hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
L. TREE PERMITS			
Single Family Tree Removal: 1 - 3 trees	N/A	Plus Actual Cost of Peer Review and Geotechnical Review, if Required	\$214
Single Family Tree Removal: 4 - 10 trees			\$536
Single Family Tree Removal: More than 10 trees			\$1,497
Non Single Family Tree Removal			\$1,497
Non-Development Tree Removal outside a Critical Area			\$175
Non-Development Tree Removal within a Critical Area 1 - 3 Trees			\$525
Non-Development Tree Removal within a Critical Area 4 - 10 Trees			\$700
Non-Development Tree Removal within a Critical Area More than 10 Trees			\$700
Right of Way Tree Pruning			\$262
Tree Protection Only			\$214
Fee in Lieu of Planting Replacement Trees (per tree)			\$1,106
Additional Review / Inspections	1	Hourly Staff Rate If Min. Exceeded	\$182
M. ELECTRICAL, MECHANICAL, AND PLUMBING PERMITS			
Combination permits are issued for electrical, mechanical, or plumbing work associated with a building permit unless the work is deemed minor in nature. (See "Combination Permit Fee" on the Construction Permit Fee Calculation Table). Unit fees listed below apply when there is no associated building permit. The following minimum fees will apply, unless the issuance, plan review and unit fees exceed the minimum fee. When the minimum fee is exceeded, the permit will be charged based on the sum of the applicable issuance, plan review and unit fees.			
Minimum Permit Fees			
Minimum Permit Fee	N/A	N/A	\$214

Additional Review Fees	Minimum Hours	Additional Fees	2026
Minimum Permit Fee Exceptions			
Temporary Power Service	N/A	N/A	\$120
Water Heater Exchange (no new gas piping)			\$120
Water Supply Piping			\$120
Repair of existing plumbing, water service, gas piping			\$120
Forced Air Exchange - same type			\$120
Decommission Backflow Device			\$120
Inspection Fees			
Inspections (not otherwise specified, hourly)	1	Hourly Staff Rate If Min. Exceeded	\$182
Inspections Outside Normal Business Hours	2		\$525
Re-Inspection (Assessed Under Provisions of Section 305.8)	1		\$182
Partial Inspections	N/A	N/A	\$91
Electrical Permit Fees			
Minimum Permit Fee	N/A	N/A	\$214
Permit Issuance Fee			\$46
Supplemental Permit Issuance Fee			\$33
Electrical Plan Review (hourly)			\$182
Electrical Unit Fees - As Listed Below			
Busways			
For trolley and plug-in type busways	N/A	N/A	\$14
Carnivals and Circuses			
For electrical generators and electrically driven motors	N/A	N/A	\$45
For mechanical driven rides and walk-through attractions			\$14
For a system of area and booth lighting			\$14
Lighting Fixtures			
First 20 fixtures, each	N/A	N/A	\$2
Additional fixtures, each			\$1
For pole or platform-mounted lighting fixtures			\$2
For theatrical-type lighting fixtures			\$2
Miscellaneous Apparatus, Conduits and Conductors			
For electrical apparatus, conduits, and conductors for which a permit is required but for which no fee is herein set forth	N/A	N/A	\$35
Non-Residential Appliances			
For non-residential appliances and self-contained factory-wired non-residential appliances	N/A	N/A	\$9

Additional Review Fees	Minimum Hours	Additional Fees	2026
Power Apparatus			
Up to and including 1	N/A	N/A	\$9
Over 1 and not over 10, each			\$24
Over 10 and not over 50, each			\$46
Over 50 and not over 100, each			\$95
Over 100....			\$143
Private Swimming Pools			
New private, in-ground swimming pools	N/A	N/A	\$95
Receptacle, Switch and Light Outlets			
First 20 fixtures, each	N/A	N/A	\$2
Additional fixtures, each			\$1
Residential Appliances			
For fixed residential appliances	N/A	N/A	\$9
Services			
For services of 600 volts and not over 200 amperes	N/A	N/A	\$59
For services of 600 volts and over 200 amperes to 1,000 amperes			\$120
For services over 600 volts or over 1,000 amperes in rating			\$239
Upgrade Panel 50 400 amp or less (per panel)			\$215
Low Voltage Electric (per type) includes 2 inspections, hourly inspection rate applies thereafter			\$35
Signs, Outline Lighting and Marquees			
Supplied from one branch circuit	N/A	N/A	\$46
For additional branch circuits, each			\$9
Temporary Power Service			
Temporary Power Service	N/A	N/A	\$44
Mechanical Permit Fees			
Minimum Permit Fee	N/A	N/A	\$214
Permit Issuance Fee			\$46
Supplemental Permit Issuance Fee			\$33
Mechanical Plan Review	1	Hourly Staff Rate If Min. Exceeded	\$182
Mechanical Unit Fees - As Listed Below			
Air Handlers			
For each air-handling unit to and including 10,000 cubic feet per minute (cfm), including ducts attached thereto	N/A	N/A	\$20
For each air-handling unit over 10,000 cfm			\$35

Additional Review Fees	Minimum Hours	Additional Fees	2026
Appliance Vents			
For installation, relocation or replacement of each appliance vent installed and not included in appliance permit	N/A	N/A	\$13
Boilers, Compressors and Absorption Systems			
For the installation or relocation of each boiler or compressor to and including 3 horsepower, or each absorption system to and including 100,000 Btu/h	N/A	N/A	\$29
For the installation or relocation of each boiler or compressor over 3 horsepower to and including 15 horsepower, or each absorption system over 100,000 Btu/h to and including 500,000 Btu/h			\$52
For the installation or relocation of each boiler or compressor over 15 horsepower to and including 30 horsepower, or each absorption system to over 500,000 Btu/h to and including 1,000,000 Btu/h			\$73
For the installation or relocation of each boiler or compressor over 30 horsepower to and including 50 horsepower, or each absorption system to over 1,000,000 Btu/h to and including 1,750,000 Btu/h			\$106
For the installation or relocation of each boiler or compressor over 15 horsepower to and including 50 horsepower, or each absorption system to over 1,750,000.			\$178
Evaporation Coolers			
For each evaporative cooler other than portable type	N/A	N/A	\$20
Furnaces			
For installation or relocation of each forced-air or gravity type furnace or burner, including ducts and vents attached to such appliance up to and including 100,000 Btu/h	N/A	N/A	\$29
For installation or relocation of each forced-air or gravity type furnace or burner, including ducts and vents attached to such appliance over 100,000 Btu/h			\$35
For installation or location of each floor furnace, including vent			\$29
For installation or relocation of each suspended heater, recessed wall heater or floor-mounted unit heater			\$29

Additional Review Fees	Minimum Hours	Additional Fees	2026
Miscellaneous			
For each appliance or piece of equipment regulated by the International Mechanical Code but not classed in other appliance categories, or for which no other fee is listed in the table	N/A	N/A	\$20
Exchange of Existing HVAC System for Single Family Residences (includes thermostat)			\$120
Repairs or Additions			
For the repair of, alteration of, or addition to each heating appliance, refrigeration unit, cooling unit, absorption unit, or each heating, cooling, absorption, or evaporative cooling system.	N/A	N/A	\$24
Ventilation and Exhaust			
For each ventilation fan connected to a single duct	N/A	N/A	\$46
For each ventilation system which is not a portion of any heating or air-conditioning system authorized by a permit			\$46
For the installation of each hood which is served by mechanical exhaust, including the ducts for such hood			\$46
Plumbing Permits			
Minimum Permit Fee	N/A	N/A	\$214
For issuing each permit			\$46
For issuing each supplemental permit			\$33
Plumbing Plan Review (hourly)			\$182
Plumbing Unit Fees - as Listed Below			
Fixtures & Vents			
Each plumbing fixture or trap or set of fixtures	N/A	N/A	\$19
For repair or alteration of drainage or vent piping, each fixture			\$9
Gas Piping			
For each gas piping system	N/A	N/A	\$12
For each additional outlet over five			\$2
Lawn Sprinklers, Vacuum Breakers & Backflow			
Backflow Prevention Inspection (Fire and Irrigation)	N/A	N/A	\$214
For each lawn sprinkler system			\$29
For atmospheric-type vacuum breakers or backflow protection devices 1 - 5			\$24
Over 5 devices			\$4
For each backflow protection device other than atmospheric type vacuum breakers, 2 inches and smaller			\$24
Over 2 inches			\$45

Additional Review Fees	Minimum Hours	Additional Fees	2026
Miscellaneous			
For each appliance or piece of equipment not regulated by the Uniform Plumbing Code not listed in this table	N/A	N/A	\$19
Sewers, Disposal Systems, Interceptors			
For each building sewer	N/A	N/A	\$44
For each cesspool			\$73
For each private sewage disposal system			\$143
For each industrial waste pretreatment interceptor			\$39
Rainwater systems - per drain			\$19
Swimming Pools			
Public pool, each	N/A	N/A	\$176
Public spa, each			\$117
Private pool, each			\$117
Private spa, each			\$58
Water Piping and Water Heaters			
For installation, alteration or repair of water piping or water treating equipment	N/A	N/A	\$9
For each water heater			\$24

9. TAXES

A. BUSINESS & OCCUPATION (B&O) TAX

([MICC Chapter 4.10](#))

Returns are due annually each April 15 following the tax year. Per RCW 35.21.710 the rate is not to exceed two-tenths of one percent (.2%) on the gross income of persons doing business within the city. **The current City rate is one-tenth of one percent (.1%); on gross revenue generated on Mercer Island exceeding \$150,000.00 (the gross revenue threshold is \$37,500.00 for quarterly filers); a minimum payment of \$20.00 is required if the net taxable revenue is greater than zero.**

B. UTILITY TAXES

([MICC Chapter 4.12](#))

Utility taxes are levied on the gross operating revenues earned by private utilities from operations within the City of Mercer Island boundaries or on the City's own utilities (water, sewer, and stormwater). Private utilities that the City taxes include electric, natural gas, solid waste, telephone, and cable television.

State law limits the rate of utility tax on telephone, cellular telephone, pager services, and natural gas to 6% unless voters approve a higher rate. Cable TV must not be taxed at a rate substantially different than other utilities. There are no restrictions on the tax rate for water, sewer, stormwater, or solid waste. Utility taxes are levied on the gross operating revenues of the utility provider.

Utility Tax Rate on Gross Revenue (Effective January 1, 2020)	
Cable	7%
Telephone	6%
Cellular Phone	6%
Natural Gas	6%
Electric	6%
Solid Waste	7%
Stormwater	5.3%
Water	5.3%
Sewer	5.3%

10. UTILITY RATES

A. WATER USAGE AND FIRE SERVICE

(Resolution No. 1685, Effective January 1, 2026)

1. CLASSIFICATIONS OF WATER USERS EFFECTIVE JANUARY 1, 2026

The following classifications of users are hereby adopted by the City for the City water system effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter. Provided, that where prior to December 1, 1980, more than one single family dwelling was served through a single common water meter, such service shall be allowed to continue under the "Single Family" classification until such time as the property or properties are subdivided into separate parcels, or when a higher demand for water service, as determined by the City, is required by a change in use or zoning.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.
- f. Irrigation. "Irrigation" shall mean all meters used for the purpose of watering shrubbery, lawns, flower beds, gardens, ornamentals and the like.

2. WATER SERVICE RATES AND CHARGES

The bi-monthly rates for metered water supplied by the City of Mercer Island for each one hundred (100) cubic feet of water consumed are set forth below:

Residential Bimonthly Water Rates					
	Fixed Charge	Volume Charge			
Class	Per Meter Equivalent*	Block 1	Block 2	Block 3	Block 4
		(0–10 ccf)	(11–20 ccf)	(21–30 ccf)	(31+ ccf)
Single Family Residential	\$55.55	\$6.60	\$11.17	\$13.40	\$18.03
Low-Income Residential	\$55.55	\$1.65	\$2.79	\$3.35	\$4.51
Conservation Surcharge**				\$0.10	\$0.30
	Fixed Charge	Volume Charge			
Class	Per Meter Equivalent*	All Use (0–99+ ccf)			
Multi-Family Residential	\$55.55	\$9.78			

* Meter Equivalents are summarized in a following table. The total meter equivalent charge is based on the meter size and is calculated by multiplying the meter equivalents by the per meter equivalent rate.

** A surcharge of \$0.10 per ccf for single family residential bimonthly usage between and including 21 and 30 ccf, and \$0.30 per ccf for bimonthly usage in excess of 30 ccf, shall be included in the rates as an incentive to conserve and may be used to fund conservation education. This surcharge shall apply on consumption of water from June 1 through September 30.

Non-Residential Bimonthly Water Rates			
	Fixed Charge	Volume Charge	
Class	Per Meter Equivalent*	Winter** (All Usage)	Summer** (All Usage)
Commercial/Public	\$55.55	\$6.08	\$15.10
Irrigation	\$55.55	\$9.08	\$19.09

* Meter Equivalents are summarized in a following table. The total meter equivalent charge is based on the meter size and is calculated by multiplying the meter equivalents by the per meter equivalent rate.

** Seasons: Summer is June 1 through September 30; October 1 through May 31 is winter.

Table of Meter Equivalents and Fixed Charges		
Meter Size	Meter Equivalent	Fixed Charge
3/4 inch or Smaller	1.0	\$55.55
1 inch	2.5	\$138.88
1 - 1/2 inch	5.0	\$277.75
2 inch	8.0	\$444.40
3 inch	16.0	\$888.80
4 inch	25.0	\$1,388.75
6 inch	50.0	\$2,777.50

3. FIRE SERVICE RATES

There is hereby established a schedule of rates for fire service which are the minimum monthly service charges for fire protection purposes exclusively for any two months, or fractional part thereof, as follows:

Service Connection	Rate
2 inch	\$52.15
3 inch	\$52.15
4 inch	\$65.85
5 inch	\$65.85
8 inch	\$93.36

4. RATES FOR UNAUTHORIZED USE

Water taken through unauthorized connections to the City water system shall be charged at double the rates set forth above based on the applicable "Classification of User" from the date of the commencement of such unauthorized use.

5. SPECIAL SERVICE CHARGES

There is hereby established a schedule of service charges to recover operating costs incurred in establishing new accounts, changes in occupancy, special service requests by customers, delinquent account collections and processing of NSF checks as follows:

Service Charge	Fee
New water set-up fee (meter reading)	\$40.00
Water shut-off, requested by user, during normal working hours	\$30.00
Water shut-off, requested by user, after hours	\$170.00
Non-payment door hanger notification (each occurrence)	\$25.00
Non-payment water turn on/turn off, normal working hours	\$80.00
Non-payment water turn on/turn off, after hours	\$195.00
Locked water meter due to theft	\$250.00
Non-sufficient funds (check handling fee)	\$40.00

6. METER INSTALLATION CHARGES

There is hereby established a schedule of meter installation charges for connection of new meters to the City water system, and for changes to water service where the previous type of use has been changed or increased as follows: for meters of all sizes, the charge will be based on the actual cost of installation. A deposit is required, based on the estimated cost, and is collected at the time of permitting the work.

7. CONNECTION CHARGES

There is hereby established a schedule of connection charges for the installation of water service to property not previously served or for the installation of water service for an additional type of use and/or increase in meter size as follows:

Meter Size	Meter Equivalent	Connection Charge
3/4 inch or smaller	1.0	\$3,310
1 inch	2.5	\$8,275
1 – 1/2 inch	5.0	\$16,550
2 inch	8.0	\$26,480
3 inch	16.0	\$52,960
4 inch	25.0	\$82,750
6 inch	50.0	\$165,500

Connection charges are studied periodically and adjusted for inflation in years between studies. The inflation factor applied is CPI-W First Half for Seattle-Tacoma-Bellevue.

For meter upsizes, the difference in the connection charge between the new meter size and the old meter size will be charged.

The provisions of this section shall not be construed to apply to additional water service for fire protection purposes.

B. SEWER SERVICES

(Resolution No. 1685, Effective January 1, 2026)

1. CLASSIFICATIONS OF SEWER USERS EFFECTIVE JANUARY 1, 2026

The following classifications of users are hereby adopted by the City for the City sewer system effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single-family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.

2. SEWERAGE DISPOSAL SERVICES RATES

The bi-monthly rates and charges for sewerage disposal services are set forth below:

Single Family Bimonthly Sewer Rates				
Class	King County Fixed Charge	City Sewer Line Maintenance		
	King County Sewage Treatment	Fixed Charges		Volume Charge
		Billing Cost	Base Charge (for first 600 cf of AVERAGE Winter Water Use)	Per 100 cf of AVERAGE Winter Water Use beyond first 600 cf
Single Family Residential	\$125.32	\$12.14	\$62.22	\$10.37
Low-Income Residential	\$125.32	\$12.14	\$15.58	\$2.59

Average winter water usage is based on the most current 4 months of winter water usage data available in the billing system. Calculation of the winter water average is based on usage as shown on the January and March bills or February and April bills depending on the billing/reading cycle. Calculation of sewer charges using the winter average is in effect for the following 12 months, until the next winter's water consumption data is available.

In the case of single family property, where there is no method of accurately calculating the average winter water usage because no water was used during the winter months, or any part thereof, or because the property is not connected to the sanitary sewer system, or for any other reason approved by the Deputy Finance Director or the Finance Director, the sewer volume charge herein will be the Island-wide bi-monthly average winter water use.

Newly constructed single family properties shall be charged a sewer volume charge based on the per unit Island-wide average water usage for single family properties. Newly constructed multi-family and commercial properties shall be charged a sewer volume charge based on their actual water usage.

The King County rate for multi-family and commercial is derived by dividing King County's monthly rate (\$62.66) by King County's residential customer equivalency usage value of 750 cubic feet. The bi-monthly rates and charges for multi-family and commercial sewerage disposal services are set forth below:

Multi-Family and Commercial Bimonthly Sewer Rates			
	King County	City Sewer Line Maintenance	
Class	Sewage Treatment (Per 100 cf of ACTUAL Water Use)	Billing Cost	Volume Charge Per 100 cf of ACTUAL Water Use
Multi-Family Residential	\$8.35	\$12.14	\$10.37
Commercial / Public	\$8.35	\$12.14	\$10.37

3. SEWER CONNECTION CHARGES

Connection charges are studied periodically and adjusted for inflation in years between studies. The inflation factor applied is CPI-W First Half for Seattle-Tacoma-Bellevue.

All connection charges shall be due and payable at the time the connection service is requested and shall be delinquent if unpaid at the time the connection service is actually made. In the event of delinquency, the connection charges shall be double the amount set forth above.

Connection Charges	
All Classifications of Users	\$2,902 per King County residential customer equivalent (RCE)

C. STORM AND SURFACE WATER SERVICES

(Resolution No. 1685, Effective January 1, 2026)

1. CLASSIFICATIONS OF STORM AND SURFACE WATER USERS EFFECTIVE JANUARY 1, 2026

The following classifications of users are hereby adopted by the City for the City storm and surface water system effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single-family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.

2. STORM AND SURFACE WATER SERVICES RATES

The bi-monthly rates (per equivalent service unit) for storm and surface water services are set forth below:

Bi-monthly Storm and Surface Water Rates	
Classification of User	Rate
Single Family Residential	\$53.15
Low Income Residential	\$13.29
Multi-Family Residential*	\$53.15
Commercial/Public*	\$53.15

* For Multi-Family Residential, Commercial or Public property in the City, the number of equivalent service units is determined by dividing the total square feet of impervious surface for each account (which includes roof tops, pavement, and trafficked gravel) by the average square footage of impervious surface for single family residential accounts (3,471 square feet is the average).

D. EMERGENCY MEDICAL AND AMBULANCE SERVICES (EMS)

(Resolution No. 1685, Effective January 1, 2026)

1. CLASSIFICATIONS OF EMERGENCY MEDICAL AND AMBULANCE SERVICES USERS

The following classifications of users are hereby adopted by the City for emergency medical and ambulance services effective January 1, 2026, and thereafter.

- a. Single Family. "Single Family" shall mean a residential structure or dwelling as defined in the City of Mercer Island Zoning Code, capable of being conveyed by separate title, served by a single domestic water meter.
- b. Low Income. "Low Income" shall mean a person who shows satisfactory proof that he or she is living in a single-family residence and has a maximum annual income of not more than seventy percent (70%) of the Washington State median income as applicable for the number of individuals in the household as computed annually by the State or City. Applicants shall provide such data as to verify eligibility, upon forms provided by and in the manner determined by the City of Mercer Island.
- c. Multi-Family. "Multi-Family" shall mean a residential structure or facility designed and/or used to house two or more families living independently of each other, including but not limited to, duplexes, triplexes, apartment buildings and condominiums, but shall not include hotels and motels.
- d. Commercial. "Commercial" shall mean a structure or facility designed and/or used to conduct business and commerce, including but not limited to, motels, hotels, professional, private schools, industrial, churches and all other commercial/business users.
- e. Public. "Public" shall mean structures and facilities used by governmental entities including the state, county, City of Mercer Island, and other municipal corporations of the state and public schools of the Mercer Island School District.
- f. Residential Board & Care and 24-Hour Care. "Residential Board & Care" or "24-Hour Care" users are based on the fire property classification.

2. EMS RATES

The bi-monthly services fees per equivalent service unit (ESU) for emergency medical and ambulance services are set forth below:

Customer Class	ESU	Bi-Monthly
Single Family Residential	1	\$12.26
Multi-Family Residential	Per # of Equivalent Living Units (# of Apartment or Condos)	\$12.26
Commercial	1	\$12.26
Public	1	\$12.26
Residential Board & Care	Per # of Equivalent Living Units (# of available beds)	\$12.26
24-Hour Nursing	Per # of Equivalent Living Units (# of available beds)	\$12.26

11. MISCELLANEOUS FEES

AMBULANCE TRANSPORT (Resolution No. 1666)	\$1,323.00 + \$24.46/mile
CABLE TV FRANCHISE FEE (Ordinance No. 05-07 [Section 7.01])	5% of Gross Revenue
CABLE TV FRANCHISE FEE – PENALTY (Ordinance No. 05-07 [Section 7.01])	12% Interest Rate per Annum
DISHONORED (NSF) CHECK CHARGE (MICC 4.10.120(F))	\$40.00
TRANSPORTATION BENEFIT DISTRICT VEHICLE LICENSE FEE (MICC 3.26.050 & MITBD Ord No. 1)	\$20.00

APPENDIX A

2026 MERCER ISLAND BUILDING VALUATION DATA TABLE

The unit costs below are intended to provide guidance in determining project valuations as set forth in Mercer Island City Code Chapter 17.14.010, Section 109.4 and shall include architectural, structural, electrical, plumbing, and mechanical work, except as specifically listed below. The unit costs also include the contractor's profit, which should not be omitted.

Project valuations provided by the permit applicant will be validated against this table. To use this table to calculate the valuation for residential construction, multiply the cost per square foot for dwellings (Item 8) by the floor area; include private garages (Item 18) and porches (Item 7). If air conditioning or fire sprinkler systems (Equipment) will be installed, include the valuation for these systems.

Occupancy & Type / Building Valuation per Square Foot

1. APARTMENT HOUSES	
Type I or II F.R.*	\$163.17
(Good)	\$200.99
Type V—Masonry (or Type III)	\$133.09
(Good)	\$163.17
Type V—Wood Frame	\$117.33
(Good)	\$150.85
Type I—Basement Garage	\$68.91
2. AUDITORIUMS	
Type I or II F.R.	\$192.82
Type II—1-Hour	\$139.68
Type II—N	\$132.08
Type III—1-Hour	\$146.69
Type III—N	\$139.39
Type V—1-Hour	\$140.25
Type V—N	\$131.08
3. BANKS	
Type I or II F.R.*	\$272.47
Type II—1-Hour	\$200.85
Type II—N	\$194.26
Type III—1-Hour	\$221.62
Type III—N	\$213.60
Type V—1-Hour	\$200.85
Type V—N	\$192.25

4. BOWLING ALLEYS	
Type II—1-Hour	\$93.98
Type II—N	\$87.53
Type III—1-Hour	\$102.14
Type III—N	\$95.41
Type V—1-Hour	\$68.91
5. CHURCHES	
Type I or II F.R.	\$182.51
Type II—1-Hour	\$137.10
Type II—N	\$130.22
Type III—1-Hour	\$149.13
Type III—N	\$142.40
Type V—1-Hour	\$139.39
Type V—N	\$131.08
6. CONVALESCENT HOSPITALS	
Type I or II F.R.*	\$256.14
Type II—1-Hour	\$177.64
Type III—1-Hour	\$182.08
Type V—1-Hour	\$171.76
7. DECKS AND PORCHES	
Decks and Porches	\$44.70

8. DWELLINGS	
Type V—Masonry	
(Good)	\$213.27
(Very Good)	\$272.51
(Very Good - Custom)	\$331.75
(Luxury)	\$450.23
Type V—Wood Frame	
(Good)	\$213.27
(Very Good)	\$272.51
(Very Good - Custom)	\$331.75
(Luxury)	\$450.23
Semi-Finished	
(Average)	\$36.96
(Good)	\$42.69
Basements— Unfinished	
(Average)	\$26.79
(Good)	\$32.66
9. FIRE STATIONS	
Type I or II F.R.	\$210.44
Type II—1-Hour	\$138.39
Type II—N	\$130.65
Type III—1-Hour	\$151.57
Type III—N	\$145.12
Type V—1-Hour	\$142.25
Type V—N	\$134.80
10. HOMES FOR THE ELDERLY	
Type I or II F.R.	\$190.82
Type II—1-Hour	\$154.86
Type II—N	\$148.27
Type III—1-Hour	\$161.31
Type III—N	\$154.72
Type V—1-Hour	\$155.72
Type V—N	\$150.42
11. HOSPITALS	
Type I or II F.R.*	\$300.27
Type III—1-Hour	\$248.41
Type V—1-Hour	\$237.09

12. HOTELS AND MOTELS	
Type I or II F.R.*	\$185.80
Type III—1-Hour	\$160.88
Type III—N	\$153.43
Type V—1-Hour	\$140.10
Type V—N	\$137.38
INDUSTRIAL PLANTS	
Type I or II F.R.	\$104.72
Type II—1-Hour	\$72.92
Type II—N	\$66.90
Type III—1-Hour	\$80.22
Type III—N	\$75.64
Tilt-up	\$55.15
Type V—1-Hour	\$75.64
Type V—N	\$69.19
13. JAILS	
Type I or II F.R.	\$292.67
Type III—1-Hour	\$267.60
Type V—1-Hour	\$200.85
14. LIBRARIES	
Type I or II F.R.	\$214.17
Type II—1-Hour	\$156.72
Type II—N	\$149.13
Type III—1-Hour	\$165.46
Type III—N	\$157.15
Type V—1-Hour	\$155.43
Type V—N	\$149.13
15. MEDICAL OFFICES	
Type I or II F.R.*	\$219.90
Type II—1-Hour	\$169.47
Type II—N	\$161.16
Type III—1-Hour	\$183.94
Type III—N	\$171.19
Type V—1-Hour	\$165.89
Type V—N	\$160.16

16. OFFICES**	
Type I or II F.R.*	\$196.55
Type II—1-Hour	\$131.51
Type II—N	\$125.21
Type III—1-Hour	\$141.82
Type III—N	\$135.81
Type V—1-Hour	\$132.94
Type V—N	\$125.21
17. PRIVATE GARAGES	
Wood Frame	\$44.70
Masonry	\$50.28
Open Carports	\$30.51
18. PUBLIC BUILDINGS	
Type I or II F.R.*	\$227.06
Type II—1-Hour	\$183.94
Type II—N	\$175.92
Type III—1-Hour	\$190.96
Type III—N	\$184.37
Type V—1-Hour	\$174.63
Type V—N	\$168.61
19. PUBLIC GARAGES	
Type I or II F.R.*	\$89.97
Type I or II Open Parking*	\$67.47
Type II—N	\$51.43
Type III—1-Hour	\$67.90
Type III—N	\$60.60
Type V—1-Hour	\$62.03
20. RESTAURANTS	
Type III—1-Hour	\$179.07
Type III—N	\$173.20
Type V—1-Hour	\$164.03
Type V—N	\$157.73
21. SCHOOLS	
Type I or II F.R.	\$204.57
Type II—1-Hour	\$139.68
Type III—1-Hour	\$149.42
Type III—N	\$143.69
Type V—1-Hour	\$139.96
Type V—N	\$133.52

22. SERVICE STATIONS	
Type II—N	\$123.63
Type III—1-Hour	\$128.93
Type V—1-Hour	\$109.88
Canopies	\$51.43
23. STORES	
Type I or II F.R.*	\$151.57
Type II—1-Hour	\$92.69
Type II—N	\$90.82
Type III—1-Hour	\$112.60
Type III—N	\$105.72
Type V—1-Hour	\$94.98
Type V—N	\$87.67
24. THEATERS	
Type I or II F.R.	\$201.99
Type III—1-Hour	\$147.12
Type III—N	\$140.10
Type V—1-Hour	\$138.39
Type V—N	\$131.08
25. WAREHOUSES***	
Type I or II F.R.	\$90.97
Type II or V—1-Hour	\$53.86
Type II or V—N	\$50.43
Type III—1-Hour	\$61.03
Type III—N	\$58.16
26. EQUIPMENT	
AIR CONDITIONING:	
Commercial	\$7.74
Residential	\$6.59
SPRINKLER SYSTEMS	\$4.73

*Add 0.5% to total cost for each story over three.

**Deduct 20 % for shell-only buildings.

***Deduct 11% for mini warehouses

This building valuation information is intended for informational use only and cannot be used as a substitute for the Mercer Island City Code.



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6825
December 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6825: Code Amendments to Chapter 10.22 MICC Impounding (Ordinance No. 25C-32)	<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:	Adopt Ordinance No. 25C-32, amending Title 10 of the Mercer Island City Code, as presented in Exhibit 1.	

DEPARTMENT:	Police
STAFF:	Michelle Bennett, Interim Police Chief Mike Seifert, Police Commander Amelia Tjaden, Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 25C-32
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 conduct a second reading of Ordinance No. 25C-32 (Exhibit 1), amending MICC Chapter 10.22 Impounding.

- On September 19, 2025, the Mercer Island City Council adopted [Ordinance No. 25C-24](#) regarding regulations for electric motorcycles (e-motorcycles) ([AB 6772](#)). Ordinance No. 25C-24 gives the Mercer Island Police Department the authority to impound e-motorcycles.
- [MICC Chapter 10.22](#) establishes the procedural and financial framework for managing and recovering vehicles impounded by the Mercer Island Police Department. It was last amended in 1978 and requires updates to be consistent with state law and recent changes resulting from Ordinance No. 25C-24.
- Ordinance No. 25C-32 (Exhibit 1) amends MICC Chapter 10.22 to make it consistent with state law and establishes an administrative fee for impounds.
- Ordinance No. 25C-32 was presented to the City Council for first reading on November 18, 2025 ([AB 6818](#)). No changes were made to the ordinance between the first and second reading.

BACKGROUND

[Chapter 46.55](#) of the Revised Code of Washington (RCW) authorizes law enforcement, regional transit authority representatives, or public officials, with jurisdiction to impound vehicles under circumstances set out in state law. Under [RCW 46.55.240](#), a city may, by ordinance, authorize other impound situations that may arise locally upon the public right-of-way or other publicly owned or controlled property. Additionally, many cities in King County, including Burien, Federal Way, SeaTac, and Seattle have established administrative fees for impounds in their city code. The average administrative fee for impounds is \$100.

[MICC Chapter 10.22](#) establishes the procedural and financial framework for managing and recovering vehicles that have been impounded by the Mercer Island Police Department. This chapter was last amended in 1978 and requires updates to be consistent with state law and recent changes to the MICC.

On September 19, 2025, the Mercer Island City Council adopted Ordinance No. 25C-24 regarding regulations for electric motorcycles (e-motorcycles) ([AB 6772](#)). Ordinance No. 25C-24 classifies e-motorcycles, e-dirt bikes, and e-bikes that have been modified to no longer meet definition of an electric-assisted bicycle in RCW 46.04.169 as “electric motorcycles,” and makes these vehicles subject to the regulations and requirements for operating a motorcycle on a public road or right-of-way. Additionally, the ordinance gives the Mercer Island Police Department the authority to impound e-motorcycles. This ordinance will go into effect on January 1, 2026.

ISSUE/DISCUSSION

Impound Procedures

Vehicles are impounded for various reasons, such as driving with a suspended license or driving under the influence. Vehicles may also be impounded for parking issues, like overstaying the 72-hour time limit or parking in a no-parking zone. In 2024, MIPD impounded approximately 150 vehicles.

When a law enforcement officer determines that an impound is needed, the officer requests through dispatch that the next tow company in rotation is called to retrieve the vehicle. It is common practice for cities to use a rotational tow list system for vehicle impoundment, rather than an exclusive contract with a single company. Once a tow company is contacted, the officer will document the impoundment and provide the owner with information for retrieval.

Owners of impounded vehicles can request an impoundment hearing with the hearing examiner. The hearing provides an opportunity for an owner to contest the validity of the impoundment or the amount of the towing and/or storage charges.

Ordinance No. 25C-32

Ordinance No. 25C-32 (Exhibit 1) amends MICC Chapter 10.22 to make it consistent with state law and the City Code revisions resulting from Ordinance No. 25C-24 regarding regulations and impoundment for electric motorcycles. Ordinance No. 25C-32 was presented to the City Council for first reading on November 18, 2025 ([AB 6818](#)). No changes were made to the ordinance between the first and second reading.

In addition to modernizing the code, Exhibit 1 also establishes an administrative fee for all impounds. This fee will be established in the Fee Schedule and subject to annual review. The administrative fee is not punitive in nature; the City cannot generate a profit from charging this fee. The fee recovers costs of staff time

associated with an impound, including dispatch to the call, citing the vehicle, and waiting for the tow company to arrive. In 2026, the impound fee will be \$100, which is roughly the average for one hour of an officer's time. The administrative fee will be adjusted each year by the first half Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for Seattle-Tacoma-Bellevue.

If adopted, the ordinance will go into effect on January 1, 2026. Upon adoption, impound procedures will change only slightly. An officer will request through dispatch for a tow company to impound the vehicle, notify the owner, and document the impoundment. Leveraging existing technology, the City will use an online portal to collect the administrative fee. Upon payment, the owner of the vehicle will receive a receipt that they will then present to the tow company to retrieve their vehicle. An owner of an impounded vehicle will not be able to retrieve their vehicle without proof of payment for the City administrative fee.

E-Motorcycle Impound

Under Exhibit 1, e-motorcycles will be treated as any other vehicle. When an operator of an e-motorcycle is stopped and it is determined the vehicle has been operated unlawfully, a tow company will be called to impound the e-motorcycle. The operator or owner will be subject to the City administrative fee. It will then be the owner's responsibility to demonstrate proof of payment of the City administrative fee and proof of ownership to the tow company to retrieve the vehicle.

NEXT STEPS

If adopted, Ordinance No. 25C-32 will become effective on January 1, 2026.

RECOMMENDED ACTION

Adopt Ordinance No. 25C-32, amending Title 10 of the Mercer Island City Code, as presented in Exhibit 1.

**CITY OF MERCER ISLAND
ORDINANCE NO. 25C-32**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND, WASHINGTON, AMENDING
CHAPTER 10.22 OF THE MERCER ISLAND CITY CODE RELATED TO IMPOUNDING;
AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, Chapter 46.55 of the Revised Code of Washington ("RCW") authorizes law enforcement, authorized regional transit authority representatives, or public officials with jurisdiction to impound vehicles under circumstances set out in state law; and

WHEREAS, RCW 46.55.240 authorizes cities, by ordinance, to authorize other impound circumstances that may arise locally upon the public right-of-way or other publicly owned or controlled property; and

WHEREAS, Chapter 10.22 of the Mercer Island City Code ("MICC") was last amended in 1978 and requires substantial modernization to be consistent with state law and changes to the MICC.

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

- Section 1. Amended.** Chapter 10.22 MICC, Impounding, shall be amended as set forth in Exhibit A of this ordinance.
- Section 2. 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 3. Effective date.** This ordinance shall take effect and be in force on January 1, 2026, provided five days have passed since the date of publication.

PASSED BY THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON AT ITS MEETING ON THE 2ND DAY OF DECEMBER 2025.

CITY OF MERCER ISLAND

Salim Nice, Mayor

Approved as to Form:

ATTEST:

Bio Park, City Attorney

Andrea Larson, City Clerk

Date of Publication: _____

EXHIBIT A

Chapter 10.22 IMPOUNDING

10.22.005 Purpose and authority.

All impoundments authorized by the City shall be conducted in accordance with state law, as prescribed by Chapter 46.55 RCW, which is hereby adopted by reference and incorporated into this chapter. Other than impounds authorized under RCW 46.55.113(2)(e) which may include a mandatory period of impoundment, an officer's decision to have a vehicle towed and impounded under Ch. 46.55 RCW is discretionary, considering reasonable alternatives, and remedial in order to preserve the public health, safety, and welfare by removing obstructions and hazards in public ways and spaces; reducing the risk posed to public safety by a vehicle accessible to a driver who is reasonably believed to have violated traffic laws; and securing and protecting property, both public and private. An impound decision alone is not punitive in nature. However, if a police officer elects to have a vehicle towed and/or impounded under Ch. 46.55 RCW, the officer will have discretion to issue an infraction or citation for the corresponding violation that resulted in the tow and/or impoundment.

10.22.010 Definitions. ~~Vehicle defined.~~

"Impoundment" means removal of a vehicle to a storage facility either by a law enforcement officer of the Mercer Island Police Department or by a contractor for towing and storage in response to a request from a law enforcement officer.

"Unauthorized vehicle" means a vehicle (regardless of physical condition) that is subject to impoundment after being left unattended in a public location for the period of time indicated in RCW 46.55.010(14).

"Vehicle," as used in this chapter, shall have the meaning as that term is defined in chapter 10.04 MICC and in addition shall include the remains of any vehicle so long as identification can be made. Vehicle includes electric motorcycle, as defined in chapter 10.04 MICC.

10.22.020 ~~Statute adopted by reference—Authority. Repealed.~~

~~The following state statute is adopted by reference:~~

~~RCW 46.90.330 Authority to remove and impound vehicles on public property—Procedure.~~

10.22.021 Vehicle Impoundment - Notice.

A. *Impoundment Without Notice.* A vehicle may be impounded with or without citation and without giving prior notice to its owner as required in subsection (B) of this section only under the circumstances listed in RCW 46.55.113, or when impound without notice is otherwise authorized by law, ordinance, or regulation.

1. When an arrest is made for violation of RCW 46.20.342, if the vehicle is a commercial vehicle or farm transport vehicle and the driver of the vehicle is not the owner of the vehicle, before the summary impoundment directed under subsection (1) of this RCW 46.55.113, the police officer shall attempt in a reasonable and timely manner to contact the owner of the vehicle and may release the vehicle to the owner if the owner is reasonably available, as long as the owner was not in the vehicle at the time of the stop and arrest and the owner has not received a prior release under this subsection or RCW 46.55.120(1)(b)(ii).

2. The additional procedures outlined in RCW 46.55.360 apply to any impoundment of a vehicle under RCW 46.55.113(2)(e).

B, When Notice Is Required. A vehicle may be impounded for the reasons in subsections (B)(1) and (B)(2) of this section only after a notification sticker meeting the requirements of RCW 46.55.085 has been attached to and conspicuously displayed on the vehicle for a period of at least 24 hours prior to such impoundment. If the vehicle has current Washington registration plates, the officer shall check the records to learn the identity of the last owner of record. The officer or his or her department shall make a reasonable effort to contact the owner by telephone in order to give the owner the information on the notification sticker.

1. When such vehicle is parked in violation of any law, ordinance, or regulation.

2. Such vehicle is left unattended without authorization on City owned nonhighway property not posted in accordance with RCW 46.55.070.

10.22.030 Additional authority to impound.

- A. Any vehicle parked, angle parked, or so used as to endanger any user or potential user of any street or way open to the public, or used in violation of the traffic code, is declared to be a nuisance which may be summarily abated by the impounding and removal of the vehicle as provided in this chapter.
- B. Any vehicle which is stolen, or which is required by the police department for evidence of investigation, or which is unoccupied or unattended and in the judgment of any police officer in danger of being stripped or stolen, or any wrecked and unattended vehicle, may be impounded and removed as provided in this chapter.

10.22.031 Impound authorization form.

Whenever an officer impounds a vehicle pursuant to the provisions of this chapter, the officer shall complete an authorization form in accordance with RCW 46.55.075 and WAC 204-96-030, which is hereby adopted by reference and incorporated into this chapter.

10.22.040 ~~Impounding for traffic offense.~~ Repealed.

~~When an authorized police officer of the city impounds a vehicle for violation of the traffic provisions of this Code, he shall attach to such vehicle a traffic violation ticket.~~

10.22.050 Notice to legal and registered owner of impounded vehicle. ~~Notice to impound—Authority.~~

~~The police officer so ordering impounding shall immediately notify the tow company, for towing and impounding such vehicles, of the location of the same. Such tow company shall thereupon be authorized to seize such vehicle and remove it to a garage or proper storage place.~~

When any vehicle is impounded pursuant to this chapter, the impounding towing operator shall notify the legal and registered owners of the impoundment in accordance with RCW 46.55.110.

10.22.060 Redemption of impounded vehicle.

No vehicle impounded for violation of the traffic code shall be released from the impounding garage until the owner or driver thereof has:

- A. ~~Furnished satisfactory evidence to the police department and the operator of the garage in which the vehicle was impounded of his identity and ownership, and agency if represented by an agent;~~
- B. ~~Signed written receipt for the vehicle.~~

Vehicles impounded by the city shall be redeemed only in accordance with RCW 46.55.120 and WAC 204-96-010.

10.22.062 Post impoundment hearing rights and procedure.

- A. Any person seeking to redeem an impounded vehicle may request a hearing to contest the validity of the impoundment or the amount of towing and storage charges in accordance with the procedures in RCW 46.55.120.
- B. The hearing must be conducted in accordance with the procedures outlined in RCW 46.55.120.

10.22.063 Administrative Fee.

If a vehicle is impounded pursuant to the provisions of this chapter, an administrative fee as specified in the city's Fee Schedule shall be paid to the city of Mercer Island, prior to redemption of the vehicle as provided by this chapter. The administrative fee shall be for the purpose of offsetting, to the extent practicable, the cost to the city of implementing, enforcing and administering this chapter.

10.22.070 Payment of charges—~~City not liable.~~

~~All towing, hauling and storage charges on each vehicle impounded pursuant to this Code shall be paid by the owner thereof or his/her agent if the vehicle is redeemed; provided, however, under appropriate circumstances the police chief may approve payment of a portion or all of such charges.~~

All vehicle towing, storage, or other impoundment charges permitted by this chapter or chapter 46.55 RCW shall be the responsibility of the vehicle owner unless otherwise specified in chapter 46.55 RCW.

10.22.080 ~~Records of impounded vehicles.~~ Repealed.

~~The police department shall keep a record of all vehicles impounded by manufacturer's trade name or make, motor number, state registration or license number, name of owner or other person claiming the same, and such.~~

10.22.090 ~~Statutes adopted by reference—Regulations generally.~~ Repealed.

~~The following state statutes are adopted by reference:~~

~~RCW 46.90.335 Owner of record presumed liable for costs when vehicle abandoned—Exception.~~

~~RCW 46.90.340 Contract with registered disposer to dispose of vehicles and hulks—Compliance required.~~

~~RCW 46.90.345 Stolen and abandoned vehicles—Reports of notice—Disposition.~~

~~RCW 46.90.350 Removal and storage of vehicle or hulk—Lien—Notices—Contents.~~

~~RCW 46.90.355 Sale of unclaimed vehicle or hulk—Procedure—Proceeds—Deficiency.~~

~~RCW 46.90.360 Vehicle left in garage for storage—When deemed abandoned—Notices—Disposal.~~
~~RCW 46.90.365 Disposition of impounded vehicle—When vehicle deemed abandoned—Procedure.~~
~~RCW 16.24.065 Stock at large in areas—Unlawful.~~
~~RCW 16.24.070 Stock at large on highway right-of-way—Unlawful—Impounding.~~

10.22.100 ~~Moving vehicle of another—Authorized under special conditions.~~ Repealed.

~~Any vehicle otherwise legally parked but obstructing access to a public utility manhole or pole, obstructing access to a drain inlet or sewer manhole, or obstructing passage of an oversized vehicular load may be moved under emergency conditions at the direction of a police officer by means of towing or otherwise to a location not to exceed 300 feet away from such interference. The police officer authorizing such parked vehicle to be moved shall affix a notice in writing to the vehicle on which shall be noted the location from which the vehicle has been moved and the location to which the vehicle has been moved and the reason for the move. Such tow shall be at the expense and liability of the person or utility making the request. The police department shall maintain a record of this information.~~



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6826
December 2, 2025
Consent Agenda

AGENDA BILL INFORMATION

TITLE:	AB 6826: Seattle Public Utilities Water Supply Contract Amendment	<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 City Manager to execute the amended Seattle Public Utilities Water Supply Contract.	

DEPARTMENT:	Public Works
STAFF:	Jason Kintner, Chief of Operations Carson Hornsby, Management Analyst II
COUNCIL LIAISON:	n/a
EXHIBITS:	1. First Amended and Restated Contract Between the City of Seattle and the City of Mercer Island for the Supply of Water
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 authorize the City Manager to sign the amended Seattle Public Utilities Water Supply Contract (see Exhibit 1).

- Seattle Public Utilities (SPU) is the sole supplier of water to Mercer Island. SPU serves a total of 16 cities and water districts through wholesale water supply contracts.
- The City's existing contract with SPU, approved by the City Council in June 2003 ([AB 3776](#)), has periodic reopeners for amendments. The first reopen period began in 2021.
- SPU completed contract negotiations with all their wholesale customers in 2025 after a four-year negotiation and engagement process, pending approval by their respective City Councils and Boards.
- As part of the amended contract, SPU will return to the City of Mercer Island its share of the balance surplus in the Existing Regional System Cost Pool as a lump sum payment of \$1,814,729. This payment will be distributed to the City's Water Fund.
- The City will receive the payment within 60 days of all SPU wholesale customers signing the amended contract.
- The SPU Water Supply Contract will need to be amended again in 2026 due to the transfer of assets and customers from SPU to the City as part of the City's Water Supply Pipeline Project. Staff anticipate the next Water Supply Contract amendment will be presented to the Utility Board and City Council by Q3 2026.

BACKGROUND

Seattle Public Utilities (SPU) is the sole supplier of water to Mercer Island. A majority of the water originates in the [Cedar River Watershed](#), with occasional supplementation from the [Tolt River supply system](#). Although the City owns and operates an [emergency well](#) – capable of supplying up to five gallons per day (GPD) per person of potable water to residents during emergency events – it is not designed or approved to supplement the City’s distribution system.

SPU serves 16 cities and water districts, including the City of Mercer Island, under long-term wholesale water contracts signed in 2001 and 2011. These contracts have periodic reopeners to amend certain portions of the contracts, with the current reopen period concluding at the end of 2025.

In March 2021, SPU began negotiations with wholesale customers on the first contract amendment, as permitted under the original water agreement. SPU convened workshops through May 2025 with representatives from all wholesale customers to review proposed contract changes.

ISSUE/DISCUSSION

SPU and its wholesale customers completed contract negotiations in September 2025 and agreed to future water planning through automatic extensions every 10 years, pending approval by their respective City Councils and Boards. The amended contract includes stranded cost protections which require reimbursements from wholesale customers if they choose to leave the system when supply is plentiful, and incentives if they leave at a point in the future when the region needs additional supply. The amended contract increases flexibility to respond to changes in the bond market and SPU’s financial systems, and to expand authority for the joint Seattle-Customer Operating Board over contract administration. The City of Mercer Island is a member of the Operating Board.

The amended contract includes a change to the mechanism used to return approximately \$27 million in surplus in the Existing Regional System Cost Pool to SPU’s wholesale customers, including the City. The Existing Regional System Cost Pool is funded by wholesale customers to cover SPU’s cost of owning, operating, maintaining, repairing, renewing, replacing, and supporting the existing regional facilities assigned to the cost pool. The existing contract stipulates that the surplus is to be returned to wholesale customers in the form of lower wholesale rates between 2027-2029. The amended contract returns the surplus as a direct payment to the City in 2025 or 2026. The direct payments will occur within 60 days after all of SPU’s contract cities and water districts have signed the contract amendment. The City’s share of the Existing Regional System Cost Pool is \$1,814,729 and will be distributed to the City’s Water Fund.

The Seattle City Council approved the SPU amended and restated contract with its long-term, full, and partial requirements contract holders on September 23, 2025 with [Council Bill No. 121050](#).

SPU is the City’s sole provider of water. Securing quality and reliable water service for the community is an essential need. This contract amendment ensures that the City retains this essential service and continues as a member of the Operating Board to help guide future system reinvestment and reliability needs. The contract revisions are summarized below:

Termination of Contract and Stranded Cost

- New provision added for “stranded cost” if a city or water district terminates or reduces its purchase commitment.
- Identifies actions not considered a ‘reduction,’ including customer-driven demand fluctuations and acquisition of independent supply through a merger or acquisition.

Expanded Roles of Operating Board

- Formalizes the Board’s role in setting the Water Use Efficiency (WUE) goal and conservation program budget.
- Reviews and comments on the design and construction of new supply or transmission facilities.
- Reviews and recommends revisions to the scope of work for the independent rate consultant.
- Decides on the disposition of any running balance surplus (either retained, applied toward assets, or returned to wholesale customers) on an annual basis.

NEXT STEPS

After the City signs the contract amendment, the City will receive the \$1,814,729 payment within 60 days of all SPU wholesale customers signing the amended contract. The payment is anticipated to be received in Q1 2026 and will be distributed to the City’s Water Fund.

Staff anticipate that the City’s Water Supply Contract will need to be amended again in 2026 due to the transfer of assets and customers to the City as part of the Water Supply Pipeline Project. The next amendment to the City’s Water Supply contract will be discussed with the Utility Board in the first half of 2026 and is anticipated to be presented to the City Council in summer 2026.

RECOMMENDED ACTION

Authorize the City Manager to execute the amended Seattle Public Utilities Water Supply Contract, substantially in the form attached as Exhibit 1 to this AB, and to execute future technical non-substantive amendments to the Contract deemed by the City Manager to be in the best interest of the City.

FIRST AMENDED AND RESTATED CONTRACT
BETWEEN
THE CITY OF SEATTLE AND
THE CITY OF MERCER ISLAND
FOR THE
SUPPLY OF WATER

DATE: _____

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FIRST AMENDED AND RESTATED CONTRACT BETWEEN THE CITY OF SEATTLE AND THE CITY OF MERCER ISLAND FOR THE SUPPLY OF WATER

THIS FIRST AMENDED AND RESTATED CONTRACT (“Contract”) is entered into between the CITY OF SEATTLE (“Seattle”), a municipal corporation of the State of Washington, and the City of Mercer Island (“Water Utility”), a municipal corporation of the State of Washington.

RECITALS

1. Seattle owns and operates a system for the supply, treatment, transmission, and distribution of potable water and is authorized to sell and distribute water to its residents and to other persons and customers located outside the corporate limits of Seattle.
2. Seattle's water system is integral to the health and welfare of the residents located within the retail and wholesale water service areas shown in Seattle's Water System Plan. Seattle intends to provide water from the system to meet the current and future needs of the residents of the wholesale water service areas pursuant to long-term water supply contracts.
3. In meeting this service commitment, Seattle must ensure that this role does not place financial burdens on its retail customers for which they do not receive a corresponding benefit.
4. This Contract and contracts of a similar nature with other Wholesale Customers of Seattle located within Seattle’s wholesale water service area are intended to provide those Wholesale Customers and Seattle with the assurance of a long-term service commitment for reliable and sustainable high quality water supply and to describe the terms and

conditions associated with that commitment.

5. Under this Contract, Seattle intends to provide wholesale water to Water Utility at an equivalent Wholesale Level of Service with the same pricing and operational principles as it provides itself.
6. Given the extensive growth of Seattle and the surrounding areas and the impacts upon infrastructure and costs, this Contract is intended to provide sufficient water for growth. As a general philosophy for cost sharing purposes, the parties desire to adopt the principle that “growth should pay for growth.”
7. Seattle and Water Utility, together with other Wholesale Customers of Seattle, have agreed to establish an Operating Board comprised of representatives from Seattle and Wholesale Customers, along with an independent representative, all pledged to represent the best interests of the region, to provide advice and direction in certain areas to the Administrator of the Seattle Regional Water Supply System.
8. Pursuant to Section II.A.4.a, Seattle, Water Utility and the other Wholesale Customers have undertaken a review of the Contract and have mutually agreed to amend certain terms and conditions of the Contract to update and clarify obligations of the parties and to strengthen the partnership, resiliency and sustainability of the Seattle Regional Water Supply System.

NOW, THEREFORE, in consideration of mutual covenants herein, the parties mutually agree as follows:

SECTION I. DEFINITIONS

For the purposes of this Contract, the following terms have been defined as:

“Administrator” - The General Manager of Seattle Public Utilities or any other title given to that person who maintains the executive authority to operate and manage the Seattle Regional Water Supply System.

“Alternate Supply(ies)” – The Emergency, Independent and Purchased Supplies, if any, available to Water Utility.

“Annual O&M Costs” – The annual total O&M Costs included in each cost pool as determined in Section IV.D.3.

“Automatically Allowed Reduction” – The purchase reduction amount automatically allowed as defined in Section II.B.5.d.viii.

“Avoided Costs” – The proportional share of the projected capital and operating cost of the next planned source of supply of the Seattle Regional Water Supply System represented by the size of a Wholesale Customer's qualifying reduction in demand, as more particularly defined in Section II.B.5 and Exhibit IX.

“Block Purchase Contract” – A contract in which Seattle sells a fixed quantity of water to a block wholesale customer on a take or pay basis.

“Customer-driven Demand Fluctuations” – Demand fluctuations that are out of Seattle or Water Utility’s control and result from retail customer discretion or behavior, such as weather or economic-related demand, use of efficient fixtures, use of reuse water alternatives or redevelopment of property, etc.

“Eastern Subregional Facilities” – Certain subregional transmission facilities used, in part, to serve those Wholesale Customers in the Eastern Subregion as more particularly described in

Section I of Exhibit VII.

“Emergency Supply(ies)” – Water supplies that Water Utility receives or purchases from another water purveyor to use on an emergency or temporary basis as specifically identified in Section I of Exhibit I. Emergency Supplies do not include Independent or Purchased Supplies, or periodic or intermittent water supplies used for peak or seasonal demand or other domestic demand.

“Existing Regional Facilities” – Components of the Seattle Regional Water Supply System which consist of supply and transmission resources and facilities that Seattle exclusively owns and operates; related deferred costs; and facilities owned by others for which Seattle has entered into an agreement to use, all of which are used to produce, treat and convey water to the Seattle Retail Distribution System, Water Utility, other Wholesale Customers, and block or other wholesale customers as set forth in Section I of Exhibit VI. This does not include New Supply, New Transmission or Subregional Facilities.

“Facilities Charges” – Facilities Charges (FCs) are the product of the Equivalent Residential Unit (ERU) Charge and the ERU Factor, as further described in Section IV.D.2.c. and Exhibit V. FCs are only as described in this Contract.

“Firm Yield” - Firm yield is the amount of water that Seattle is able to supply system-wide as published in the Seattle Water System Plan.

“Full Requirements Contract” – A contract in which Seattle supplies a Wholesale Customer with its Full Water Requirements.

“Full Water Requirements” – All of the water, except for Emergency Supplies, if any, that Water Utility needs to meet the demand of its present and future retail water customers within its retail distribution service area, as shown in Water Utility’s water system plan in effect on the Effective Date of this Contract, as may be amended according to the provisions of this Contract.

“Independent Supply(ies)” – Water supplies that are owned and operated by Water Utility pursuant to existing or transferred water rights, claims or permits as specifically identified in Section II of Exhibit I or new water supplies acquired by Water Utility through a merger with another water purveyor not supplied by Seattle water. Independent Supplies do not include Emergency or Purchased Supplies.

“Index O&M Costs” – The portion of O&M Costs used to support the Seattle Regional Water Supply System only, except those identified as Non-Index O&M Costs, as more particularly described by the O&M Cost categories specified in Exhibit VIII.

“Infrastructure Adder” – 1.5% that is added as a component of the Rate of Return on Investment to the Net Book Value of facilities recognized under the Utility Basis.

“Mixed-use Assets” – Capitalized facilities or assets that are shared between or used to support both the Seattle Retail Distribution System and the Seattle Regional Water Supply System.

“Mixed-use O&M Costs” – The portion of O&M Costs that are shared between or used to support both the Seattle Retail Distribution System and the Seattle Regional Water Supply System.

“New Supply Facilities” – New resources and facilities developed after January 1, 2002, or portions of rehabilitated or replaced Existing Regional Facilities as may be allocated by the Operating Board, that expand the supply capacity of the Seattle Regional Water Supply System as set forth in Section II of Exhibit VI. This does not include Existing Regional, New Transmission or Subregional Facilities.

“New Transmission Facilities” – New resources and facilities developed after January 1, 2002, or portions of rehabilitated or replaced Existing Regional Facilities as may be allocated by the Operating Board, that expand the transmission capacity of the Seattle Regional Water Supply System as set forth in Section III of Exhibit VI. This does not include Existing Regional, New

Supply or Subregional Facilities.

“Non-index O&M Costs” – A portion of O&M Costs to support the Seattle Regional Water Supply System only, but not included in the Index O&M Costs because they are nonrecurring or other special circumstances, as determined by Seattle, which may include, but are not limited to pre-or post-capital expenses claims or net disposition costs.

“Operating Board” – A board of representatives established by Section V of this Contract and having the specific roles and limited authorities as more particularly set forth throughout this Contract.

“O&M Costs” - The fully loaded costs of labor (i.e. all wages and fringe benefits); costs of materials, supplies, and equipment; and other direct or indirect costs or expenses that are not capitalized; or portions thereof, required or expended to operate, maintain, repair and support the Seattle Regional Water Supply System and the Seattle Retail Distribution System in good working order consistent with all applicable local, state and federal laws, policies and standards and to meet the obligations of this Contract.

“Partial Requirements Contract” - A contract in which Seattle supplies a Wholesale Customer with its Partial Water Requirements during the Contract term.

“Partial Water Requirements” – All of the water that is over and above the aggregate amount of Water Utility’s Independent and Purchased Supplies that Water Utility needs to meet the demand of its present and future retail water customers within its service area as shown in Water Utility’s water system plan in effect on the Effective Date of this Contract, as may be amended according to the provisions of this Contract.

“Purchase Commitment” – Water Utility’s Full or Partial Water Requirements, as appropriate, as specified in Exhibit I.

“Purchased Supplies” – Water supplies Water Utility purchases from another water purveyor to meet the demand of its present or future retail water customers as specifically identified in Section III of Exhibit I.

“Qualified Partial Requirements Contract” - A contract in which Seattle supplies a Wholesale Customer with its future partial or full requirements during the Contract term- following a customer's demand reduction due to Purchased Supplies.

“Qualified Partial Water Requirements” – Water Utility’s Partial Water Requirements less the amount of a new Purchased Supply that becomes effective pursuant to a reduction of Water Utility’s Purchase Commitment under Section II.B.5.

“Rate of Return on Investment” - Seattle’s Average Cost of Debt plus the Infrastructure Adder.

“Regional Facilities” – All of the Existing Regional, New Supply and New Transmission Facilities.

“Regional Water Conservation Program” - A regional program, implemented collaboratively between Seattle and Wholesale Customers, to help retail customers use water efficiently, defer development of new supply resources and meet applicable regulations and agreements as more particularly described in Section II.E.

“Renton Subregional Facilities” - Certain subregional transmission facilities used, in part, to serve those Wholesale Customers in the Renton Subregion as more particularly described in Section III of Exhibit VII.

Seattle Average Cost of Debt (“ACOD”) – The weighted average interest rate on Seattle’s water system debt outstanding over the course of a calendar year calculated at the end of each calendar year during the term of this Contract.

“Seattle’s Cash Pool Rate” - The interest rate earned by the Seattle Water Fund for cash deposited

in the City of Seattle's cash pool.

"Seattle Retail Distribution System" – Seattle's retail water distribution system consisting of its retail customers within the Seattle retail water service area as defined in its Water System Plan, and including storage facilities, distribution mains, pumps, disinfection facilities, retail service connections, and all other facilities not included in the Seattle Regional Water Supply System.

"Seattle Regional Water Supply System" - Seattle's regional water supply system consisting generally of water rights (including permits and claims), real property rights, dams, impounded water, supply and transmission mains, pumps, treatment facilities, Subregional Facilities, Service Connections and all other resources and facilities utilized in producing, treating and conveying water up to but not including the Seattle Retail Distribution System, and through to the end of the Service Connections of the Water Utility and other Wholesale Customers, and block or other wholesale customers.

"Seattle's Service Area Boundary" - Seattle's then current designated place of use of Seattle's water certificates, permits, claims or service area under Seattle's approved Water System Plan.

"Seattle Water Enterprise Fund" - A public utility enterprise fund of the City of Seattle established to account for activities of the water system operated by Seattle.

"Seattle Water System Plan" - Seattle's 2019 Water System Plan, dated August 2019, and amendments and updates thereto, prepared by Seattle to comply with the requirements of WAC 246-290-100, and successor regulations, including each successive Water System Plan issued approximately every 10 years.

"Service Connection" - The Seattle-owned and operated metered delivery locations as specified in Exhibit II, beginning at the outlet from the regional supply pipeline (which may be a subregional pipeline) to the end of the Seattle-owned vault, or the first isolation valve downstream

of the vault; including the water meter and associated appurtenances through which Seattle delivers water at a defined level of service from the Seattle Regional Water Supply System to a Wholesale Customer's retail distribution water system.

“Southwest Subregional Facilities” - Certain subregional transmission facilities used, in part, to serve those Wholesale Customers in the Southwest Subregion, as more particularly described in Section II of Exhibit VII.

“Stranded Costs” – Those portions of infrastructure costs that Seattle has incurred and fixed operations costs committed for the Seattle Regional Water Supply System, but not yet recovered through rates and charges, at the time a Wholesale Customer reduces or terminates its Purchase Commitment, that other Wholesale Customers, including Seattle, would have to pay due to the loss of expected revenue resulting from that Wholesale Customer’s reduction or termination as more particularly described in Exhibit IX.

“Subregional Facilities” – All of the Eastern, Southwestern and Renton Subregional Facilities, or other subregions, if any, that may be added during the term of this Contract.

“Wholesale Customer” – Those water utilities who purchase water from Seattle under a Full or Partial Requirements Contract for the purposes of reselling to their retail customers.

“Wholesale Level of Service” – Water delivered by Seattle to the Service Connection(s) in accordance with the conditions listed in Exhibit II and this Contract intended for Wholesale Customers’ distribution to their retail customers through their own distribution systems. Except as may be specifically provided in this Contract, Seattle is not responsible for, and Wholesale Level of Service does not include, compliance with Department of Health (“DOH”) standards, including fire flow, emergency back-up and water quality within Water Utility’s retail service area or distribution system.

SECTION II. TERM OF CONTRACT AND GENERAL CONDITIONS

II.A. Term of Contract

1. Term. This First Amended and Restated Contract shall be in effect beginning at 12:01 AM on the Effective Date and shall remain in effect until 12:00 AM on January 1, 2062 (“Contract Term”).
2. Effective Date. This First Amended and Restated Contract shall be effective on January 1, 2026 (“Effective Date”).
3. Review of the Contract Term. The parties acknowledge and agree that it is desirable to manage the expiration or extension of this Contract Term prior to expiration, and therefore agree that the Contract Term in Section II.A.1 shall be automatically extended for an additional ten (10) years (“Extension”) on January 1, 2032, and every ten (10) years thereafter (“Extension Date”). The Water Utility may opt out of such extension of the Contract Term by providing written notice to Seattle prior to the Extension Date. If Water Utility opts out of the Extension, Seattle shall plan to supply water to Water Utility for only the remaining Contract Term and shall plan for Water Utility to not purchase any water supplies from Seattle as of the expiration of such Contract Term.
4. Periodic Review and Right to Change Certain Terms and Conditions. The parties may review and change certain terms and conditions governing the sale of water under this Contract by January 1, 2042 (“1st Review”), and January 1, 2062 (“2nd Review”), and by January 1 every 20 years thereafter during the term of this Contract or as soon as practicable after the respective January 1, as follows.
 - a. Mutual Agreement. On or before January 1, 2041, and then again on or before January 1, 2061, and every 20 years thereafter, respectively, Seattle, Water Utility

or any Wholesale Customer may provide the other party and Wholesale Customers with a written proposal to amend the Contract terms. All parties, including Seattle, Water Utility, and other Wholesale Customers, shall consider the proposal(s), if any. If the parties mutually agree to the proposal(s), or as negotiated, prior to January 1, 2042 or January 1, 2062, or every 20 years thereafter, respectively, or a date later than January 1 as may be mutually and reasonably agreed to by the parties to continue negotiations, a written amendment to this Contract shall be approved and executed by both parties and this Contract shall be amended accordingly.

- b. Seattle's Right to Amend. If the parties are unable to mutually agree on a proposal by Seattle pursuant to subsection II.A.4.a above within the one-year period associated with the 1st Review, or mutually agreed later date, Seattle may propose in writing its desired amendment to the Operating Board by March 31, 2042, or by 90 days past the expiration of a mutually agreed later date. The Operating Board shall review and recommend revisions, if any, to the proposed amendment. Seattle and the Operating Board shall use reasonable efforts to resolve any concerns in the proposal. After 90 days from Seattle's written proposal to the Operating Board, Seattle may propose its desired amendment to the Seattle City Council. If the Operating Board does not agree with Seattle's proposal, it may submit a revised proposal to the Seattle City Council within 90 days of Seattle's submission of its proposal to the Seattle City Council. After receiving the Operating Board's alternate proposal, or after the lapse of the 90 day period for the Operating Board to make an alternate proposal, the Seattle City

Council may then deny both proposals or approve one of them and issue an amendment to this Contract, which shall be in effect for the remaining term of the Contract from the date of issuance, unless later amended pursuant to this subsection II.A.4, or by mutual agreement. Seattle shall not have the right to unilaterally amend the Contract after the First Review period and all subsequent Contract amendments must be mutually agreed to by Seattle and Water Utility.

- c. Limitation on Seattle's Right to Amend. Notwithstanding subsection II.A.4.b above, Seattle shall not have the right to amend the Contract under that provision in a manner to: (i) reduce its obligation to provide the Full or Partial Water Requirements of Water Utility, as appropriate; (ii) cease to provide wholesale water to Water Utility at an equivalent Wholesale Level of Service as it provides to itself; (iii) charge a higher wholesale rate for water supply and transmission to Water Utility than that charged to the Seattle Retail Distribution System;; (iv) reduce its water quality obligations for the Seattle Regional Water Supply System; (v) change the methodology for calculating Rate of Return on Investment; (vi) restrict Water Utility's right to terminate or reduce its Purchase Commitment;; (vii) disband or significantly reduce the powers of the Operating Board; (viii) amend any Contract provision that will apply only to Water Utility; (ix) change the definition of the Seattle Regional Water Supply System; (x) extend or expand its contractual rights to any portion of Water Utility's retail water distribution systems; (xi) include taxes or surcharges beyond what the water rate setting industry would consider normal in wholesale rates or that are not in accordance with applicable laws and regulations; (xii) amend any Contract

provision relating to Seattle's obligation to approve Water Utility's proposal to introduce Alternate Supplies into Water Utility's retail distribution system as provided in Section II.D.9; (xiii) change the criteria for approval of Alternate Supplies.

- d. Intent. The purpose and intent of the provisions allowing Seattle a limited right to amend the Contract as provided in Section II.A.4.b-c. are to provide Seattle with flexibility to administer numerous Full and Partial Requirements Contracts in a consistent manner when changes to the Contract are desired by Seattle but are not approved by the Operating Board and/or all of the Wholesale Customers as well as to make reasonable changes in response to changing conditions, laws, and regulations over the course of this long-term Contract. Any proposed amendments to the Contract are subject to the procedures and limitations provided in Section II.A.4.b-c. When Seattle no longer has this limited right to amend, Wholesale Customers may agree to different contract terms which could necessitate the creation of separate Full and Partial Requirements Customer Classes each with their own Wholesale Statements and administered according to each Class's agreed-to contract terms.

II.B. Agreement to Supply and Purchase Water

1. Full or Partial Requirements Commitment. Seattle shall supply, and Water Utility shall purchase, Water Utility's Full or Partial Water Requirements as specified in Exhibit I, for the term of this Contract, unless amended pursuant to the provisions below.
2. Expansions in Water Utility's Service Area. Seattle shall supply the Full or Partial Water Requirements, as appropriate, if Water Utility acquires additional service area that is: 1)

located outside of the service area as defined in Water Utility's Water System Plan in effect on the Effective Date of this Contract and 2) which is not already served with water from the Seattle Regional Water Supply System, subject to a) the availability of water in the Seattle Regional Water Supply System as reasonably determined by Seattle; b) the limitation of Seattle's Service Area Boundary; and c) Water Utility's payment of Facilities Charges ("FCs") for the retail service connections in that additional service area in accordance with Section IV.D. The parties will cooperate to amend, by letter agreement Exhibits I and II, as appropriate, for the limited purpose of documenting the changed circumstances resulting from acquiring the additional service area.

3. Contractions in Water Utility's Service Area. In the event Water Utility's entire service area and service responsibilities, or portion thereof, are assumed by or are transferred to another utility or utilities, then this Contract shall become null and void at the time, and to the extent, the assumption or transfer becomes effective; provided, however, 1) this Contract will remain in full force and effect for Water Utility's remaining service area, if any; and 2) if the transferee of the service area is a Wholesale Customer, Seattle shall provide water to the transferee according to the terms of the transferee's water supply contract with Seattle. Seattle, Water Utility and the transferee Wholesale Customer will cooperate to amend, by letter agreement Exhibits I and II, as appropriate, for the limited purpose of documenting the changed circumstances resulting from the transfer. If the transferee is not a Wholesale Customer, then Seattle may offer the transferee a water supply contract for the transferred service area subject to terms and conditions as Seattle shall determine.
4. Annexation by Seattle. If Water Utility's entire service area, or a portion thereof, is

annexed to Seattle, then this Contract shall become null and void to the extent of the annexation and upon the effective date of Seattle's assumption of Water Utility's water system or a portion thereof. In the event Water Utility has remaining service area after the assumption, this Contract will remain in full force and effect for the remaining service area, and Seattle and Water Utility will cooperate to amend, by letter agreement Exhibits I and II, as appropriate, for the limited purpose of documenting the changed circumstances resulting from the annexation of a portion of Water Utility's service area.

5. Water Utility's Right to Terminate or Reduce Purchase Commitment. Water Utility may terminate or reduce its Purchase Commitment subject to the terms and conditions set forth below.

- a. Notice Required:

- i. Timing: Water Utility must submit 5 years' advance written notice ("Notice Period") to Seattle indicating its desire to terminate or reduce its Purchase Commitment ("Notice"), except as provided below.

- (a) If Seattle amends the terms and conditions of this Contract pursuant to Section II.A.4.b above, Water Utility must submit 1 years' advance written notice to Seattle to terminate its Purchase Commitment within 1 year of the effective date of the amendment.
 - (b) Any notice previously issued by Water Utility to Seattle prior to December 31, 2022 in accordance with the terms and conditions of the Contract then in existence shall be effective to terminate or reduce Water Utility's Purchase Commitment under the Contract. All such notices will be described in Exhibit I.

- ii. Contents of Notice: The Notice shall include the following:
 - (a) A resolution of Water Utility’s governing body approving the Notice and acknowledging Water Utility is subject to the relevant conditions in Section II.B.5.c.
 - (b) A description of the relevant information, including but not limited to: a description of any new Alternate Supply consistent with the information in Exhibit I; the scope (e.g. termination or reduction, amount); and brief description of actions necessary to put the proposed Alternate Supply into use (e.g. regulatory approvals, capital projects, water quality analysis, contract approvals, etc.) or that it is terminating based on Section II.B.5.a.i.(a) above.
 - (c) Except for a termination pursuant to Section II.B.5.a.i.(a) above, Water Utility may include a request for a Notice Period shorter than 5 years, which request shall include a justification.
 - (d) Water Utility will provide additional information upon reasonable request by Seattle or the Operating Board.
- iii. Pre-Notice Request for Calculation of Stranded Costs: Water Utility shall have the right to request Seattle to perform a calculation of Stranded Costs that would be incurred by Water Utility if it issues a Notice to terminate or reduce its Purchase Commitment (“Pre-Notice Request”). A Pre-Notice Request shall be made by Water Utility in writing and shall include the amount of the reduction in its Purchase Commitment and the anticipated effective date of such reduction. Seattle shall respond to Water Utility’s

Pre-Notice Request by providing a written estimate to Water Utility within thirty (30) days (“Pre-Notice Calculation Estimate”). Water Utility agrees to provide Seattle with additional information requested by Seattle that is necessary to allow Seattle to perform the Pre-Notice Calculation Estimate. The Pre-Notice Calculation Estimate will not be binding on either party and will be based on Stranded Cost only; any Avoided Cost calculation will not be included. The Pre-Notice Calculation Estimate shall be completed as described in Exhibit IX, will be based on the current asset schedule, and will not include any changes that occur or information that becomes known between the estimate and the Notice.

- b. Effective Date: The termination or reduction will become effective 5 years from the date of the Notice, or 1 year in the case of a termination under Section II.B.5.a.i.(a). Alternatively, if Water Utility requested, and the Operating Board approved a shorter notice period, the termination or reduction will become effective upon the date approved by the Operating Board. In either case, Water Utility must meet the relevant conditions in Section II.B.5.c. below for the termination or reduction to become effective. Additionally, upon Operating Board approval, the parties may mutually agree in writing to extend the 5-year or approved shorter Notice Period for a reasonable and specific amount of time to allow Water Utility additional time to meet the relevant conditions or complete actions to put the Alternate Supply into use. The Operating Board may approve a shorter or extended notice period upon a determination that it is in the best interests of the Seattle Regional Water Supply System. Water Utility may rescind its Notice in writing any time prior to the effective

date. For any notice other than those provided under Section II.B.5.a.i.(b), if Water Utility has not met the conditions by the effective date, the Notice will be rescinded automatically. In either case, when a Notice is rescinded, the Contract will remain in full force and effect.

c. Conditions/Effect of Termination or Reduction:

- i. Termination: Water Utility will be subject to the following conditions if it terminates its Purchase Commitment in its entirety:
 - (a) Water Utility will lose representation or membership on the Operating Board upon the date of the Notice.
 - (b) This Contract will terminate in its entirety as of the effective date of the Notice as specified in Section II.B.5.b above.
 - (c) Water Utility will pay the full costs for Seattle to decommission Water Utility's Service Connections as listed in Exhibit II. This obligation will survive the termination of the Contract.
 - (d) Water Utility will pay, or receive credit, as the case may be, for its proportional share of any deficit or surplus running balances in any cost pool as of the end of the year of the Effective Date, which shall be prorated by Water Utility's share of total demand (e.g. flow) since the most recent year the running balances were zero.
 - (e) Water Utility will pay the Final Net Stranded Cost Payment, or receive the Final Net Billing Credit, as described below in Section II.B.5.c.ii
 - (e)(i) as determined by Seattle pursuant to Exhibit IX.
 - (f) Seattle, in its sole discretion, may offer Water Utility a new water

supply contract if Water Utility wants to purchase water from the Seattle Regional Water Supply System again in the future, however any new contract will be subject to: i) Seattle's determination of the availability of water; ii) no guarantee of a Full or Partial Requirements Contract; and iii) terms and conditions as Seattle may require, including but not limited to, special charges and rates, provided the terms and conditions are consistent with the Ratemaking Principles in this Contract.

ii. Reduction: Water Utility will be subject to the following conditions if it reduces its Purchase Commitment in part:

- (a) The parties will cooperate to amend, by letter agreement, Exhibits I and II, as appropriate, for the limited purpose of documenting the reduction in Water Utility's Purchase Commitment, the new Alternate Supply, and the amount and effective date of any Purchase Commitment reductions. Water Utility's Full or Partial Requirements Contract may be converted to a Partial Water Requirements or Qualified Partial Water Requirements Contract, as the case may be, consistent with this Section II.B.5.c.
- (b) Water Utility will pay the full costs for Seattle to decommission Water Utility's Service Connections listed in Exhibit II or add new Service Connections, if appropriate.
- (c) Water Utility will pay the Final Net Stranded Cost Payment, or will receive the Final Net Billing Credit, as described below in

II.B.5.c.ii(e)(i), if applicable, as determined by Seattle pursuant to Exhibit IX, unless Water Utility provided Seattle with written notice of its intention to reduce its purchase commitment between January 1, 2009 and December 31, 2022.

(d) Will receive a Facilities Charge Allowance pursuant to Section IV.D.2.c.

(e) For reductions related to the use of new or increased production of Independent Supplies only, Water Utility:

(i) May be eligible for an Avoided Cost offset to Stranded Costs (or if the offset is large enough, a Net Billing Credit) as determined by Seattle pursuant to Exhibit IX and if Seattle determines the Independent Supply:

1. Will be used entirely within Water Utility's retail distribution system;
2. Results in Avoided Costs of future supply for the Seattle Regional Water Supply System; and
3. Meets all applicable eligibility criteria that Seattle may develop in consultation with the Operating Board to ensure the offset (or Net Billing Credit) is only applicable to independent supplies that provide reliable, high-quality water, which criteria will include, but not be limited to operational reliability, water quality, and environmental impact.

(f) For reductions related to the use of new or increased Purchased Supplies, Water Utility:

(i) Will be converted to a Qualified Partial Requirements Contract.

If Water Utility loses its Purchased Supply, in whole or in part, and wants to purchase additional water from the Seattle Regional Water Supply System to replace the lost Purchased Supply, the purchase may be subject to: availability of water as determined by Seattle; or terms and conditions such as special charges to convert back to a Full or Partial Requirements Contract, provided the terms and conditions are consistent with the Ratemaking Principles in this Contract.

(ii) May not use Purchased Supplies in a manner that will have adverse impacts on the Seattle Regional Water Supply System due to constraints or other terms and conditions in the contract for the Purchased Supply. Seattle, in consultation with the Operating Board, reserves the right to require terms and conditions to protect against adverse impacts or constraints, such as prohibiting impacts to seasonal shaping or peak demands or waiving rights under Section II.C.2.

(iii) Exhibit I will be updated by Seattle whenever Water Utility or other Wholesale Customer terminates or reduces purchases pursuant to this section and such update will be provided to all Wholesale Customers and the Operating

Board.

- d. Not Considered Reduction: For the purposes of this Section II.B.5, reductions under the following circumstances are not considered a reduction of Water Utility's Purchase Commitment and this Section II.B.5 will not apply:
- i. The use of Emergency Supplies listed in Section I of Exhibit I;
 - ii. Customer-driven Demand Fluctuations;
 - iii. Participation in the Regional Water Conservation Program;
 - iv. Participation in Regional Shortage Management Contingency Plan or similar plans requiring restrictions on water deliveries.
 - v. Contraction of Water Utility's service area pursuant to Sections II.B.3 and 4 above.
 - vi. Acquisition of additional Independent Supplies through a merger or acquisition of another water purveyor that is not currently a customer of Seattle.
 - vii. Reductions defined in any notice previously issued by Water Utility to Seattle prior to December 31, 2022 in accordance with the terms and conditions of the Contract then in effect.
 - viii. Reductions in demand, or portions thereof, that result in aggregate reductions under this Contract for Water Utility that are equal to or less than the Automatically Allowed Reduction applicable to Water Utility, which shall be equal to 5.0% of Water Utility's average purchases from Seattle for the five most recent calendar years at the time of Water Utility's initial Purchase Commitment Reduction as described in Exhibit I.

- ix. Demand fluctuations that are out of Seattle or Water Utility's control and result from new laws or regulations, including legal rulings, that require the use of reuse water by Water Utility.

- 6. New or Extended Water Supply Contracts. The full terms and conditions of any new, amended, or extended water supply contracts, along with Seattle's analysis and explanation of the same, will be submitted to the Operating Board for review and comment prior to adoption.

II.C. Continuity of Service within the Term of the Contract

- 1. Parity of Service. Seattle shall provide wholesale water to Water Utility at an equivalent Wholesale Level of Service that it provides to the Seattle Retail Distribution System.
- 2. Emergency and Water Shortage Contingency Planning. Seattle shall adopt, as part of its Water System Plan, emergency plans to provide for water supply in the event of drought or disaster. It is recognized by both parties that Seattle may adopt plans to manage emergencies or water shortages that are implemented on a regional basis in order to meet an emergency condition or a water shortage that impacts the Seattle Regional Water Supply System and may offer trainings or coordinate emergency preparedness activities amongst water utilities within the Seattle Regional Water Supply System. Seattle will follow the Seattle Water Shortage Contingency Plan or any other emergency plan in effect as of the effective date of this Contract, and as may be added or amended from time to time. The Operating Board may review and recommend revisions to any amended water shortage contingency plans or other relevant emergency plan before Seattle adopts the plan. Restrictions placed on water deliveries under any adopted plan will be applied consistently to Water Utility, other Wholesale Customers, and the Seattle Retail

Distribution System. Water Utility shall assist with and support all procedures or emergency plans, including cooperating with restrictions on water deliveries, that are implemented under Seattle's then current Water Shortage Contingency Plan, or another adopted emergency plan that impacts the Seattle Regional Water Supply System. Water Utility is responsible for adopting its own plans for emergencies or water shortages from Alternate Supplies or within its retail distribution system. Seattle may offer assistance or coordinate with Water Utility to make mutual aid plans together, including via WA WARN or other platform as mutually agreed.

3. Other Emergencies or Interruptions to Service. It is recognized by both parties that Seattle may temporarily interrupt or reduce deliveries of water or revise conditions of service (e.g. minimum hydraulic gradient) (collectively "Temporary Interruptions"), to Water Utility if Seattle determines that Temporary Interruptions are necessary or reasonable in case of system emergencies or in order to conduct necessary operations and maintenance, including but not limited to, installing equipment, making repairs, replacements, investigations and inspections or performing other maintenance work on the Seattle Regional Water Supply System. Except in cases of emergency, and in order that Water Utility's operations will not be unreasonably interrupted, Seattle shall give Water Utility and the Operating Board reasonable notice of any Temporary Interruptions, the reasons for and the probable duration. Seattle shall use its best efforts to minimize Temporary Interruptions to Water Utility.
4. Waiver of Charges. If Temporary Interruptions require that Water Utility draw water supply in a manner that would potentially subject Water Utility to demand charges under Section IV.G.5.a, Seattle shall waive the demand charges during the period of the

Temporary Interruption.

II.D. Water Quality

1. Seattle Regional Water Supply System. Seattle shall be responsible for water quality within the Seattle Regional Water Supply System. Seattle and Water Utility shall work collaboratively to address water quality concerns raised by Water Utility. The Water Utility may request Operating Board review of any water quality concerns that it believes are not reasonably resolved by Seattle. Seattle shall construct, operate and maintain water quality treatment and other facilities and programs and use its best efforts to carry out its water quality responsibilities to deliver safe, high-quality water in the most cost-effective manner for the region.
2. Applicable Standards. Seattle shall at all times during the term of this Contract deliver water through the end of the Service Connection(s) that meets or exceeds all applicable Federal and State regulations as may be amended from time to time. The parties acknowledge and agree that a minor regulatory violation (e.g. missed sample collection) is not considered a default of Seattle's water quality obligations under this Section II.D except to the extent it is significant in duration and risk to public health and Seattle has not made good faith efforts to correct the violation consistent with the applicable regulations.
3. System-wide Water Quality Program. Seattle, in consultation with the Operating Board, may develop and implement a system-wide water quality program, portions of which will guide its obligations for water quality within the Seattle Regional Water Supply System under this Section II.D consistent with applicable regulatory requirements, industry standards and operational needs. The system-wide program may include, but not be

limited to objectives, policies and procedures, and roles and responsibilities for water quality treatment, regulatory and non-regulatory monitoring, reporting, water quality incident response, cross-connection control, and best or adaptive management practices. Seattle will allocate these program costs to the appropriate cost pools as provided in Section IV.

4. Role of Operating Board. The Operating Board may:
 - a. review and recommend revisions to the relevant portions of Seattle's system-wide water quality program related to the Seattle Regional Water Supply System or obligations under this Contract;
 - b. recommend best or adaptive water quality management practices for the Seattle Regional Water Supply System;
 - c. approve allowances for flushing when Seattle or Operating Board determines flushing is the best available option to maintain or improve regional water quality;
 - d. review and recommend revisions to the water quality criteria Seattle adopts and applies prior to: (1) approving the introduction of a new water source into the Seattle Regional Water Supply System or into Water Utility's retail distribution system if the new water source will be mixed with water from the Seattle Regional Water Supply System under Section II.D.9 and Seattle can establish that the revisions to the water quality criteria are related to the Seattle Regional Water Supply System, or (2) determining whether a new or increased Independent Supply may be eligible for an offset or Billing Credit under Section II.B.5.c.ii;
 - e. approve any changes to the water quality obligations under this Section II.D upon recommendation by Seattle, resulting from changes in regulatory requirements during the

term of this Contract. The parties will amend this Section II.D by letter agreement in the event the Operating Board approves changes to the water quality obligations under this subsection; and

f. establish a technical subcommittee(s) to assist in its roles under this Section II.D.4.

5. Distribution Systems. Water Utility shall be responsible for compliance with all applicable federal, state, and local water quality laws and regulations with in its retail distribution system. Seattle is not responsible for water quality compliance for water from Alternate Supplies.
6. Monitoring. Monitoring generally consists of sample collection, testing and reporting. Seattle is responsible for water quality monitoring for the Seattle Regional Water Supply System and Water Utility is responsible for water quality monitoring for its retail distribution system. Notwithstanding the foregoing, the parties acknowledge and agree that it is in the best interests of the region for Seattle to perform certain monitoring responsibilities as described below within those Wholesale Customers' retail distribution systems that have not opted out of the monitoring services as described below and to include the costs of such monitoring services in the appropriate cost pools under Section IV of this Contract. Seattle will not monitor the water within a Wholesale Customer's retail distribution system that opts out of monitoring services. A Wholesale Customer that elects to opt out of Seattle's monitoring services shall submit a written notice to Seattle of its election to opt out of these monitoring services. Water Utility may contract with Seattle to perform water quality monitoring and reporting services that are in addition to Seattle's obligations under this Section II.D as an elective service under Section IV.F. of this Contract. Specific monitoring procedures for Rules identified in the Federal Safe

Drinking Water Act (40 CFR 141) and Chapter 246-290 WAC are described below:

- a. Surface Water Treatment Rule (“SWTR”) and Groundwater Rule (“GWR”).
Seattle shall perform all monitoring for the water sources it owns in the Seattle Regional Water Supply System, and any chlorine residual sample collection and testing in Water Utility’s distribution system, which is done in conjunction with Seattle’s TCR monitoring consistent with Section II.D.6.c below. Seattle will report SWTR and GWR results to WA DOH and chlorine residual data to Water Utility. Water Utility is responsible for any applicable monitoring for its Independent or other Alternate Supplies and any other chlorine residual monitoring within its retail distribution system required under the SWTR.
- b. Lead and Copper Rule (“LCR”). Seattle shall perform monitoring within retail distribution systems for Wholesale Customers who hold Full Requirements Contracts under a regional LCR program. If Water Utility is a holder of a Full Requirements Contract, Water Utility is responsible for coordinating the location and collection of samples and reporting results to property owners as part of the regional LCR program. If Water Utility is a holder of a Partial Requirements Contract, Water Utility is responsible for all monitoring for LCR within its retail distribution system. In that case, Water Utility may elect to use the Seattle WQ Lab to test any LCR samples it collects as an Elective Service pursuant to Section IV.F.
- c. Total Coliform Rule (“TCR”). Seattle shall perform all routine sample collection and testing within Water Utility’s retail distribution system, unless Water Utility notifies Seattle in writing that it will be responsible for all routine TCR

monitoring within its retail distribution system. When Seattle performs routine TCR monitoring, Seattle shall report results to Water Utility and WA DOH, and Water Utility shall verify number and location for routine sample collection. Water Utility is responsible for performing any repeat sample collection, testing, and required reporting to WA DOH. Water Utility may elect to use the Seattle WQ Lab to test any samples it collects as an Elective Service under Section IV.F and Seattle will report results to Water Utility and WA DOH.

- d. Disinfection By-Products Rule (“DBP”). Seattle shall perform all routine sample collection at designated sample stands and testing of those samples within Water Utility’s retail distribution system unless Water Utility notifies Seattle in writing that it will be responsible for all DBP monitoring within its retail distribution system. When Seattle performs routine DBP monitoring, Seattle shall report results to Water Utility and WA DOH, and Water Utility shall verify number and location for sample collection. Water Utility is responsible for any routine sample collection at sites that are not designated sample stands and any additional sample collection, testing of samples it collects, and required reporting to WA DOH. Water Utility may elect to use the Seattle WQ Lab to test any samples it collects as an Elective Service under Section IV.F and Seattle will report results to Water Utility and WA DOH.
- e. Unregulated Contaminant Monitoring Rule (“UCMR”). Seattle shall perform all applicable monitoring required under the UCMR within the Seattle Regional Water Supply System. Water Utility will be responsible for all applicable monitoring required under the UCMR within its retail distribution system. Upon

recommendation by Seattle, the Operating Board may approve an alternate allocation of monitoring responsibilities under the UCMR when it is in the best interests of the Seattle Regional Water Supply System. The costs of any monitoring Seattle performs within the Seattle Regional Water Supply System or as approved by the Operating Board will be allocated to the appropriate cost pool under Section IV of this Contract.

- f. Other Monitoring. Seattle shall perform any other regulatory or non-regulatory monitoring within the Seattle Regional Water Supply System it deems necessary to ensure safe, high quality water; including but not limited to, other source and miscellaneous monitoring; taste and odor sampling; and emerging contaminants. Water Utility will be responsible for any additional regulatory or non-regulatory monitoring within its retail distribution system.
7. Water Quality Reporting to Regulatory Agencies and Retail Customers (Consumer Confidence Reports). Each Wholesale Customer, including Water Utility, and Seattle, at its sole cost, is responsible for periodic water quality notifications and reporting to its respective retail customers and regulatory agencies as required by law. Seattle shall provide Water Utility all relevant water quality monitoring data consistent with its responsibilities in Section II.D.6 above in a timely manner so that Water Utility may incorporate the water quality data in its required notifications or reports and Seattle may offer public notification assistance, training, or other public notification resources to Water Utility.
8. Flushing. Water Utility shall be solely responsible for flushing water mains within its retail distribution system. Flushing allowances will be provided by Seattle when Seattle

or the Operating Board determine flushing is the best available option to maintain or improve regional water quality.

9. New Water Sources. To ensure public health and regional reliability, the parties agree that blending of water supplies is a matter of regional importance to be managed with the cooperation of the Water Utility, the Operating Board, and Seattle. Therefore, before Water Utility may introduce a new Alternate Supply into its retail distribution system that will mix with water from the Seattle Regional Water Supply System, Seattle must approve the Alternate Supply in writing as a compatible source after an evaluation using customary and reasonable water quality criteria developed in consultation with the Operating Board from time to time. Seattle is required to approve the proposed Alternate Supply when the evaluation establishes that the proposed Alternate Supply meets the following criteria: 1) satisfactory results from a blending study to determine the compatibility of the new Alternate Supply with existing sources already in the Seattle Regional Water Supply System or Water Utility's retail distribution system; 2) the appropriate method and level of treatment and the probable distribution area of the new Alternate Supply within Water Utility's retail distribution system; and 3) satisfactory evidence that Water Utility has obtained all necessary and appropriate regulatory permits, reviews, agreements and approvals for rights to and operational use of the Alternate Supply. The requirements under this Section II.D.9 are in addition to any other requirements, e.g. Section II.B.5, under this Contract to add a new Alternate Supply.
10. Transfers Outside Water Utility's Retail Distribution System. If Water Utility has approval pursuant to Section III.B and transfers water from the Seattle Regional Water Supply System through its retail distribution system to the distribution system of another

water utility, Water Utility, the other water utility, or both, shall be fully responsible for meeting all applicable water quality standards related to the transfer of such water between their respective systems. Seattle will not be responsible for water quality for water transferred outside of Water Utility's retail distribution system.

II.E. Regional Water Conservation Program

The parties acknowledge and agree that conservation is an important ongoing tool to manage water supply resources and that a regional program, implemented collaboratively between Seattle and Wholesale Customers, to assist retail customers in using water efficiently will help defer development of New Supply Facilities and meet applicable regulations and agreements including, but not limited to, Washington State's Municipal Water Law (Chapter 90.03 RCW, as may be amended from time to time) and associated Water Use Efficiently (WUE) Rule (WAC 246-290 Part 8, as amended from time to time), Seattle's 2000 Cedar River Habitat Conservation Plan (HCP) and the 2006 Muckleshoot Indian Tribe (MIT) Settlement Agreement. As a condition of service under this Contract, Water Utility agrees to participate in the Regional Water Conservation Program ("Program"), as it may be amended from time to time during the term of this Contract, consistent with the Program guidelines below.

1. Program Elements. The Regional Water Conservation Program generally consists of the adoption of a regional WUE goal, good faith participation by all Wholesale Customers and Seattle, measurement of performance toward the regional WUE goal on a regional basis, and a combination of measures such as education, technical assistance and financial incentives to achieve the regional WUE goal.
2. Role of Operating Board. The Operating Board will approve the regional WUE goal subject to the additional approval under Section II.E.5 below and the total Program

budget subject to further approval by Seattle City Council, and set the strategic priorities for the Program consistent with any applicable requirements from regulations, agreements or orders. The Operating Board will also determine the cost recovery mechanism for the infrastructure costs of the Program, i.e. New Supply Rates or FCs, pursuant to Section IV.C.2.b. The Operating Board may also establish and provide strategic direction to a technical subcommittee of the Operating Board, the Conservation Technical Forum (“CTF”), comprised of program level staff from each Wholesale Customer and Seattle.

3. Role of Conservation Technical Forum. The CTF participates in designing the Regional Water Conservation Program, consistent with the strategic direction from the Operating Board, and may include review or generation of proposed Program elements or measures.
4. Role of Seattle. Seattle will administer the Regional Water Conservation Program, consistent with the approved regional WUE goal and total Program Budget, Program priorities and in consultation with the CTF. Administration includes, but is not limited to: staffing, including any consultants, to implement the Program; maintaining the Program website; maintaining a system to accept, process, and pay rebates; providing technical assistance to retail customers; developing template education and outreach materials for Wholesale Customers and Seattle to use in their retail distribution service areas (“Program materials”); coordinating certain regional marketing efforts with CTF; and providing each Wholesale Customer, including Water Utility, information related to achievement of the regional WUE goal and Program activity level within their respective retail distribution service areas.

5. Role of Wholesale Customers. At their own cost and expense, Seattle and each Wholesale Customer, including Water Utility, is responsible for marketing the Program using the Program materials within their retail service area that are in addition to any regional marketing efforts coordinated with CTF; adopting the regional WUE goal by their governing body; any required reporting of the regional WUE goal and performance to the State and their respective retail customers; and data collection as needed to track the regional WUE goal in their respective retail distribution systems.
6. Conservation in Addition to the Regional Program. Water Utility may elect to implement its own water conservation program or measures, in addition to the Regional Water Conservation Program, at its own discretion and its sole cost.
7. Postponing the Need for New Supply Facilities. In order to avoid the necessity of developing or acquiring New Supply Facilities for as long as reasonably practicable, any water saved through the Regional Water Conservation Program shall be dedicated first to the municipal water supply purposes of the Seattle Regional Water Supply System before any other use of such water may be undertaken.
8. Responding to changes in Conservation Program requirements. The parties acknowledge and agree that changes in conservation regulation, agreements, and other conservation requirements may occur from time to time. Upon Seattle's request, Water Utility will cooperate to amend, by letter agreement, this Contract as appropriate, for the limited purpose of documenting adjustments to the Regional Water Conservation Program or documenting other conservation activities resulting from such changed circumstances.

II.F Cedar River Watershed Education Center and Other Facilities

Water Utility may use the Cedar River Watershed Education Center up to two times per year

without charge, subject to availability. Water Utility may request occasional guided tours of the Cedar River Watershed or other facilities in the regional system. Water Utility may coordinate any use under this provision with the Wholesale Contracts Manager.

SECTION III. CONDITIONS OF SERVICE

III.A. Minimum Hydraulic Gradient and Flow Rates

1. Initial Minimum and Flow Rates. Seattle shall operate and maintain the Regional Facilities, and Subregional Facilities, if applicable, as necessary to maintain the minimum hydraulic gradients at each Service Connection as long as Water Utility does not exceed the flow rates at each Service Connection that are allocated from and based on maximum day demand, both of which are more specifically described in Exhibit II for each Service Connection. Seattle and Water Utility will include this information in their respective water system plans. Seattle, in consultation with the Operating Board, may increase the flow rates in Exhibit II from time to time based on updated average daily demand projections subject to transmission system capacity. Water Utility shall use best efforts to operate and maintain its retail distribution system in a manner consistent with the flow rates described in Exhibit II. Water Utility may use all or some of the flow rates allocated to each Service Connection on any other Service Connection that is located on the same Pipeline Segment Number, but in that case, the minimum hydraulic gradients are not guaranteed. Water Utility shall avoid taking water from a Service Connection in a manner that exceeds the flow rates for that Service Connection (or the aggregate flow rate for the Service Connections on the same Pipeline Segment Number) or take the flow at a rate faster than 24 hours, e.g. excessive intraday peaking, which could impact Regional Facilities or other Wholesale Customers downstream or upstream of Water Utility's

Service Connections. Upon notice by Seattle, Water Utility shall immediately reduce water deliveries at the Service Connection to no more than the flow rates for a Service Connection (or aggregate on same Pipeline Segment Number) in Exhibit II. In the event that Water Utility does not reduce deliveries as required under this provision, Seattle may install and operate flow restricting devices at the Service Connection(s), at Water Utility's expense. Water Utility shall maintain sufficient storage in its retail distribution system to manage peak demands in excess of the flow rates in Exhibit II and may be subject to the Demand Charges pursuant to Section IV.G.5.a. if storage is insufficient. The parties will amend Exhibit II by letter agreement to reflect any modifications pursuant to this Section III.A.1.

2. Modifications. If Seattle proposes a capital improvement project that would result in needing to modify the minimum hydraulic gradient and the corresponding flow rates at one or more Service Connections, Seattle may modify the minimum hydraulic gradient and corresponding flow rates described in Exhibit II if Seattle finds, and the Operating Board concurs, that Seattle's proposed capital improvement project would benefit the Seattle Regional Water Supply System and that it is feasible from an economic, land use and engineering perspective for Water Utility to adapt to the modification at its expense. Seattle may make these modifications only once during any fifteen (15) year period provided that four (4) years advance written notice is given to Water Utility unless a shorter notice is approved by the Operating Board. The parties will amend Exhibit II by letter agreement to reflect any modifications pursuant to this Section III.A.2.
3. New or Changed Service Connections. Seattle, in consultation with the Operating Board, and Water Utility may mutually agree, to new or relocated Service Connections or

adjustments to the minimum hydraulic gradients and corresponding flow rates. The parties will amend Exhibit II by letter agreement to reflect any changes under this provision. Any costs associated with a new or changed Service Connection will be allocated consistent with Section IV.C.1.c.

III.B. Resale to Other Parties

Water Utility may sell, or supply for emergency purposes, water supplied by Seattle to other water utilities located outside of Water Utility's existing or future retail service area and within Seattle's Service Area Boundary, or to Seattle's other Wholesale Customers, block customers or retail customers, only upon the prior written consent of Seattle (or oral, in case of emergency), which consent may include any terms and conditions or limitations Seattle may require. Agreements for resale or emergency supply of water by Water Utility listed in Sections I or IV of Exhibit I, as appropriate, are hereby approved by Seattle subject to whatever written terms, conditions and limitations that Seattle has imposed on such resale or emergency supply.

III.C. Interconnection With Other Systems

1. Prohibition on Interconnection. Water Utility shall not interconnect any part of its retail distribution system supplied with water from Seattle with other water systems without the prior written approval of Seattle, in consultation with the Operating Board, or, in case of emergency, upon oral approval by Seattle, which shall not be unreasonably withheld. Any such interconnection also shall be subject to the approval of the Washington State Department of Health and the installation of a meter. The interconnecting systems must be in compliance with all applicable laws and regulations including the requirement that they have a valid operating permit issued by the Washington State Department of Health. The parties will revise Exhibit I by letter

agreement to include any interconnections approved under this Section III.C.1.

2. Requests by Seattle to Interconnect. Seattle may request that Water Utility interconnect its retail distribution system to the distribution system of an adjacent Wholesale Customer for the purposes of wheeling water from the Seattle Regional Water Supply System through Water Utility's retail distribution system to the adjacent Wholesale Customer, provided that the adjacent Wholesale Customer has agreed to be subject to the provisions of Section III.C.2.b below. Water Utility shall comply with that request subject to the terms and conditions set forth below.
 - a. Requirement for Interconnection. If Water Utility does not consent to Seattle's request for interconnection, Seattle may submit its request to the Operating Board. Water Utility may present the reasons it does not consent to the interconnection to the Operating Board, and may include alternatives for consideration to serve the adjacent Wholesale Customer. The Operating Board shall consider the matter. Upon (a) a written finding by the Operating Board that the proposed interconnection with an adjacent Wholesale Customer for wheeling purposes is feasible taking into account Water Utility's capabilities, limitations, and obligations, (b) a written finding by the Operating Board that such interconnection benefits the Seattle Regional Water Supply System and (c) a written demand of the Operating Board that Water Utility carry out the interconnection, Water Utility shall be required to interconnect its facilities to the adjacent Wholesale Customer for the purposes of wheeling water to that Wholesale Customer through its retail distribution system, provided that the adjacent Wholesale Customer has agreed to be subject to the provisions of Section III.C.2.b below.

- b. Payment and Indemnity. Seattle will require that the adjacent Wholesale Customer agree: 1) to perform or cause to perform the interconnection, at adjacent Wholesale Customer's cost, in a location and according to specifications and a schedule acceptable to Seattle and Water Utility that do not unduly disrupt Water Utility's operations; 2) pay Water Utility its actual costs incurred to review, inspect and accept the installation of the interconnection; 3) pay Water Utility a reasonable rate or charge for the cost of wheeling the water to the adjacent Wholesale Customer as determined by the Water Utility; and 4) indemnify Water Utility from any liability that may result from operating the interconnection to deliver water to the adjacent Wholesale Customer. The Operating Board may adopt a standard methodology based on industry standards for calculating costs that ensures that Water Utility is fairly compensated for wheeling water through its retail distribution system. The adjacent Wholesale Customer may request review of Water Utility's wheeling rate by the Operating Board. The Operating Board shall have the authority to revise any rate that it determines is in excess of the Water Utility's full costs of owning, operating, maintaining, repairing and replacing and supporting the water facilities necessary to wheel water to the adjacent Wholesale Customer.

III.D. Development of Seattle Regional Water Supply System Infrastructure

Final decisions and authority to approve construction of capital infrastructure related to the Seattle Regional Water Supply System shall rest with the Seattle City Council. Capital construction activities include, but are not limited to installations, renewals, replacements, upgrades, expansions, and any other costs included in Seattle's Capital Improvement Plan as more

particularly described in Section VI.D.

III.E. Metering Equipment

1. Service Connection Meters. Seattle shall own and perform reading, testing, cleaning, routine maintenance and recalibration on the meters within each Service Connection to measure the amount of water delivered to Water Utility through the Service Connection pursuant to this Contract. Seattle shall perform all other work on the Service Connections including major maintenance, repairs, and replacements, at Water Utility's expense regardless of the cause, provided that the cause is consistent with AWWA and safety standards and practices (e.g. major maintenance, repairs and replacements) except to the extent the costs are a result of 1) Seattle's negligence, or 2) a meter failure within 5 years of the original installation; in which for both cases, the costs shall be allocated to the Existing Regional System Cost Pool. Water Utility shall operate and maintain its retail distribution system in a manner that the water flowing through the Service Connection meter operates within the normal operating range for the meter as specified by the manufacturer. In the event Seattle fails to conduct routine maintenance on the meters, including vault structures, Water Utility may notify Seattle of its failure and request that Seattle conduct the necessary and appropriate maintenance within a period of 90 days. Water Utility may in its discretion install additional water meters within Water Utility's water system to measure the supply of water from Seattle under this Contract. In the event of a discrepancy in meter readings, the parties will work in good faith to resolve the discrepancy.
2. Deliveries to Seattle. Until such time as Seattle determines it to be economical to install metering devices to measure the amount of water delivered from the Seattle Regional

Water Supply System to the Seattle Retail Distribution System, the amount of water delivered to the Seattle Retail Distribution System shall be measured indirectly by subtracting the metered water delivered to all of Seattle's Wholesale Customers and other wholesale customers, e.g. block contract holders, from 98% of the total amount of water exiting Seattle's sources of supply as measured by the supply meters. Seattle shall perform routine maintenance and recalibration of its supply meters in accordance with industry standards to ensure the accuracy of the data and information being provided by the supply meter.

SECTION IV. COST OF WATER SUPPLY & TRANSMISSION

Cost-based rates are a water industry accepted practice and the historical practice of Seattle and the Wholesale Customers. The ratemaking principles, policies and methodologies set forth in this Section IV are intended to meet the objective of equitable and cost-based rates.

IV.A. Ratemaking and Cost-allocation Principles

The parties will apply the following general principles and policies to the establishment of all rates, charges, and cost allocations for water supply, transmission, and related services under this Contract.

1. No expenses attributable to electric power development may be allocated to the cost pools identified herein unless the pools are allocated a commensurate share of revenue derived from such development.
2. Seattle shall utilize the governmental accounting and financial reporting standards established by the Governmental Accounting Standards Board ("GASB standards") that follow generally accepted accounting principles, as may be amended from time to time, consistently applied as a basis for developing the financial information upon which rates

and charges are based.

3. Abrupt changes in financial policies should be avoided.
4. The rate structure should encourage the efficient use of water, conservation and the timely development of new environmentally responsible, cost-efficient, and high-quality water sources and should incorporate seasonal rates and other pricing approaches to encourage efficient use.
5. The rate structure should be innovative, flexible, and adaptive whenever it is cost effective and beneficial in furthering the ratemaking policies.
6. The rate structure should be simple to administer and easily understandable.
7. The rate structure should be designed to recover the costs to own, operate and support the Seattle Regional Water Supply System fairly and objectively.
8. Unless modified with the approval of the Operating Board or implemented prior to the initiation of the current Contract review process in 2020, Seattle's ratemaking processes will reflect the generally accepted guidelines and practices of the U.S. water industry.
9. When revenues for regional or subregional assets are received outside of rates or Facilities Charges (such as but not limited to capital contributions, grants, donated plant, insurance or FEMA reimbursements, payments based on allowances or other agreed-upon terms), that portion of the asset equal to the amount of outside revenue received shall be removed from the applicable cost pool. When revenues for Index O&M Costs or Non-Index O&M Costs are received outside of rates (such as but not limited to grants, fee for services, insurance or FEMA reimbursements, payments based on allowances or other agreed-upon terms), the Index O&M Costs or Non-Index O&M Costs shall be reduced by the corresponding amount.

10. Certain costs may be recovered through allowances or other mutually negotiated terms. Any costs recovered through such terms must be recognized and accounted for appropriately within Seattle's ratemaking processes to eliminate the possibility of double-recovery.
11. Any portion of Seattle's Non-Index O&M Costs or capital costs which benefit only an individual Wholesale Customer or serves growth of a customer having a Block Purchase Contract shall be allocated to that customer or to a cost pool in which the customer bears an appropriate share, except as specifically provided in Sections IV.C.3.b, IV.D.2, and VI.D.2 of this Contract.
12. Only those costs incurred by the Seattle Water Enterprise Fund to own, operate, and reasonably support the Seattle Regional Water Supply System are eligible for recovery through the rates and charges pursuant to the terms of this Contract.
13. Seattle shall provide reasonable and early notice and appropriate information to the Operating Board so that it can carry out its roles with reasonable opportunity for meaningful input.
14. The Seattle Retail Distribution System shall be treated as the equivalent of a Wholesale Customer of the Seattle Regional Water Supply System for the purpose of charging Seattle the same applicable wholesale rates and charges as Water Utility for water supply and transmission unless specifically provided otherwise in this Contract. Costs calculated under the costs pools described below shall apply to all Wholesale Customers and to the Seattle Retail Distribution System consistently.
15. All parties will use best efforts in establishing rates and cost allocations that reflect the ratemaking and cost allocation principles set forth in this Section IV.A.

16. Costs should be capitalized for wholesale ratemaking purposes by applying the same capitalization policy as applied to the Seattle Water Enterprise Fund, except as allowed under Section IV.D.2.a.i.

IV.B. Ratemaking Framework

Subject to the foregoing principles, wholesale rates and charges for the services described in this Contract shall be developed by Seattle based on the following framework:

1. Water Supply and Transmission Services. The costs of water supply and transmission of water shall be accounted for in the cost pools described in Section IV.C below. Seattle will recover the costs in each cost pool by establishing separate rates or charges for each cost pool but may charge composite rates. Rates and charges will be applied consistently to Wholesale Customers within a Customer Class and the Seattle Retail Distribution System except as may be specifically defined as a charge to an individual or subset of Wholesale Customers, including Seattle.
2. Mixed-use Allowances. Seattle owns and operates Mixed-use Assets and performs Mixed-use O&M that are shared between or used to support both the Seattle Regional Water Supply System and the Seattle Retail Distribution System. The parties mutually agree to the recovery of costs of the portion of the Mixed-use Assets and Mixed-use O&M used to support the Seattle Regional Water Supply System to the extent specified in this Contract, including in Sections IV.D.2.b and 3.a.ii.
3. Seattle Retail Distribution System. Seattle may not allocate the costs of the Seattle Retail Distribution System or the portion of the Mixed-use Assets and Mixed-use O&M used to support the Seattle Retail Distribution System to any cost pools under this Contract.

IV.C. Seattle Regional Water Supply System Cost Pools

For the purposes of determining costs of water supply and transmission, there shall be the cost pools described below.

1. Existing Regional System Cost Pool. The Existing Regional System Cost Pool shall be accounted for as follows:
 - a. A rate shall be charged to recover the full costs of owning, operating, maintaining, repairing, renewing, and replacing and supporting the Existing Regional Facilities, which are assigned to this cost pool. Seattle may amend the list of Existing Regional Facilities in Exhibit VI, if necessary, to add or delete Existing Regional Facilities, as appropriate. The amended Exhibit VI will be incorporated as part of this Contract.
 - b. The Operating Board may approve the allocation of 1) any portion of a New Supply or New Transmission Facility project that enhances reliability of Existing Regional Facilities to the Existing Regional System Cost Pool and 2) any portion of an Existing Regional Facility project that expands the supply capacity of the Seattle Regional Water Supply System to the New Supply Cost Pool or the transmission capacity of the Seattle Regional Water Supply system to the New Transmission Cost Pool. Seattle will amend the relevant lists of Regional Facilities in Exhibit VI, as appropriate, to document any portion of a project or costs that are allocated by the Operating Board under this Section IV.C.1.b. The amended Exhibit VI will be incorporated as part of this Contract.
 - c. Costs of Service Connections and Metering Equipment. If Seattle requests a change in the location of the Service Connection to Water Utility for the benefit

of the Seattle Regional Water Supply System or incurs costs for metering equipment that meet one of the exceptions in Section III.E, then the costs, including any retirement costs of the old Service Connection, shall be included in the Existing Regional System Cost Pool. If Water Utility requests a new Service Connection, a change in location, an adjustment to service conditions of an existing Service Connection or Seattle incurs any other costs that are allocated to Water Utility pursuant to Section III.E., then Seattle shall invoice Water Utility for the costs of the new, replaced/repared or changed Service Connection, including any retirement costs of the old Service Connection consistent with Section III.E.

2. New Supply Cost Pool. The New Supply Cost Pool shall be accounted for as follows:
 - a. A rate shall be charged to recover the full costs of owning, constructing, operating, maintaining, repairing, renewing and replacing and supporting the New Supply Facilities, which are assigned to this cost pool, and which includes the costs of the Regional Water Conservation Program. Seattle may amend the list of New Supply Facilities in Exhibit VI, to add or delete New Supply Facilities, as appropriate. The amended Exhibit VI will be incorporated as part of this Contract.
 - b. The Operating Board may approve the allocation of certain costs to the New Supply Cost Pool consistent with Section IV.C.1.b above. Seattle will amend the relevant lists of Regional Facilities in Exhibit VI, as appropriate, to document any portion of a project or costs that are allocated by the Operating Board under this Section IV.C.2.b. The amended Exhibit VI will be incorporated as part of this Contract.

- c. The Operating Board shall determine whether the infrastructure costs of New Supply Facilities shall be recovered through FCs or new supply rates.
 - d. The Operating Board may allocate the reasonable expenses of the Operating Board to this cost pool.
3. New Transmission Cost Pool. The New Transmission Cost Pool shall be accounted for as follows:
- a. A rate shall be charged to recover the full costs of owning, constructing, operating, maintaining, repairing, renewing, and replacing and supporting the New Transmission Facilities, which are assigned to this cost pool. Seattle may amend the list of New Transmission Facilities in Exhibit VI, if necessary, to add or delete New Transmission Facilities, as appropriate. The amended Exhibit VI will be incorporated as part of this Contract.
 - b. The Operating Board may approve the allocation of certain costs to the New Transmission Cost Pool consistent with Section IV.C.1.b above. In addition, the Operating Board may approve the allocation of any portion of a New Transmission Facility project that benefits only a subset of Wholesale Customers or an individual Wholesale Customer to a subregional cost pool or the individual Wholesale Customer. Seattle will amend the relevant lists of Regional or Subregional Facilities in Exhibits VI or VII, as appropriate, to document any portion of a project or costs that are allocated by the Operating Board under this subsection IV.C.3.b. The amended Exhibits VI or VII will be incorporated as part of this Contract.
 - c. The Operating Board shall determine whether the infrastructure costs of New

Transmission Facilities shall be recovered through FCs or new transmission rates.

- d. The Operating Board may allocate the reasonable expenses of the Operating Board to this cost pool.
4. Operating Board Review. Prior to commencing in the design and construction of facilities eligible for inclusion in the New Supply or New Transmission Cost Pools, Seattle will review the purpose, timing, and need for said new supplies with the Operating Board. The Operating Board will have 90 days to provide Seattle with written comments on the proposed new supply or transmission development along with its recommendation on whether or not Seattle should proceed with the proposed plan. Nothing in this provision shall be interpreted to prevent Seattle from engaging in preliminary design efforts necessary to determine the feasibility of, or costs associated with, a particular project.
 5. Subregional Cost Pools. Certain Wholesale Customers are served, in part, by subregional transmission facilities that only benefit those Wholesale Customers in the specific subregions. If Water Utility is served by subregional transmission facilities as described in Exhibit I, Water Utility is subject to the relevant provisions of this Section IV.C.5. If Water Utility is not served by subregional transmission facilities, this provision does not apply. The following subregional cost pools shall be accounted for as follows:
 - a. Eastside, Southwest and Renton Subregional Cost Pools. A rate for each subregion shall be charged to the appropriate Wholesale Customers who are served by the respective subregional facilities to recover the full costs, as defined by this Contract, of owning, constructing, operating, maintaining, repairing, renewing and replacing and supporting the Eastside, Southwest or Renton

Subregional Facilities, respectively, which are assigned to the respective subregional cost pools. Seattle may amend the list of Subregional Facilities in Exhibit VII, if necessary, to add or delete Subregional Facilities. The amended Exhibit VII will be incorporated as part of this Contract.

- b. The Operating Board may approve the allocation of other costs that benefit the specific Wholesale Customers served by the Eastside, Southwest or Renton Subregional Cost Pools, as appropriate.
6. Renton New Supply Cost Pool. The Renton New Supply Cost Pool shall be accounted for as follows:

The full costs of owning, constructing, operating, maintaining, repairing, renewing and replacing and supporting the New Supply Facilities developed after January 1, 2012, including the costs of the Regional Water Conservation Program beginning January 1, 2012, shall be included in the Renton New Supply Cost Pool.
7. Creation of Additional Cost Pools. Seattle, in its discretion, may create additional cost pools, including its allocation by customer or customer class, to provide equity and flexibility in payment arrangements and the allocation of costs as the Seattle Regional Water Supply System expands to include new infrastructure, operations, and customers or responds to changed circumstances such as new regulatory requirements. The Operating Board may review and recommend revisions to the definition of the additional cost pool, and how it will be accounted for or allocated by customer or customer class. The Operating Board may approve the allocation of costs, or portion thereof, between a newly created additional cost pool and an existing cost pool if the costs to be allocated satisfy the criteria for allocation to the existing cost pool. Seattle and Water Utility will

revise the Contract by letter agreement for the limited purposes of documenting the creation and allocation of an additional cost pool under this Section IV.C.7.

8. Approval of Cost Allocation Method. The Operating Board shall use its best efforts to determine and approve a cost allocation method for infrastructure projects and related capital costs within the Seattle Regional Water Supply System prior to the project obtaining construction approval from the Seattle City Council. Failure of the Operating Board to approve a cost allocation method, however, shall not hinder Seattle from approving such projects in order to assure Seattle's fulfillment of its obligations under this Contract.

IV.D. Allocation of Costs and Revenues into Cost Pools

1. Accounting. Seattle shall maintain and use a cost accounting system consistent with the provisions of this Contract and the GASB standards, as amended from time to time, consistently applied in developing the financial information for determining the costs of acquisition or ownership, construction, repair, renewal, replacement, upgrade, expansion, maintenance and operation of the Seattle Regional Water Supply System. Seattle's compliance with GASB standards will take precedence over any conflicting accounting provisions under this Contract.
 - a. Asset Accounts. An asset account shall be maintained for each facility and within that account, Seattle shall record the original cost of that facility, plus betterments, and less retirements.
 - b. Depreciation. Facilities shall be depreciated according to industry-standard water system asset lives and a record of life-to-date depreciation shall be maintained for each facility. No depreciation shall be recorded in the first calendar year of

operation of a facility. A full year's depreciation shall be recorded in every subsequent year.

- c. Net Book Value. The Net Book Value of any facility shall be its original cost, plus betterments, and less retirements as recorded in its facility asset account, less life-to-date depreciation.
2. Infrastructure Costs. Each cost pool shall include the infrastructure costs for the facilities assigned to each cost pool as more particularly listed in Exhibits VI and VII (Regional Facilities and Subregional Facilities, respectively) and recognized on a utility or cash basis depending upon the facility and the cost pool as set forth below.
- a. Cost Basis. Seattle shall determine one of the following bases to recognize the infrastructure costs for ratemaking purposes and use it consistently throughout the life of the facility.
 - i. Utility Basis. Seattle shall use the Utility Basis to recognize the infrastructure costs for all Existing Regional and Subregional Facilities, as well as their replacements and betterments or portions thereof. Seattle shall also use the Utility Basis for New Supply and New Transmission Facilities. Under the Utility Basis, the infrastructure cost for a facility in any year shall be the sum of (i) the annual depreciation expense recorded for that facility and (ii) the product of the Net Book Value of that facility and the Rate of Return on Investment of that facility.
 - (a) Seattle, in its discretion, may consider interest costs as current infrastructure costs during the construction of a facility. However, any such interest costs must be considered contributions in aid of

construction, and not included in the Net Book Value of the facility for purposes of recognizing infrastructure costs under the Utility Basis in future years.

- (b) For ratemaking purposes and with the approval of the Operating Board, assets may be depreciated over a different time frame than that used by Seattle for financial reporting purposes in preparation of its audited Financial Statements.
- ii. Cash Basis. Seattle, with the approval of the Operating Board, may use the Cash Basis to recognize infrastructure costs for any Regional or Subregional Facilities or a portion thereof. Under the Cash Basis, the infrastructure cost for a facility in any year shall be the actual cash expenditure made by Seattle in that year for either the payment of construction costs or actual principal and interest costs on debt issued to finance its construction. In the event that the depreciation lifetime of the facility listed in the asset account is less than the term of the debt issued to finance all or a portion of the facility, Seattle will select debt maturities such that the construction cost of the facility will be fully amortized under the Cash Basis at the end of its depreciation lifetime.
- b. Infrastructure Adder. The parties agree the Infrastructure Adder provides a reasonable way to recover an allowance for 1) the regional portion of infrastructure costs of Mixed-use Assets; 2) the regional portion of mixed-use unrestricted cash assets; and 3) the equity or higher opportunity cost of cash financing Regional Facilities or the regional portion of Mixed-use Assets.
- c. Facilities Charges.

- i. Establishing Facilities Charges. If the Operating Board determines to recover infrastructure costs for certain New Supply or New Transmission Facilities through FCs, then Seattle will establish FCs as follows:

(a) ERU Charge. At the time the designated New Supply or New Transmission Facilities are put into service, Seattle shall establish a charge per one Equivalent Residential Unit (ERU Charge) for the Facility, or Facilities as the case may be, pursuant to the methodology in Exhibit V, which may include adjusting existing ERU Charges, if any, to include the new ERU Charges being established.

(b) ERUs.

(i) ERU Definition. Seattle, in its discretion, shall set, or amend from time to time, the capacity of one ERU to reflect the typical consumption of a single-family residence based on appropriate information consistent with accepted industry standards. The Operating Board may review and recommend revisions to Seattle's ERU definition. The then current ERU definition will be used in the methodology in Exhibit V to establish an ERU Charge.

(ii) ERU Factor. Seattle shall use the table of ERU Factors set forth in Exhibit V, which assigns a multiplier to each retail meter connection size. Seattle may propose, and the Operating Board may approve, adjustments to the table of ERU Factors. In the event the Operating Board approves an adjustment to the ERU Factors, the

parties will amend Section B of Exhibit V by letter agreement for the limited purposes of documenting adjustments to the ERU Factors.

- (c) Facilities Charges. Seattle shall adopt Facilities Charges for each meter connection size based on the then current ERU Charge multiplied by the ERU Factor.
- ii. Imposition and Payment of Facilities Charges. Seattle shall collect and Water Utility shall pay FCs based on the following:
 - (a) Water Utility's Retail Connections. Until such time as Seattle develops another basis, Water Utility shall track the number and size of each retail meter installed by Water Utility during each month and pay the appropriate Facilities Charges, taking into account the size of each meter, within 30 days of the end of the next month, unless Water Utility has an FC Allowance balance pursuant to Section IV.D.2.c.iii below.
 - (b) Seattle shall pay FCs on the same basis.
 - (c) If Water Utility has an FC Allowance as listed in Section 2 of Exhibit I, the FC Allowance balance will be reduced by an amount equal to the aggregate of the ERU Factors for each meter added by Water Utility during the previous month, and such reduction of the FC Allowance balance shall be in lieu of payment of FCs until the FC Allowance is zero.
 - (d) Seattle will allocate FC revenues to offset infrastructure costs in

the New Supply or New Transmission Cost Pools, respectively, based on which cost pool the Regional Facility whose infrastructure costs are being recovered through FCs is assigned. Seattle and Water Utility agree that FC revenues are the sole property of Seattle.

iii. FC Allowance for Supplies. If Water Utility operates Independent Supplies or Purchased Supplies as listed in Exhibit I, Seattle shall establish a growth allowance ("FC Allowance") based on the amount of additional ERUs the Independent Supply or Purchased Supply is sufficient to serve within Water Utility's retail distribution service area as specifically described in Section 2 of Exhibit I as of the effective date of this Contract. The FC Allowance shall be a credit against the imposition of FCs until the FC Allowance reaches zero, then Water Utility shall pay FCs in accordance with Section IV.D.2.c.ii above.

(a) Increase in FC Allowance. If Water Utility develops new Independent Supplies, makes improvements to an existing Independent Supply, or acquires new Purchased Supplies that increases the average annual production listed in Section 2 and/or Section 3 of Exhibit 1, the FC Allowance shall be adjusted as follows. If the new or improved Independent Supply or Purchased Supply produces at least one-third of its average annual production during the period between mid-May and mid-September, a trial period ("Trial Period") for the new or improved Independent

Supply or Purchased Supply shall commence on January 1st of the calendar year following the year in which the new or improved Independent Supply or Purchased Supply was placed into production. The Trial Period shall extend for three calendar years. At the conclusion of the Trial Period, the FC Allowance shall be increased by the additional number of ERUs, using the then current ERU definition, served by the average annual production of the new or improved Independent Supply or Purchased Supply during the Trial Period. The parties will amend Exhibit I by letter agreement to document the adjusted FC Allowance and the average annual production of the new or improved Independent Supply or Purchased Supply.

- (b) Decrease in FC Allowance. In the event that the average annual production of an Independent Supply or Purchased Supply, or of all Independent or Purchased Supplies in aggregate, is lower than the average annual production as listed and under the conditions provided in Section II or Section III of Exhibit 1, the outstanding FC Allowance shall be reduced by the number of ERUs, at the then current ERU definition, that could be served, on an annual basis, by a supply of the same size as the reduction in average annual production of the Independent Supplies or Purchased Supplies. In the event that this adjustment results in a negative FC Allowance, Water Utility shall pay Seattle an amount equal to the then-current

ERU Charge multiplied by the (negative) FC Allowance multiplied by minus one. The FC Allowance shall be zero upon full payment or commencement of payments under a payment agreement pursuant to Section VII.A.2.

iv. Record-Keeping.

- (a) Monthly Report. Water Utility shall provide Seattle with a monthly report, in a form acceptable to Seattle, along with its monthly payment of FCs, showing the number of retail connections by size that Water Utility installed in the previous month.
- (b) Annual Report. Water Utility shall provide Seattle with an annual report by January 31st of each year for the previous year, in a form acceptable to Seattle, showing the total number of its retail connections by size as of December 31 of each year.
- (c) Seattle Annual Report on ERUs. Seattle shall prepare and distribute a report, no later than March 31st of each year, showing the ERUs for the Seattle Retail Distribution System and each Wholesale Customer for the previous year and each year since the original effective date of this Contract.

3. O&M Costs. The parties mutually agree to handle the O&M Costs for each cost pool as follows:

- a. Annual O&M Costs. For each of the Existing Regional System, New Supply and New Transmission Cost Pools, the Annual O&M Costs shall consist of the

relevant Index O&M Costs times the Mixed-Use Multiplier, plus any Non-index O&M Costs in that year, if any.

- i. Index O&M Costs. The Index O&M Costs are the O&M Costs for the regional O&M Cost categories for each cost pool as more particularly described in Exhibit VIII and are intended to reflect the O&M Costs for Regional Facilities and regional-only programs and support functions. Seattle, in consultation with the Operating Board, may amend the list of Index O&M Cost categories in Exhibit VIII, if necessary, when a Regional Facility is added to or deleted from Exhibit VI or a regional-only program or support function is established or discontinued. The amended Exhibit VIII will be incorporated as part of this Contract.
- ii. Mixed-use Multipliers. The parties agree to use an initial Mixed-use Multiplier of 2.001, which, as applied above, results in an allowance for the portion of Mixed-use O&M Costs that support the Seattle Regional Water Supply System. The initial Mixed-use Multiplier established in this Contract, and any adjusted Mixed-use Multiplier, shall be consistent with the Ratemaking Principles in Section IV.A of this Contract and will be subject to periodic adjustment and review as provided in subsection (a) and (b) below and Section IV.H.1.a.
 - (a) The Mixed-Use Multiplier shall be adjusted every five years as a part of the Wholesale Statements, following the procedure below.
 - (i) Categorize the prior three years' O&M Costs of the Seattle Water Enterprise Fund, net of debt service and taxes on water

sales, into the following: Index O&M Costs, Non-index O&M Costs, Mixed-use O&M Costs, and the remainder, which is assigned as Seattle's retail costs.

(ii) Divide the Index O&M Cost by the sum of the Index O&M Cost and the retail cost. This calculation produces a percentage.

(iii) Apply the percentage produced in (ii) to the Mixed-use O&M Costs. The result is the portion of the Mixed-use O&M that will be recovered by the Mixed-use Multiplier.

(iv) To calculate the Mixed-use Multiplier, add the result from (iii) to the Index O&M Cost and divide that sum by the Index O&M Cost.

- (b) Seattle, in its discretion, may adjust the Mixed-use Multiplier from time to time when 1) it determines that the allowance produced by the then current Mixed-use Multiplier should not change in proportion to a change in the Index O&M Costs; and 2) the change in the Index O&M Costs was due to the addition or deletion of a Regional Facility resulting in a change of more than \$100,000 of Index O&M Costs. The calculation of the adjusted Mixed-use Multiplier shall follow the procedure outlined in Section IV.D.3.a.ii.(a) above, except that the anticipated change in cost for the added or deleted Regional Facility shall be added to or subtracted from the Index O&M Cost, respectively. The calculation of the adjusted Mixed-use

Multiplier will be documented in the Wholesale Statements described in Section IV.H.

- iii. Non-index O&M Costs. Seattle, in its discretion, may add certain regional O&M Costs that are unique or nonrecurring to the Annual O&M Cost in any year(s), as appropriate. For Non-Index O&M Costs larger than 1% of the annual Index O&M Costs, the Operating Board may elect to amortize the costs over a timeframe of the Board's choosing, not to exceed ten years. The annual amortization shall be included in the applicable cost pool, as well as the product of the unamortized cost and Seattle's Cash Pool Rate..
- b. Subregional O&M Costs. For each of the Subregional Cost Pools, the Annual O&M Costs shall consist of the actual O&M Costs for the respective Subregional Facilities assigned to each Subregional Cost Pool, including any net disposition costs for any of the Subregional Facilities in that cost pool, if any; together with any additional O&M Costs for the Subregional Facilities approved by Operating Board.
- c. Renton New Supply O&M Costs. For the Renton New Supply Cost Pool, the Annual O&M Costs shall be the same as the Annual O&M Costs in the New Supply Cost Pool.
- d. Disposition Costs. The costs of disposing of Regional or Subregional Facilities shall be included in the cost pool to which the Regional or Subregional Facilities are assigned. In the case of Regional Facilities, the net disposition costs will be added as a Non-index O&M Cost. Net disposition costs shall be calculated as follows:

- i. Disposition Under the Utility Basis. The Net Book Value of the facility, less any sales, salvage, or other revenues derived from the disposition of that facility. If an alternate life is being used for ratemaking purposes as compared to Seattle's financial reporting and Financial Statement purposes, the Net Book Value refers to the remaining asset value under the alternate life.
- ii. Disposition Under the Cash Basis. The value of principal of unpaid maturities of debt used to finance the construction cost of the facility, less any sales, salvage or other revenues derived from the disposition of that facility.
- iii. Certain Large Net Disposition Costs. For net disposition costs larger than 1% of the annual Index O&M Costs, the Operating Board may elect to amortize the net disposition costs over the remaining life of the asset(s), or another timeframe of the Board's choosing not to exceed ten years. The annual amortization shall be included in the applicable cost pool, as well as the product of the unamortized net disposition cost and Seattle's Cash Pool Rate.

IV.E Allocation of Cost Pools by Customer or Customer Class.

The costs and revenues in the cost pools shall be allocated within the pools as follows:

1. Allocation of Existing Regional System Cost Pool. The total cost of the Existing Regional System Cost Pool shall be allocated to customer classes as follows:
 - a. Block Purchase Customer Class. The portion of costs in the Existing Regional System Cost Pool allocated to holders of Block Purchase Contracts shall be

determined pursuant to those contracts, if any.

- b. Other wholesale customers. The portion of costs in the Existing Regional System Cost Pool or Existing Supply and Existing Transmission Cost Pools, depending how they are named in the Block Contracts, allocated to holders of other types of wholesale water supply contracts with Seattle shall be determined pursuant to those contracts, if any.
 - c. Full and Partial Requirements Customer Class. The holders of Full and Partial Requirements Contracts and the Seattle Retail Distribution System shall be allocated the remaining costs in the Existing Regional System Cost Pool after the allocations in Sections IV.E.1.a and b above.
 2. Allocation of New Supply Cost Pool. The total costs of the New Supply Cost Pool shall be allocated as follows:
 - a. Block Purchase Customer Class. The portion of costs in the New Supply Cost Pool allocated to holders of Block Purchase Contracts shall be determined pursuant to those contracts, if any.
 - b. Other wholesale customers. The portion of costs in the New Supply Cost Pool allocated to holders of other types of wholesale water supply contracts with Seattle shall be determined pursuant to those contracts, if any.
 - c. Full and Partial Requirements Customer Class. The holders of Full and Partial Requirements Contracts, except for Renton, and the Seattle Retail Distribution System shall be allocated the remaining costs in the New Supply Cost Pool after the allocations to Block Purchase Customers or other wholesale customers, if any, pursuant to Sections IV.E.2.a and b above; and after deducting an equivalent

amount of costs that are allocated to Renton under the Renton New Supply Cost Pool pursuant to Section IV.E.5 below.

3. Allocation of New Transmission Cost Pool. The costs allocated to the New Transmission Cost Pool shall be allocated as follows:
 - a. Block Purchase Customer Class. The portion of costs in the New Transmission Cost Pool allocated to holders of Block Purchase Contracts shall be determined pursuant to those contracts, if any.
 - b. Other wholesale customers. The portion of costs in the New Transmission Cost Pool allocated to holders of other types of wholesale water supply contracts with Seattle shall be determined pursuant to those contracts, if any.
 - c. Full and Partial Requirements Customer Class. The holders of Full and Partial Requirements Contracts and the Seattle Retail Distribution System shall be allocated the remaining costs in the New Transmission Cost Pool after allocations to Block Purchase Customers or other wholesale customers, if any, pursuant to Section IV.E.3.a and b above.
4. Allocation of Eastside, Southwest and Renton Subregion Cost Pools. All costs in the Eastside, Southwest and Renton Subregional Cost Pools shall be allocated to the Wholesale Customers served by the respective Subregional Facilities according to Exhibit VII.
5. Allocation of the Renton New Supply Cost Pool. A portion of the costs in the Renton New Supply Cost Pool shall be allocated as follows:
 - a. Block Purchase Customer Class and other wholesale customers. The holders of Block Purchase Contracts or other wholesale customers shall not be allocated any

costs from the Renton New Supply Cost Pool.

- b. Full and Partial Requirements Customers. Except for Renton, the holders of Full and Partial Requirements Contracts and the Seattle Retail Distribution System shall not be allocated any costs from the Renton New Supply Cost Pool.
 - c. Renton. Renton shall be allocated 6.8% of the remaining costs in the Renton New Supply Cost Pool after deducting an amount equivalent to the amount of costs from the New Supply Cost Pool allocated to the Block Purchase Customer Class or other wholesale customers, if any, pursuant to Section IV.E.2.a and b above. Seattle will recover the costs allocated to Renton from the Renton New Supply Cost Pool by a block payment paid in 12 equal installments in lieu of paying new supply rates or Facilities Charges (FCs) from the New Supply Cost Pool.
 - i. Seattle may update the percentage share of the costs in this cost pool allocated to Renton if Renton acquires additional retail distribution service area pursuant to Section II.B.2, or on January 1, 2022 and every 5 years thereafter during the term of this Contract. The basis for any adjustments to the percentage allocation will be based on the percentage of average annual flows of Renton's retail customers over the 5 prior years as compared to the average annual flows of all retail customers of the Wholesale Customers and the Seattle Regional Distribution System over the same 5 years.
6. Allocation of Additional Cost Pools. At the time an additional cost pool is created by Seattle pursuant to Section IV.C.7, the additional cost pool will be allocated by customer or customer class. The parties will enter into a letter agreement for the limited purposes

of documenting the allocation of an additional cost pool.

IV.F. Elective Services

1. Elective Services. Seattle may provide certain elective services that are in addition to the services provided under this Contract to Water Utility upon request by Water Utility. Such services shall be negotiated and contracted for separately between Water Utility and Seattle or provided at then current standard charges, if applicable. Elective services may include:
 - a. Transmission Wheeling. Seattle, at its sole discretion, may provide Water Utility access to excess transmission capacity, if any, for a fee and under any conditions it deems reasonable to protect the Seattle Regional Water Supply System for purposes of wheeling compatible water to or from Water Utility through the Seattle Regional Water Supply System. The Operating Board may review and recommend revisions to any policies or criteria Seattle may use to consider a request for wheeling services from a Wholesale Customer.
 - b. Water Quality. So long as Seattle owns and operates a water quality lab, Water Utility may request the services of that lab based on its published rates for testing of samples for water quality monitoring that Water Utility performs.

IV.G. Rate Setting, Adjustments and Special Charges

1. Wholesale Rate Setting. Seattle, in its sole discretion, shall determine the structure of FCs and wholesale water rates, except that the FCs or wholesale rates may not, without approval of the Operating Board, be set to collect more than the projected costs included in the cost pools as described in this Section IV.

2. Retail Rate Setting. Each party to this Contract shall have sole authority for establishing retail rates, connection charges and other fees and charges within its respective jurisdiction, including the manner of passing through or incorporating any wholesale rates and charges due under this Contract.
3. Wholesale Rate Adjustment. Seattle may adjust water service rates and FCs from time to time. Rate adjustments will be effective only within five years of the completion of a rate study consistent with Section IV.G.4 below and provided that Seattle transmits its final rate adjustment proposal to the Operating Board and Water Utility for final review at least 30 days before it transmits it to Seattle City Council for consideration. The Operating Board may review and recommend revisions to the final rate proposal. Seattle will provide a written explanation of any recommendations that are not accepted and forwarded to Seattle City Council.
4. Rate Study and Review Consultant. Seattle shall conduct a rate study in accordance with accepted industry standards and this Contract. Seattle shall provide Water Utility and the Operating Board 30 days' advance written notice of its intent to conduct a rate study and shall make detailed information and progress reports during the course of the rate study available to Water Utility, other Wholesale Customers and the Operating Board for review and comment. Seattle shall select an independent rate consultant to review the rate study, including an independent review of the allocation of costs and revenues between cost pools. The Operating Board may review and recommend revisions to the scope of work for the rate consultant. Seattle shall cause a final rate consultant report to be made available to Water Utility and the Operating Board not less than 30 days before Seattle formally transmits any resulting rate adjustment proposal to the Operating Board. Unless otherwise

approved by the Operating Board, Seattle shall conduct a cost-of-service rate study no less frequently than once every five years.

5. Special Charges.

a. Demand Charge.

- i. Seattle, in its discretion, may adopt and implement a demand charge in accordance with the methodology described in Exhibit III. The demand charge consists of a calculation of Water Utility's deficient storage, if any, and a Storage Deficiency Rate (i.e., dollars per 1000 gallons of deficient storage) that is based on an equivalent annualized cost of providing the deficient storage, and which shall be updated with each rate study.
- ii. Seattle shall be exempt from the demand charge until such time as metering devices are installed pursuant to Section III.E.2.
- iii. The costs and revenues from implementing the demand charge will be allocated to the Existing Regional System Cost Pool. The Operating Board may approve the allocation of these costs and revenues to the New Transmission Cost Pool in the future to offset other costs that may be allocated to the New Transmission Cost Pool in the future.
- iv. Seattle shall suspend the implementation of demand charges, if any, in the event of emergencies and unforeseen conditions.

- b. Emergency Surcharge. In the event of a drought, catastrophe, or other extraordinary condition that requires emergency expenditures to maintain sufficient and safe water supply or transmission capacity, or both, Seattle, through its City Council, may impose an emergency surcharge on all Wholesale

Customers, including Seattle, in order to pay for emergency expenditures or maintain financial stability of the Seattle Regional Water Supply System, or both (“Emergency Surcharge”). The Operating Board may review and recommend revisions to any proposed Emergency Surcharge prior to submission to the Seattle City Council for consideration. Seattle shall provide a written explanation of any recommendations that are not accepted and forwarded to City Council. Revenues from an Emergency Surcharge will be applied to the appropriate cost pool that relates to the emergency situation giving rise to the Emergency Surcharge. For the avoidance of doubt, and for example only, an Emergency Surcharge issued in response to a drought would be applied to offset costs in the Existing Regional System Cost Pool and an Emergency Surcharge issued to pay for extensive transmission repair on New Transmission Facilities would offset costs in the New Transmission Cost Pool. If the emergency is not related to any particular cost pool, the Operating Board shall make the final determination as to which cost pool the revenues shall be applied.

- c. New Wholesale Customer Charge. Seattle will charge any new customer who signs a Full or Partial Requirements Contract after the Effective Date of this Contract and who has not previously contributed to the costs in the New Supply Cost Pool or the development of New Supply Facilities an appropriate charge for an equitable share of the New Supply Facilities. This charge may be satisfied by either paying FCs and new supply rates or arranging a special water supply rate in lieu of paying FCs. The revenue from this charge will be allocated to offset costs in the New Supply Cost Pool.

6. Transition.

a. Initial Existing Regional System Running Balance Surplus.

As part of the contract transition process, Seattle shall implement a one-time return of the lesser of the full amount of the Existing Regional System Cost Pool running balance surplus or \$82M to Wholesale Customers in lump sum payments following completion of the updated contracts (either fully executed with mutual agreement or amended through the process identified in Section II.A.4(b)) with all Wholesale Customers. Water Utility will receive payment for its prorated portion of the amount above based on each Wholesale Customer's demand since the balance last crossed zero within 60 days following the completion of the updated contracts (as defined above), even if such payments are made before the Effective Date of the Contract.

b. Cost-of-Service Rate Study.

Seattle agrees to begin performing a cost-of-service rate study no later than three months of the date on which all Wholesale Customer contracts are either fully executed pursuant to Section II.A.4.a or amended pursuant to Section II.A.4.b.

c. Rebate Based on Alternate Utility Basis Cost.

As a result of negotiations pursuant to Section II.A.4.a, an Alternate Utility Basis will be applied as described below to calculate an annual rebate to Wholesale Customers signing this First Amended and Restated Contract for the Supply of Water. Water Utility will be eligible for an annual rebate in the form of a credit on its bill for a portion of the difference between Utility Basis cost

and the Alternate Utility Basis cost (for assets whose cost is calculated on a Utility Basis) as described below, if the Alternate Utility Basis results in a lower cost. This comparison will be conducted annually as part of the Wholesale Statement Review and the Water Utility's portion will be based on Water Utility's percentage of Wholesale Customer demand for each applicable Cost Pool in that year.

i. Definitions.

The following definitions will be used to calculate the Alternate Utility Basis cost:

"Alternate Infrastructure Adder" – A certain percentage amount that is applied as a component of the Rate of Return on Investment to the Net Book Value of facilities recognized under the Utility Basis, which may be adjusted pursuant to Section IV.G.6.c.iii below.

"Alternate Mixed-use Assets" – Capitalized facilities or assets that are shared between or used to support both the Seattle Retail Distribution System and the Seattle Regional Water Supply System.

"Alternate Rate of Return on Investment" – Alternate Seattle's Average Cost of Debt plus the Alternate Infrastructure Adder.

"Alternate Seattle's Average Cost of Debt" ("Alternate ACOD") - The weighted average coupon interest rate on Seattle's water system debt outstanding over the course of a calendar year with adjustments to recognize i) outstanding amortized premium or discount on water system debt; ii) gains/losses on water system bond refunding's; iii) issuance costs

including third party costs paid by bond proceeds; iv) prepaid insurance costs; v) net interest expense on debt service reserves; and vi) any other appropriate ongoing debt costs, e.g. variable rate remarketing, ongoing credit rating agency monitoring fees, calculated at the end of each calendar year during the term of this Contract.

- ii. Under the Alternate Utility Basis, the infrastructure cost for a facility in any year shall be the sum of (i) the annual depreciation expense recorded for that facility and (ii) the product of the Net Book Value of that facility and the Alternate Rate of Return on Investment of that facility.
 - a. Seattle, in its discretion, may consider interest costs as current infrastructure costs during the construction of a facility. However, any such interest costs must be considered contributions in aid of construction, and not included in the Net Book Value of the facility for purposes of recognizing infrastructure costs under the Utility Basis in future years.
 - b. For ratemaking purposes and with the approval of the Operating Board, assets may be depreciated over a different time frame than that used by Seattle for financial reporting purposes in preparation of its audited Financial Statements.
- iii. Alternate Infrastructure Adder. The parties mutually agree to use an initial Alternate Infrastructure Adder of 1.40%, which Seattle will apply as a component of the Rate of Return on Investment, to the Net Book Value of facilities that are recognized under the Utility Basis. The parties agree the

Alternate Infrastructure Adder provides a reasonable way to recover an allowance for 1) the regional portion of infrastructure costs of Mixed-use Assets; 2) the regional portion of mixed-use unrestricted cash assets; and 3) the equity or higher opportunity cost of cash financing Regional Facilities or the regional portion of Mixed-use Assets. The parties agree that Seattle may adjust the Alternate Infrastructure Adder that is applied to facilities recognized under the Alternate Utility Basis from time to time as follows:

- a. In order to maintain an equitable allocation of costs through the allowance, Seattle may increase or decrease the then current Alternate Infrastructure Adder annually by 0.12% for every 1.00% increase or decrease to Seattle's Alternative ACOD, or portion thereof, as the case may be, e.g. if Seattle's Alternative ACOD increases from 4.08% to 5.08%, the Infrastructure Adder would increase from 1.40% to 1.52%.
- b. In the event the Operating Board determines to use the Cash Basis to recognize costs for a Regional or Subregional Facility, Seattle may adjust the then current Alternate Infrastructure Adder by multiplying it by an amount equal to the sum of the then current NBV of Regional and Subregional Facilities recognized under the Alternate Utility Basis plus the current NBV of such Facilities recognized under the Cash Basis, divided by the then current NBV of Regional and Subregional Facilities recognized under the Alternative Utility Basis only.

IV.H. Cost Review and Truing Actual Costs and Actual Revenues

1. Wholesale Statement Review. At the end of each fiscal year, Seattle shall cause an independent review of its statement of actual costs and revenues received allocated to each cost pool (“Wholesale Statements”). Seattle will select an independent accountant, which may be Seattle’s independent auditor for its audited financial statements.,
 - a. Scope of Review. The procedures for the annual review shall be set by the Operating Board and shall include, at a minimum: (i) a comparison of the actual costs and revenues received to Seattle’s accounting records, (ii) a comparison of the procedures used by Seattle to allocate costs and revenues to each cost pool to those procedures and requirements specified in this Contract, (iii) in years where the Mixed-use Multiplier is adjusted, the accuracy of the adjustment calculation, and (iv) identification of any corrective actions necessary. The scope of review may include additional elements identified by the independent accountant, as well as procedures at Seattle’s discretion together with any reasonable requests of the Operating Board.
 - b. Operating Board and Water Utility Review of Report of Independent Accountant. Seattle will cause the independent accountant to present a copy of the review report to the Operating Board and Water Utility.
 - c. Operating Board and Water Utility Right to Review. The Operating Board, or Water Utility at its sole expense, may select its own independent accountant to review the Wholesale Statements including the Mixed-use Multiplier under separate agreed-upon procedures at their discretion. Subject to Seattle’s reasonable requests for security and confidentiality procedures and agreement to

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City of Mercer Island

the same, an independent accountant retained by Water Utility, may at any time upon prior reasonable notice to Seattle and in coordination with Seattle's reasonable scheduling ability, during normal business hours, review the books, records and accounts of Seattle to the extent that such books, records and accounts are directly used in the production of the Wholesale Statements or other allocations, charges or payments under this Contract. Seattle shall maintain all such books, records and accounts. Independent accountant's access shall include the right to make copies and discuss the books and records with Seattle's personnel having knowledge of the facilities, systems, processes and document contents. Water Utility's right to review shall survive the expiration or termination of this Contract for a period of three (3) years. If an inspection or examination pursuant to this section discloses overpricing or overcharges by Seattle in excess of one percent (1%) of the appropriate amount due, in addition to making adjustments for the overcharges, the reasonable actual cost of Water Utility's review shall be reimbursed to Water Utility by Seattle, and the costs will be included in the Existing Regional Cost Pool. Any adjustments which must be made as a result of any such review shall be reflected in the Wholesale Statements.

2. Truing Actual Costs and Actual Revenues. Seattle shall reconcile the projected costs and revenue targets for the various cost pools and the actual expenses and revenues received during each year of this Contract as follows:
 - a. Running Balances. For each cost pool, Seattle shall maintain a running balance of the surplus or deficit of actual rate revenues collected from each class of

customers less actual expenses incurred, except that Seattle shall maintain separate running balances for FC revenues pursuant to Section IV.H.2.c below. Each running balance shall earn simple interest at Seattle's Cash Pool Rate. At the end of each fiscal year, Seattle shall adjust each balance to reflect the operating results of that year. The year-end statement of these balances shall be reviewed as described in Section IV.H.1 above.

- b. Running Balance Deficits. Seattle shall design rates to eliminate any deficit in the cost pool running balances, except as provided herein.
- c. Running Balance Surpluses.
 - i. Running Balance Surplus at True Up.

Annually, after presentation of the Wholesale Statements to the Operating Board, the Board shall decide the portions of any surplus to be a) returned to the Wholesale Customers as a credit on their bill in the following year, with the balance prorated to each Wholesale Customer based on each Wholesale Customer's demand since the balance last crossed zero, b) redeemed as a capital contribution towards specific assets assigned to the applicable Cost Pool, and/or c) retained for rate smoothing purposes as determined by the Operating Board based on the review of the most recent rate study following the process in Section IV.H.2.iii below. The Operating Board may select one or any combination of these options for implementation. When returned as a credit on the bill or redeemed as a capital contribution, the surplus balance shall be reduced by those amounts.

ii. Running Balance Surplus at Contract Transition.

The running surplus balance existing as of December 31, 2024 shall be fully or partially returned as provided in Section IV.G.6, Contract Transition.

iii. Running Balance Surplus at Rate Study.

During each rate study, the Operating Board shall decide the portion of the surplus, up to an amount not to exceed 30 percent of the annual projected costs in the relevant cost pool for the first year of the rate study, to retain for future rate smoothing purposes. Seattle shall design rates to eliminate any surpluses above this amount in the cost pool running balances.

- d. FC Running Balances. Seattle shall maintain separate running balances within the New Supply and New Transmission Cost Pools, as appropriate, of the surplus or deficit balances of actual FC revenues received in any year over the facility's annual utility or cash basis costs to be recovered through FCs for that year. Running surplus FC balances shall earn simple interest at Seattle's Cash Pool Rate. For any year with a running FC deficit balance, Seattle shall transfer an amount from the running balance of rate revenues in the New Supply or New Transmission Cost Pool, as the case may be, to eliminate the FC deficit balance for that year even if it results in a deficit running balance in rates. FC surplus balances in any subsequent year shall be transferred back to the running balance in the New Supply or New Transmission Cost Pools until the amount transferred to eliminate the prior deficit FC balance is repaid. Any remaining surplus FC balances, if any, may upon Operating Board approval, be transferred to the running balances of rate revenues in the New

Supply or New Transmission cost pools for rate smoothing purposes. Otherwise, they shall be retained as a surplus FC balance in an amount up to two times the Net Book Value of the Regional Facilities whose infrastructure costs are being recovered by FCs. Any surplus FC balance that exceeds two times the Net Book Value of those facilities shall be transferred to the running balance for the New Supply or New Transmission Cost Pools, as appropriate, (and the FC surplus balance shall be reduced by the amount transferred). This transfer is permanent and not repaid. ERU Charges are based on Section IV.D.2.c and shall not be adjusted to reflect surpluses or deficits in FC balances.

SECTION V. OPERATING BOARD

1. Purpose. The purpose of the Operating Board is to provide advice and direction in certain areas of limited authority over policy, financial and operational matters as they affect the Seattle Regional Water Supply System. The representatives of the Operating Board shall, to the best of their ability, act in the best interests of the Seattle Regional Water Supply System as a whole, not for the benefit of a group of Wholesale Customers or an individual Wholesale Customer. Therefore, only Wholesale Customers that have agreed to automatic extensions of this Contract, committed to purchase their Full or Partial Requirements as set out on Exhibit I, and agreed to the limitations on purchase reductions contained in Section II.B.5, are eligible to have their representative voted onto the Operating Board.
2. Structure and Authority. The Operating Board shall have only the roles and limited authorities as specifically and explicitly set forth in specific provisions of this Contract.

The Operating Board shall have the structure described in Exhibit IV.

3. Review. The parties may review the structure and roles and limited authorities of the Operating Board as of January 1, 2027 and every five years thereafter to determine its effectiveness in addressing regional and contractual issues. The review may address the composition of the Board and its roles and limited authorities as set forth in the Contract and Exhibit IV. Any Wholesale Customer, including Water Utility, or Seattle may initiate the review. The initiating party shall provide all Wholesale Customers and Seattle, as the case may be, with its proposals. Water Utility and Seattle agree to consider each other's and any other Wholesale Customer's comments and proposals and to respond in writing stating its reasons for rejecting any proposals and the reasons for its own counter proposal. Notwithstanding any other provisions in this Contract, any changes to the Operating Board structure shall be made through an Amendment to the Operating Board Bylaws; provided that any such changes shall be subject to the restrictions and limitations contained in this Contract.

SECTION VI. PLANNING

VI.A. Reporting of Planning Data

1. By no later than March 1 of each year, Water Utility shall report to Seattle and the Operating Board the following data for the previous calendar year as follows, except as otherwise provided in Section VI.A.4 below:
 - a. The amount of water produced each month from its Independent Supplies, listed by source.
 - b. The amount of water purchased each month from any other water utilities, listed by other utility name and whether Emergency or Purchased Supply.

- c. The amount of water sold each month to any other water utilities, listed by other utility name and whether Emergency or Resale Supply.
 - d. The amount of water wheeled through Water Utility's distribution system each month, listed by both utility names that deliver water to and receive water from Water Utility.
 - e. The amount of water sold to retail and wholesale customers, by customer class and by month.
 - f. The number of accounts billed, by customer class and month.
 - g. Other data reasonably necessary to track, report and plan for the metrics used for the regional WUE Goal, upon Seattle's request.
2. Water Utility shall report other data as may be reasonably requested by Seattle for water planning purposes or as may be required by amendments to applicable regulations from time to time, except as otherwise provided in Section VI.A.4 below. This data may include, but not be limited to:
- a. Water Utility's forecasts of the amount of water to be used by Water Utility from Alternate Supplies. Forecasts will reflect best judgement of Water Utility and be consistent with industry standards.
 - b. Water Utility's forecasts of annual growth in the number of meters installed by Water Utility by the size of the meter as necessary for establishing Facility Charges pursuant to Section IV.D.2.c.
 - c. Water Utility's rates and charges, including background information such as rate studies.
 - d. Water Utility's maps, land use and growth projections, and geographical

information system (“GIS”) layers of current and future retail service areas of Water Utility, provided that Water Utility shall be permitted to withhold information or records which Water Utility reasonably believes the release of such information and records presents a security risk associated with Water Utility’s facilities, infrastructure and operations.

3. Records relevant to water supply and consumption within the possession of Seattle or Water Utility shall be provided to the other upon reasonable request.
4. Water Utility shall not be required to provide records, including related information or data, that are exempt from disclosure under the Public Records Act, Chapter 42.56 RCW, or other applicable federal and state laws.

VI.B. Submittal of Water Utility Water System Plans

Water Utility shall provide a copy of its proposed water system plan, including any amendments, to Seattle for review and comment before adoption by its legislative body, and a copy of its final approved water system plan or amendments.

VI.C. Seattle as Water Planning Agency

1. Seattle shall be the lead agency and primary planning authority for the purposes of fulfilling its obligations to provide for the Full or Partial Water Requirements of Water Utility, as appropriate.
2. Seattle, in consultation with the Operating Board, shall examine and investigate water supplies suitable and adequate to meet the present and reasonable future needs of Seattle and the Wholesale Customers.
3. Seattle, in consultation with the Operating Board, shall prepare and adopt a plan for acquiring new, high quality water supplies in a timely and cost-effective manner. The

plan shall provide for the lands, waters, water rights and easements necessary therefor, and facilities for retaining, storing and delivering such waters, including dams, reservoirs, aqueducts and pipelines to convey same throughout the Seattle Regional Water Supply System. In preparing or adopting the plan, Seattle shall consider as possible alternatives or additional water supply sources, the acquisition of water from sources controlled or developed by individual water utilities, legally constituted groups of water utilities or utilities which are not presently supplied by the Seattle Regional Water Supply System. Seattle has final responsibility for the plan and for fulfilling the obligations of this Contract. However, the Operating Board may participate in developing the plan by proposing goals and objectives for the Seattle Regional Water Supply System, by making any additional suggestions and by acting in a review capacity. If Water Utility opts out of an Extension pursuant to Section II.A.3, Seattle shall begin planning for Water Utility to stop purchasing water from Seattle at the expiration of its Contract Term.

VI.D. Capital Improvement Plan

1. To fulfill the requirements of this Contract, Seattle shall make improvements to the Seattle Regional Water Supply System based on a Capital Improvement Plan adopted by the Seattle City Council. The projects and programs in the Capital Improvement Plan will include those that meet operational, regulatory, or contractual requirements, provide for growth, improve reliability and resiliency, and are cost-effective. Prior to submission of the proposed Capital Improvement Plan to the Seattle City Council for approval, Seattle shall provide the Operating Board a reasonable and meaningful opportunity to review and recommend revisions to the relevant portions of the proposed Capital Improvement Plan that affect the Seattle Regional Water Supply System. Seattle shall give serious

consideration to the recommendations of the Operating Board. Seattle will transmit the final adopted Capital Improvement Plan to the Operating Board and Water Utility within 30 days of adoption. Seattle shall provide periodic updates of major projects and programs affecting the Seattle Regional Water Supply System upon request of the Operating Board. Seattle shall also review and respond to concerns expressed by the Operating Board or any Wholesale Customer regarding the scheduling of or delays in completing projects included in Seattle's Capital Improvement Plan or questions about the budgets or actual costs incurred on projects included in Seattle's Capital Improvement Plan. Seattle shall, upon request, provide opportunities for the Operating Board, or a designee of the Operating Board, to participate in options analysis, design review or value engineering for relevant projects or programs that substantially affect the Seattle Regional Water Supply System or Wholesale Customers.

2. The Operating Board may approve the allocation to a cost pool in Section IV.C of reasonable costs for capital improvements that serve or benefit an individual Wholesale Customer, including Water Utility, that are reasonably necessary to alleviate a disproportionate adverse impact to the retail distribution system(s) of Water Utility or another Wholesale Customer, to the extent it is caused by a capital project in the Capital Improvement Plan for the Seattle Regional Water Supply System. Water Utility, or another Wholesale Customer may request consideration of this provision, and the Operating Board will make a determination of whether 1) there is a disproportionate adverse impact and either (i) such disproportional adverse impact could have been reasonably avoided through a different project design in the Capital Improvement Plan, or (ii) the other Wholesale Customers, including the Seattle Retail Distribution System,

receive tangible benefits, directly or indirectly, from the project in the Capital Improvement Plan; 2) the proportion of capital costs to include, if any; and 3) the cost pool the costs would be allocated to, if any. Water Utility and Seattle will enter into a separate agreement consistent with this section if the Operating Board determines this provision applies to Water Utility and the costs will be allocated to the cost pool identified by the Operating Board.

SECTION VII. PAYMENT

VII.A. Collection of Money Due City

1. Seattle shall bill Water Utility on a monthly basis for all charges due under this Contract unless the Contract expressly provides otherwise, in which case Water Utility will submit payment according to the Contract. Water Utility shall pay all charges within 60 days of the invoice or billing date or, if another provision is applicable, when due.
2. For those charges that are not monthly commodity charges or Facilities Charges, Water Utility and Seattle may mutually agree by letter agreement to a reasonable monthly payment plan and any outstanding balance shall be charged interest at Seattle's Cash Pool Rate until paid in full.

VII.B. Penalties for Late Payment

All late payments, and any refund of an amount in dispute that was paid under protest, shall accrue interest at 1% per month.

VII.C. Billing Disputes

1. Water Utility may dispute the accuracy of any portion of charges billed by Seattle by notifying Seattle in writing within the 60-day payment period of the specific nature of the dispute and paying the undisputed portion of the charges. This provision is not intended

to limit Water Utility's right to dispute billing errors or charges that are not reasonably discoverable by Water Utility within the 60-day payment period.

2. Seattle shall consider and decide any billing dispute in a reasonable and timely manner. Any billing disputes that remain after such consideration shall be reconciled pursuant to the dispute resolution procedures of this Contract.

VII.D. Availability of Records

Upon request with reasonable notice, Water Utility or Seattle shall make any public records that support the charges or payments under this Contract available to the other party for inspection and copying during normal business hours.

SECTION VIII. CONTRACT AMENDMENTS

Seattle shall notify Water Utility and all other holders of Full or Partial Requirements Contracts of any amendments to such contracts within 30 days of the execution of such amendment. Water Utility shall then have 90 days to decide whether to include such amendment in this Contract by giving written notice to Seattle of its election to do so. Upon the issuance of such notice, Seattle shall issue the amendment to Water Utility and the amendment shall be final and binding upon both parties upon mutual execution.

SECTION IX. DISPUTE RESOLUTION

Dispute resolution shall proceed as follows:

IX.A. Operating Board Review

Any dispute regarding this Contract that remains unresolved after good faith negotiations between Water Utility and Seattle shall be referred to the Operating Board for consideration and recommendation. Each party shall submit a written statement regarding the dispute to the

Operating Board.

1. If the dispute cannot be resolved in discussions with the Operating Board, then the Operating Board shall provide written recommendations to each party within 60 days of receiving the written statements, which shall include any applicable findings or interpretations of the applicable facts or contract provisions.
2. If either party rejects the written recommendation of the Operating Board, that party shall, within 10 days, notify the other party in writing of its reasons.

IX.B. Seattle Mayor Review

If the dispute remains unresolved, the written statements of the parties, the recommendations of the Operating Board, if applicable, and the written reasons for either party's rejection of those recommendations shall then be submitted to the Seattle Mayor for review.

1. Within 60 days of the submittal of the written materials, the Seattle Mayor shall provide written recommendations to resolve the dispute.
2. If either party rejects the written recommendation of the Seattle Mayor, that party shall, within 10 days, notify the other party in writing of its reasons.

IX.C. Mediation

Within 10 days of receiving the written rejection of the Seattle Mayor's recommendations by one or both parties, each party shall designate in writing not more than 5 candidates it proposes to act as an impartial mediator.

1. If the parties cannot agree on one of the mediators from the combined list within 5 days, the Operating Board shall, within an additional 5 days, select one of the mediators from either list to serve as mediator.
2. Upon selection of the mediator, the parties shall use reasonable efforts to resolve the

dispute within 30 days, or other mutually agreed timeframe, with the assistance of the mediator.

IX.D. Resort to Litigation or Arbitration

If mediation fails to resolve the dispute within 30 days, or the other mutually agreed timeframe, of selection of the mediator, the parties may thereafter seek redress in court subject to Section X.G. below. Alternatively, the parties may mutually agree to resolve any disputes through arbitration using a single arbitrator acceptable to parties. Nothing in this provision shall be construed to require arbitration without the mutual agreement of the parties.

IX.E. Efficiency of Review

In order to facilitate a more efficient review of disputes under this Section, the parties may agree to skip the step in Section IX.A above in order to avoid a redundant act. The parties may also mutually agree to skip the step in Section IX.C, if it is in the best interests of the parties in resolving the dispute.

SECTION X. MISCELLANEOUS

X.A. Notification

1. Whenever written notice is required by this Contract, that notice shall be given to the following representatives, or their designees, by email with receipt requested, actual delivery or by the United States mail (registered or certified with return receipt requested), addressed to the respective party at the following addresses or a different address hereafter designated in writing by the party:

SEATTLE:

General Manager

Seattle Public Utilities

Seattle Municipal Tower

PO Box 34018

700 Fifth Ave, Suite 4900

Seattle, WA 98124-4018

WATER UTILITY:

Public Works Director

City of Mercer Island

9611 SE 36th Street

Mercer Island, WA 98040

The date of giving such notice shall be deemed to be the email date or postmarked date of mailing.

2. Seattle's Wholesale Contracts Manager will be the initial point of contact for all other issues arising under the Contract.

X.B. Severability

The purpose of this Contract is to provide for long-term water supply planning and certainty for both Seattle and Water Utility through adoption of orderly plans calling for the expenditure of significant sums of money for the Seattle Regional Water Supply System. It is the intent of the parties that if any provision of this Contract or its application is held by a court of competent jurisdiction to be illegal, invalid, or void, the validity of the remaining provisions of this Contract or its application to other entities, or circumstances shall not be affected. The remaining provisions shall continue in full force and effect, and the rights and obligations of the parties shall be construed and enforced as if the Contract did not contain the particular invalid provision; provided, however, if the invalid provision or its application is found by a court of competent

jurisdiction to be substantive and to render performance of the remaining provisions unworkable and non-feasible, is found to seriously affect the consideration and is inseparably connected to the remainder of the Contract, the entire Contract shall be null and void.

X.C. Consent

Whenever it is provided in this Contract that the prior written consent or approval of either party is required as a condition precedent to any actions, in each such instance said consent or approval shall not be unreasonably withheld, and in each such instance where prior consent is sought, failure of the party to respond in writing within 90 days of the request shall be deemed as that party's consent or approval unless expressly stated herein. This provision does not apply to requests for amendments of this Contract.

X.D. Emergency Situations

Nothing in this Contract shall be deemed to preclude either party from taking necessary action to maintain or restore water supply in emergency situations and such action shall not be deemed a violation of this Contract.

X.E. No Joint Venture - Individual Liability

This is not an agreement of joint venture or partnership, and no provision of this Contract shall be construed so as to make Water Utility individually or collectively a partner or joint venturer with any other Wholesale Customer or with Seattle. Neither party is an agent of the other. Neither Seattle nor Water Utility shall be liable for the acts of the other in any representative capacity whatsoever.

X.F. Complete Agreement

This Contract represents the entire agreement between the parties hereto concerning the subject matter hereof. This Contract may not be amended except as provided herein.

X.G. Venue, Jurisdiction and Specific Performance

In the event of litigation between the parties, venue and jurisdiction shall lie with the King County Superior Court of the State of Washington. The parties shall be entitled to specific performance of the terms hereof.

X.H. Default and Non-Waiver

In the event of default of any provision of the Contract, the non-defaulting party shall issue written notice to the other party setting forth the nature of the default. If the default is for a monetary payment due hereunder, the defaulting party shall have thirty (30) days to cure the default. In the event of other defaults, the defaulting party shall use its best efforts to cure the default within ninety (90) days. If such default cannot be reasonably cured within such ninety (90) day period, the defaulting party shall, upon written request prior to the expiration of the ninety (90) day period, be granted an additional sixty (60) days to cure the default. Any waiver of the breach or default of any provision, term or condition of this Contract shall not be deemed to be a waiver of any preceding or succeeding breach or default of the same or any other provision, term or condition.

X.I. Force Majeure

The time periods for the parties' performance under any provisions of this Contract shall be extended for a reasonable period of time during which a party's performance is prevented, in good faith, due to circumstances beyond the party's control such as fire, flood, earthquake, lockouts, strikes, embargoes, pandemics, acts of God, war and civil disobedience. If this provision is invoked, the parties agree to immediately take all reasonable steps to alleviate, cure, minimize or avoid the cause preventing such performance, at their sole expense.

X.J. Successors

This Contract shall inure to the benefit of and be binding upon the parties and their successors and assigns.

X.K. Exhibits

Exhibits I through IX are attached hereto and incorporated herein. To the extent this Contract authorizes the parties to amend a specific exhibit by letter agreement, such amended exhibit will become attached and incorporated herein upon the effective date of the letter agreement.

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereby execute this Contract.

THE CITY OF MERCER ISLAND

BY: _____

TITLE: _____

DATE _____

AUTHORIZING LEGISLATION: ORDINANCE/RESOLUTION _____

THE CITY OF SEATTLE

BY: _____
General Manager, Seattle Public Utilities

DATE: _____

AUTHORIZING LEGISLATION:

ORDINANCE No.

LIST OF EXHIBITS

- I. Purchase Commitment & Emergency, Independent and Purchased Supplies**
- II. Service Connections, Minimum Hydraulic Gradients, and Flow Rates of Water Supplied**
- III. Demand Charge Methodology**
- IV. Operating Board Structure**
- V. Facilities Charges**
- VI. Regional Facilities**
- VII. Subregional Facilities**
- VIII. Index O&M Cost Categories**
- IX. Stranded and Avoided Costs**

EXHIBIT I

PURCHASE COMMITMENT & EMERGENCY, INDEPENDENT AND PURCHASED SUPPLIES

City of Mercer Island Purchase Commitment is its Full Water Requirements.
City of Mercer Island is served by a Subregion
City of Mercer Island represents that it has access to the following Alternate Supplies:

I. EMERGENCY SUPPLIES

A. Purchased Supplies/Interties:

WATER UTILITY	LOCATION OF INTERTIE	METER SIZE	CAPACITY	TYPE OF SERVICE	AGREEMENT DATE	WATER SUPPLY To / From

B. Independent Supplies/Wells (No Facilities Charge Allowance):

SOURCE NAME	LOCATION	CATEGORY (GW / SW*)	PERMIT or CLAIM #	AMOUNT OF WATER RIGHT	AVERAGE ANNUAL PRODUCTION
North Emergency Well	Rotary Park (SE 44 th St & 88 th Ave SE)	GW	G1-28425	66.3 acre-feet	400 gpm

II. INDEPENDENT SUPPLIES (Continuous Use)

SOURCE NAME	LOCATION	CATEGORY (GW / SW)	PERMIT or CLAIM #	AMOUNT OF WATER RIGHT	AVERAGE ANNUAL PRODUCTION	FACILITY CHARGE ALLOWANCE

1. Water Utility shall use its best efforts to maintain and operate the Independent Supplies listed above, if any, in order to maintain the listed average annual production for each Independent Supply.
2. Water Utility shall provide written notice to Seattle within thirty days of determining that it is not possible or not cost effective to maintain and operate an Independent Supply at its listed average annual production. Such written notice shall describe the new level of average annual production expected for Independent Supply. Seattle may decrease the FC Allowance under Section IV.D.2.c. The parties will revise this Section II of Exhibit I by letter agreement to reflect the new average annual production or decreased FC Allowance.
3. Water Utility shall use its best efforts to cure any temporary interruption of water supply from an Independent Supply. Water Utility shall provide oral notice to Seattle of any interruption lasting longer than 1 week and the expected additional demand for water deliveries from Seattle resulting from the interruption. Water Utility shall use its best efforts to minimize the impact of an interruption of an Independent Supply on the Seattle Regional Water Supply System by utilizing its other Independent Supplies, if any, unaffected by the interruption within their operating and maintenance constraints.
4. It is the intent of the parties that the listed average annual production fairly represents the average annual production of the Independent Supplies. In the event that, over a 5 year period, (i) the actual average annual production, as may be adjusted to reflect a reasonably unforeseeable interruption in the Independent Supplies that lasts a substantial amount of time and is cured within a reasonable time, is consistently less than represented, and (ii) the annual deliveries of water to Water Utility by Seattle are consistently increasing, the listed average annual production shall be revised by letter agreement to reflect the reduction. Seattle may also decrease the FC Allowance under Section IV.D.2.c, which decrease shall also be revised in the letter agreement.
5. Water Utility shall provide Seattle with six months' written notice before placing any new or improved Independent Supply into production and the parties will revise this Section II of Exhibit I to reflect the new or improved Independent Supply and new or increased average annual production capacity. This condition is independent of and in addition to any other applicable provisions in the Contract relating to adding a new or improved Independent Supply (e.g. Sections II.B.5, reducing Purchase Commitment and II.D.9, Water Quality provisions for introducing new Alternate Supply).
6. Water Utility shall maintain records of the monthly production of each Independent Supply in a manner consistent with industry standards.

III. PURCHASED SUPPLIES (Continuous Use)

NAME	LOCATION	METER SIZE	AMOUNT	CONDITIONS ON USE	DATE RECEIVED REQUEST	EFFECTIVE DATE	EXPIRATION DATE	FACILITIES CHARGE ALLOWANCE

1. Water Utility shall use its best efforts to maintain use of Purchased Supplies listed above, if any, in order to maintain the listed average annual production for each Purchased Supply.
2. Water Utility shall provide written notice to Seattle within thirty days of determining that it is not possible or not cost effective to maintain use of Purchased Supply at its listed average annual production. Such written notice shall describe the new level of average annual production expected for Purchased Supply. Seattle may decrease the FC Allowance under Section IV.D.2.c. The parties will revise this Section III of Exhibit I by letter agreement to reflect the new average annual production or decreased FC Allowance.
3. Water Utility shall use its best efforts to cure any temporary interruption of water supply from a Purchased Supply. Water Utility shall provide oral notice to Seattle of any interruption lasting longer than 1 week and the expected additional demand for water deliveries from Seattle resulting from the interruption. Water Utility shall use its best efforts to minimize the impact of an interruption of a Purchased Supply on the Seattle Regional Water Supply System by utilizing its other Purchased Supply Sources unaffected by the interruption within their operating and maintenance constraints.
4. It is the intent of the parties that the listed amount fairly represents the average annual amount of the Purchased Supplies. In the event that, over a 5 year period, (i) the actual average annual amount, as may be adjusted to reflect a reasonably unforeseeable interruption in the Purchased Supplies that lasts a substantial amount of time and is cured within a reasonable time, is consistently less than represented, and (ii) the annual deliveries of water to Water Utility by Seattle are consistently increasing, the listed average annual production shall be revised by letter agreement to reflect the reduction. Seattle may also decrease the FC Allowance under Section IV.D.2.c, which decrease shall also be revised in the letter agreement.
5. Water Utility shall provide Seattle with six months’ written notice before placing any new or improved Purchased Supply into production and the parties will revise this Section III of Exhibit I to reflect the new or improved Purchased Supply and new or increased amount. This condition is independent of and in addition to any other applicable provisions in the Contract relating to adding a new or improved Purchased Supply (e.g. Sections II.B.5, reducing Purchase Commitment and II.D.9, Water Quality provisions for introducing new Alternate Supply).
6. Water Utility shall maintain records of the monthly amount of each Purchased Supply in a manner consistent with industry standards.

IV. REDUCTONS IN PURCHASE COMMITMENTS – STRANDED COST

NAME	REDUCTION NOTICE RECEIVED	AMOUNT OF REDUCTION	AUTOMATICALLY ALLOWED REDUCTIONS IN II.B.5.d.viii	REDUCTION NOTICES RECEIVED AFTER EFFECTIVE DATE	STRANDED COST

V. APPROVED RESALE OF SEATTLE WATER

NAME	LOCATION	METER SIZE	AMOUNT	CONDITIONS ON USE	EFFECTIVE DATE	EXPIRATION DATE

VI. WATER SUPPLY CONTRACTS OR AGREEMENTS WITH OTHER WATER UTILITIES

EXHIBIT II

SERVICE CONNECTIONS, MINIMUM HYDRAULIC GRADIENTS, AND FLOW RATES OF WATER SUPPLIED

SERVICE CONNECTION ⁽¹⁾				MINIMUM HYDRAULIC GRADIENT FOR PLANNING PURPOSES AT STATION UPSTREAM OF METER (FEET NAVD-88 Datum)	FLOW RATE UP TO WHICH THE MINIMUM HYDRAULIC GRADIENT APPLIES (gpm) ⁽³⁾⁽⁴⁾
LOCATION	STATION NUMBER ⁽²⁾	PIPELINE SEGMENT NUMBER ⁽²⁾	SIZE OF METER (IN.)		
SE 43 rd St & 89 th Ave SE	67	9	12	405	2,685
SE 40 th St & 97 th Ave SE	68	9	6	405	Back-up service
E Mercer Way & Mercer Island Pipeline Right-of-way	171	9	10	405	520
E Mercer Wy at MISL	197	9	¾"	405	1
				Total	3,206

Notes:

- (1) Water is provided to Service Connections at a Wholesale Level of Service.
- (2) Station and Pipeline Segment Numbers are for information purposes and pertain to cost allocations and the demand metering program.
- (3) The Total is based on City of Seattle's estimate of Water Utility's average daily demand for 2040 multiplied by a peaking factor of 2.0 for peak day use. Seattle and Water Utility agreed to the allocations of the Total to each Service Connection.
- (4) Pursuant to Section III.A of the Contract, Water Utility may use all or some of the flows rates allocated to each Service Connection on any other Service Connection that is located on the same Pipeline Segment Number, but in that case the minimum hydraulic gradients are not guaranteed.

EXHIBIT III

DEMAND CHARGE METHODOLOGY

In order to meet the conditions of service in Section III and Exhibit II of the Contract, each Wholesale Customer has to construct adequate storage volume within their individual retail distribution system to avoid excessive peak flow withdrawals at the Service Connection and potential adverse impacts to the Seattle Regional Water Supply System or other Wholesale Customers.

When Seattle has determined to implement demand charges for any period, Water Utility shall be subject to a demand charge if its average peak hourly flow rate from its 10 highest daily flow days exceeds its average daily flow rate from the same 10 days by more than 30% as more particularly described below.

The demand charge and method of application shall be as follows:

1. At Water Utility's cost, Seattle shall install metering devices that record hourly water deliveries at Service Connections. All other costs Seattle incurs to implement demand charges shall be allocated to the Existing Regional System Cost Pool; or New Transmission Cost Pool, upon approval by the Operating Board.
2. There shall be no requirement for Seattle to install demand-metering equipment or monitor water deliveries at all Service Connections for the purposes of implementing demand charges. Seattle, in its discretion, may choose to monitor water deliveries at all Service Connections, or the Service Connections of one or more Wholesale Customers based on considerations such as hydraulic capacity or other operational constraints in the Seattle Regional Water Supply System may be occurring.
3. When calculating Water Utility's deficient storage and whether demand charges apply:
 - a. Seattle may consider Service Connections to Water Utility on the same pipeline segment, or Service Connections that are on the same pipeline segment and subject to a joint operating agreement between Water Utility and another Wholesale Customer, as 1 Service Connection; and
 - b. A "Day" commences at 9:00 a.m. and ends at 9:00 a.m. the following calendar day.
 - c. The "Monitoring Period" will generally consist of the summer months of June, July, and August. However, if peak flow rates create adverse hydraulic or other operating conditions at other times, Seattle, in consultation with the Operating Board, may establish a different Monitoring Period.
4. For each Service Connection, Seattle will determine the ten Days within the Monitoring Period with the highest daily volume of water delivered.

5. For each of those ten Days, Seattle will determine the “Demand Factor” for each Service Connection by dividing the peak hourly flow rate by the average flow rate for the same Day expressed in gallons per hour.
6. Seattle will average: a) the Demand Factors for the ten Days to get an “Average Demand Factor” and b) the daily volume for the same ten Days to get an “Average Daily Quantity” of water in gallons for each Service Connection.
7. If Water Utility’s Average Demand Factor exceeds 1.30 at any Service Connection(s), Water Utility will be subject to a demand charge.
8. If Water Utility is subject to a demand charge, Seattle will determine Water Utility’s deficient storage volume at each Service Connection where the Average Demand Factor exceeds 1.3 using the following formula: $S = (F - 1) Q$: where S = deficient storage volume in gallons, F = Average Demand Factor and Q = Average Daily Quantity.
9. Seattle shall establish a Storage Deficiency Rate each rate study that is based on Seattle’s most recent actual cost to construct a reservoir, inflated to the most recent year that the Engineering News Record “ENR” index or equivalent inflation data is available. The Storage Deficiency Rate is the flat debt service payment required to finance the storage facility over 30 years at Seattle’s Average Cost of Debt at the time of each rate study, prorated for 1,000 gallons of storage.

Example:

Annual debt service cost of new reservoir at Average Cost of Debt

Actual cost of new reservoir in 2012	\$	60,000,000	
ENR Index in 2012		100.00	
ENR Index in 2019		125.00	
Increase in Index		1.25	
Cost of new reservoir inflated to 2019	\$	75,000,000	
Term of Debt	30		Years
Seattle Average Cost of Debt in 2020	4.15%		
Annual Cost	\$	4,416,596	
Volume of new reservoir		61,000,000	Gallons
Annual Debt Service per 1,000 Gallons	\$	72	
Storage Deficiency Rate	\$	72	

10. At each Service Connection subject to the demand charge, the demand charge shall be calculated as S/1000 times the Storage Deficiency Rate. The total demand charge for Water Utility shall be the sum of the demand charges for each Service Connection. The demand charge shall be due by March 31 the following calendar year, or Water Utility may request a payment agreement pursuant to Section VII of the Contract.

11. Peak flows caused by emergencies in the Seattle Regional Water Supply System or Water Utility's retail distribution system during any Monitoring Period will be excluded in determining the demand charge. Peak flows caused by other unusual situations may also be excluded at Seattle's sole discretion. Seattle may request documentation of any emergency or other situation from Water Utility to support a determination to exclude certain flows from demand charges during a Monitoring Period.
12. At Seattle sole discretion, Seattle may disallow daily flow rates which differ substantially from customer's daily consumption patterns in calculating the demand charge.
13. In case of malfunction of metering equipment during certain period causing loss of data, Seattle shall use the remaining data to determine the demand charge, if any.

EXHIBIT IV

OPERATING BOARD STRUCTURE

1. Structure. The Operating Board (or “Board”) shall be structured as follows:

- a. The Board shall consist of seven (7) members, composed of three members representing Seattle Public Utilities (SPU), three members representing Seattle’s Wholesale Customers selected as described below, and one independent party selected as set forth below to be a tie-breaker as needed. Board members shall, to the best of their ability, act in the best interests of the Seattle Regional Water Supply System as a whole, not the interest of a group of utilities or an individual utility.
- b. The term of each Board position shall commence on January 1 and shall be for four (4) years. Terms of each Board position shall be staggered such that no more than two positions are renewed in any single year. Except for SPU members, Board members may serve not more than three successive terms.
- c. Three Board members representing the Wholesale Customers will be selected from the holders of the First Amended and Restated Contract for the Supply of Water, mutually agreed to pursuant to Section II.A.4.a. Wholesale Customers will be sorted into three categories based on utility size. The selected categories will be small, medium, and large utilities, which will be made up from approximately equal numbers of holders of Full and Partial Requirements Contracts. Each category of utility may elect, by majority vote (one vote per utility) its representative to the Operating Board. The Board will be recomposed on January 1, 2012 and every 5 years thereafter. Only Wholesale customers demonstrating their commitment to the region by agreeing to limits on purchase reductions contained in Section II.B.5 shall be eligible to be elected as a member of the Operating Board.
- d. The seventh member of the Board shall be a person having expertise in the operations of regional water supply systems. Such person shall be selected by majority vote of the other Board members. In the event of a deadlock in selecting the independent representative, the independent Board member shall be selected by Judicial Arbitration and Mediation Services Inc., of Seattle, Washington, or its successor. The seventh member shall not vote on issues coming before the Board unless there is a deadlock in the voting among the other six Board members. The seventh member may nevertheless express his or her opinions in Operating Board discussions. Such member shall have no employment, financial or contractual relationship with Seattle nor any Wholesale Customer or any other actual or apparent conflict of interest in holding this position.

2. Voting. Except as otherwise provided above, each member of the Board shall have one vote on all matters coming before the Board. Each Board member may appoint an alternate to vote in his or her absence. A quorum of four (4) Board members present shall be required for any vote. Members of the Board may not grant proxies for any vote.

3. Chairperson. The Board shall have a Chairperson who will be selected and have duties as defined below:

- a. The Chairperson shall be selected at the first regularly scheduled meeting of each new year.
 - b. All Chairpersons shall be selected by the Board using a nomination and voting process.
 - c. Nomination for the position of Chairperson shall be taken from Board members. The Chairperson shall be selected based upon the simple majority vote of Board members. Should the Board fail to elect a Chairperson at the first regularly scheduled meeting of the new year, Seattle shall designate one of the SPU members to be the Acting Chairperson until such time as the Board elects a Chairperson.
 - d. The Chairperson shall have the responsibility to call meetings, determine the agenda and preside over meetings. In the absence of the Chairperson, for whatever reason, Seattle shall designate one of the SPU members to be the Acting Chairperson for that meeting. The Chairperson shall also act as the spokesperson for the Board and liaison between the Administrator and the then current Seattle City Council's Committee that considers matters related to Seattle Public Utilities.
4. Schedule/Procedures/Bylaws. The Board shall adopt a regular meeting schedule and notify all Wholesale Customers of the schedule. The Operating Board may adopt its own internal procedures and Bylaws. The latest edition of Roberts Rules of Order shall, in the absence of agreement by the Operating Board on procedural matters, govern all meetings and votes of the Operating Board.
 5. Reporting. The Board will provide reports to the Wholesale Customers, SPU and to the appropriate Seattle City Council Committee, on its decisions and recommendations in a timely manner.
 6. Responsibilities and Authority of the Board. The Operating Board shall have only those powers and authorities specifically and explicitly established by the clear terms of this Contract.
 7. Expenses. The Board shall be authorized to incur reasonable expenses which will be allocated by the Board to either or both of the New Transmission or New Supply Cost Pools.

EXHIBIT V

FACILITIES CHARGES

A. Methodology to Calculate ERU Charges

The ERU Charge is:

- the flat annual debt service payment required to finance the New Supply or New Transmission Facility for the lesser of (i) the facility life or (ii) the period over which new demand is projected to fully utilize the facility's projected supply or transmission capacity
- divided by -
- the average annual number of new ERUs of demand expected in each year.

Seattle's Average Cost of Debt at the time the facility is put into service shall be used to determine the flat debt service payment above. In the event that several New Supply or New Transmission Facilities are put into service simultaneously, the facilities may be considered together as providing a total new supply or new transmission capacity for a total construction cost.

Example: A New Supply Facility costing \$100 million is built with a projected total capacity of 100,000 ERUs and a 50-year facility life. Growth of 5,000 ERUs per year is projected over the next 20 years, so the facility is projected to be supplying its full capacity in 20 years. If this facility were financed over 20 years at Seattle's Average Cost of Debt of 6% interest, the flat annual debt service payment would be \$8.7 million and the ERU Charge would be \$1,740 ($8,700,000/5,000$).

At the time a subsequent New Supply or New Transmission Facility is put into service, but the capacity of a prior New Supply Facility has not yet been fully utilized, an ERU Charge for the subsequent facility shall be calculated separately according to the formula above, then averaged with the then-current ERU Charge from the prior facility. This average shall be weighted by the remaining number of ERUs at the then-current ERU Charge and the number of new ERUs being added at the new ERU Charge. This weighted average shall be the new ERU Charge, and the number of ERUs available at that weighted ERU Charge shall be the sum of the remaining ERUs for the prior facility plus the number of new ERUs for the subsequent facility.

Example: 10 years ago, a \$100 million New Supply Facility was constructed that can supply 100,000 ERUs. 50,000 ERUs remain at the ERU Charge of \$1,740. This year, we construct a New Supply Facility costing \$70 million and a 50-year facility life, with a projected capacity of 40,000 ERUs that is projected to be fully utilized in 10 years. The ERU Charge of the subsequent New Supply Facility alone using the formula above is \$2,375. The weighted average ERU Charge for any of the 90,000 available ERUs is \$2,022 ($50,000 * \$1,740 + 40,000 * \$2,375 / 90,000$).

B. ERU Factors by Connection Size

Connection Size	ERU Factors
1" and smaller	1.12
1 1/2"	5
2"	8
3"	22
4"	31
6"	66
8"	112
10"	169
12"	238

ERU Proving Methodology

The size of the retail water service connection used to serve a retail customer depends upon both the total demand and the instantaneous flow required by that retail customer. For this reason, connection size is only a general indicator of the annual demand placed on water supplies by any particular retail customer.

EXHIBIT VI

REGIONAL FACILITIES

I. Existing Regional Facilities

1. Cedar Source

- All roads, buildings, structures, water supply facilities, other equipment and infrastructure, recreational and educational facilities, downstream habitat enhancement, fisheries enhancement and mitigation facilities located within or close to the Cedar River Hydrographic Watershed boundary as defined by Seattle land ownership or other contractual rights, including the land itself, and any capitalized or amortized studies or obligations related to the above. Excepted are facilities solely owned by Seattle City Light for the purpose of power generation. Facilities shared by Seattle City Light and Seattle Public Utilities shall be part of the Seattle Regional Water Supply System only to the extent of SPU share or responsibility.
- All roads, buildings, structures, water supply facilities, and other equipment and infrastructure located within the Lake Youngs Reservation as defined by Seattle ownership of the land, including the land itself and any capitalized or amortized studies or obligations related to the above.
- All facilities, structures, and other equipment and infrastructure located within the Lake Youngs Aqueduct, the Landsburg Tunnel, and the Lake Youngs Supply Lines right-of-way, including the right-of-way itself.

2. Tolt Source

- All roads, buildings, structures, water supply facilities, other equipment and infrastructure, recreational and educational facilities, downstream habitat enhancement, fisheries enhancement and mitigation facilities located within or close to the South Fork Tolt River Hydrographic Watershed boundary as defined by Seattle land ownership or other contractual rights, including the land itself, and any capitalized or amortized studies or obligations related to the above. Excepted are facilities solely owned by Seattle City Light for the purpose of power generation. Facilities shared by Seattle City Light and Seattle Public Utilities shall be part of the Seattle Regional Water Supply System only to the extent of SPU share or responsibility.
- Tolt Pipeline No. 1, from the Tolt Regulating Basin to the outlet of the Tolt Treatment Facility, including any transfer and ancillary small diameter parallel pipes.
- Tolt Pipeline No. 2, from the Tolt Regulating Basin to the inlet of the Tolt Treatment Facility, including any transfer and ancillary small diameter parallel pipes, and including the connection to Tolt Pipeline No. 1 (a.k.a. TPL2 Phase 6b).
- Tolt Treatment Facility, including its outlet line up to the connection to Tolt Pipeline No. 1.

3. Seattle Wellfields (formerly known as Highline Wells)

- Riverton Wells, including all pumping and treatment equipment, original yard piping, to the

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connection to CRPL4, and the low flow piping to Riverton Reservoir.

- Boulevard Well, including all pumping and treatment equipment, and all piping up to the connection to CRPL4.
- Any facilities related to operation of the Seattle Wellfields, such as for streamflow augmentation or mitigation.

4. Other

- GIS Projects related to facilities identified herein as part of the Seattle Regional Water Supply System.
- Hardware and Software projects related to facilities identified herein as part of the Seattle Regional Water Supply System.

5. Pipelines

- Tolt Pipeline No. 1, from the outlet pipeline of the Tolt Treatment Facility to Lake Forest Reservoir, including any transfer and ancillary small diameter parallel pipes.
- Tolt Pipeline No. 2, where constructed, west of the outlet of the Tolt Treatment Facility (a.k.a TPL2 Phases 1, 2, 3, and 4), including any transfer and ancillary small diameter parallel pipes.
- Tolt Tieline.
- Tolt Eastside Supply Line (from TESS Junction to the intersection of SE 16th Street and 145th Place SE).
- Tolt Eastside Line Extension (from the intersection of SE 16th Street and 145th Place SE to Eastside Reservoir).
- The 550 head Pipeline from Maple Leaf Reservoir to Lake Forest Reservoir, sections of which also known as “The Haller Lake Pipeline”, and “The 195th Street Pipeline”.
- Lake Youngs Bypass No. 4 from the outlet of each of the Cedar Treatment Facility clearwells to Control Works, including Flow Control Facility 4.
- Lake Youngs Bypass No. 5 from the outlet of each of the Cedar Treatment Facility clearwells to the Lake Youngs Tunnel, including Flow Control Facility 5.
- The Lake Youngs Tunnel (from the original lake outlet to Control Works).
- The Maple Leaf Pipeline (from the intersection of 18th Avenue E. and E. Prospect Street to Maple Leaf Reservoir).
- Cedar River Pipeline No. 1 (CRPL1) from Control Works to the 24-inch remote controlled valve (a.k.a. “The CRPL1 to CRPL2 Valve” in the vicinity and east of Beacon Reservoir (primarily 66-inch pipeline).
- The primarily 54-inch Pipeline known as “The Old Cedar River Pipeline No. 2”, from the 24-inch remote controlled valve (a.k.a. “The CRPL1 to CRPL2 Valve”) in the vicinity of Beacon Reservoir to the intersection of 18th Avenue E and E Prospect Street.
- Cedar River Pipeline No. 2 (CRPL2) from Control Works to the 20-inch butterfly valve (a.k.a. “The CRPL2 to CRPL1 Valve”) in the vicinity and east of Beacon Reservoir (primarily 54-inch pipeline).
- The primarily 42-inch pipeline known as “The Old Cedar River Pipeline No. 1”, from the 20-inch butterfly valve (a.k.a. “The CRPL2 to CRPL1 Valve”) in the vicinity and east of Beacon Reservoir to the intersection of 12th Avenue and E Olive Street.
- The short pipeline sections of various diameters in the vicinity and east of Beacon Reservoir

connecting CRPL1, CRPL2, Old CRPL1 and Old CRPL2.

- Cedar River Pipeline No. 3 from Control Works to the intersection of 18th Avenue E. and E. Prospect Street (primarily 66-inch).
- 30" intertie pipeline between "The Old CRPL1" and CRPL3 in E Olive Street, from 12th Avenue to 18th Avenue.
- The interconnections between the Maple Leaf Pipeline, Cedar River Pipeline No. 3, and the Old Cedar River Pipeline No. 2 in the vicinity of the intersection of 18th Avenue E and E Prospect Street.
- Cedar River Pipeline No. 4 from Control Works to the West Seattle Pipeline.
- West Seattle Pipeline from Augusta Gatehouse to Cedar River Pipeline 4.
- The interconnections between the Cedar River Pipelines 1, 2, and 3 in the vicinity of 51st Avenue S and S Leo Street.
- Cedar Eastside Supply Line (from the Cedar Wye to the intersection of SE 16th Street and 145th Place SE).
- The 8th Avenue S. Pipeline between S. 146th Street and S. 160th Street.
- The Bow Lake Pipeline (between 8th Avenue S. and CRPL 4, and as relocated outside runways at SeaTac Airport).
- The Burien Feeder (in S. 146th Street between 8th Avenue S. and CRPL 4).
- The Fairwood Line (between Fairwood Pump Station and Soos Reservoirs).
- The 24-inch discharge pipeline of Lake Youngs Pump Station up to Soos Reservoirs.
- The 12-inch discharge pipeline of Lake Youngs Pump Station up to Soos Reservoirs.
- The 630 head pipeline between Lake Youngs Pump Station and the Cedar River WSD pump station at the eastern boundary of the Lake Youngs Reservation.

6. Reservoirs

Reservoirs, Tanks, and Standpipes, including overflow pipes, all valves, appurtenances, and disinfection facility located on the premises of each storage facility, unless otherwise noted

- Lake Forest Reservoir
- Eastside Reservoir
- Riverton Reservoir
- Maple Leaf Reservoir (excluding Roosevelt Way Pump Station and its suction and discharge piping, Maple Leaf Tank and 520 zone piping, except where solely serving the disinfection facility)
- Soos Reservoirs

7. Pump Stations

Pump Stations, Major Valve Structures, and other transmission Facilities

- Eastgate Pump Station
- TESS Junction Pump Station
- Lake Hills Pump Station
- Maplewood Pump Station
- Maple Leaf Pump Station
- Bothell Way Pump Station

- Fairwood Pump Station
- Lake Youngs Pump Station
- The Control Works
- Augusta Gatehouse
- Duvall Shops

8. Service Connections to Wholesale Customers installed before January 1, 2002, and Service Connections assigned to the Existing Regional System Cost Pool pursuant to Section III.E.1., are part of the Existing Regional Facilities. Unless otherwise identified as regional, Service Connections to Wholesale Customers installed after December 31, 2001 shall not be considered Existing Regional Facilities.
9. The Existing Regional Facilities include all necessary and convenient appurtenances, including, but not limited to, rights of way, land ownership or contractual rights to use, e.g. easements, security infrastructure, dewatering facilities, line valves, system meters, and remote automation devices.

II. New Supply Facilities

1. Regional Water Conservation Program. The capitalized or deferred cost of the Regional Water Conservation Program, which generally consists of rebate programs for customers to upgrade fixtures or equipment to more efficient models

III. New Transmission Facilities

[Reserved.]

EXHIBIT VII

SUBREGIONAL FACILITIES AND ALLOCATIONS

I. Eastern Subregion

A. List of Eastern Subregional Facilities

SEGMENT 1

(Cascade, Mercer Island, and Seattle)

1. The portion of the of the original Mercer Island Pipeline from the tee off the Cedar Eastside Supply Line in Factoria Boulevard SE to the west flange of the main line tee at the east end of the 16-inch Mercer Slough Bridge Pipeline (30-inch).

SEGMENT 2

(Cascade, Mercer Island, and Seattle)

1. The portion of the of the original Mercer Island Pipeline from the west flange of the main line tee at the east end of the 16-inch Mercer Slough Bridge Pipeline to the west flange of the 20-inch valve west of the wye to the East Channel Bridge Pipeline (30-inch).
2. The entire 16-inch Mercer Slough Bridge Pipeline (16-inch).
3. The portion of the East Channel Bridge 16-inch Pipeline, from the wye off item 1 of Segment 2 above to the north flange of the 16-inch line valve, including the valve bypass line.

SEGMENT 3

(Mercer Island and Seattle)

1. The portion of the original Mercer Island Pipeline from the west flange of the 20-inch valve west of the Enatai service to Bellevue to the west flange of the tee for the Shorewood Apartments service on Mercer Island (20-inch across the East Channel, 24inch on Mercer Island).
2. The 16-inch East Channel Bridge Pipeline, except for the portion listed as item 3 of Segment 2 above.

SEGMENT 4

(Mercer Island only)

1. The portion of the original Mercer Island Pipeline from the west flange of the tee for the Shorewood Apartments service on Mercer Island to the west end of the original Mercer Island pipeline near SE 43rd Street & 89th Ave SE on Mercer Island (24-inch).

The facilities include the appurtenance of these transmission facilities including but not limited to rights of way, line valves, system meters and remote automation devices.

B. Allocation of Costs in the Eastern Subregional Cost Pool

In each year, the costs of each Eastside Subregional Facility shall be allocated by the segments identified in Section I.A above based on Peak 7 Day flows through each segment. In the event that Peak 7 Day flow data is not available, Peak Month flows may be substituted. The annual cost of each segment is adjusted by the annual utility basis cost of the following initial amounts, amortized over 50 years starting in 1998.

Segment 1:	\$73,157.01 increase
Segment 2:	\$1,296,845.17 decrease
Segment 3:	\$136,782.17 increase
Segment 4:	\$72,442.13 increase

Seattle shall establish a common rate for each Eastside Subregional segment that recovers the costs allocated to that segment plus any costs allocated from preceding segments to downstream segments based on the flow data used. Wholesale Customers served by Eastern Subregional Facilities as may be identified in Exhibit I will pay the applicable segment rates for every unit of water delivered to the Service Connection(s), or in Seattle's case to the retail connection, on the identified segment, e.g. Service Connections on Segment 3 would pay the rate for Segment 3, which rate would recover costs allocated from Segments 1, 2 and 3.

Seattle will track running balances and actual costs and actual revenues for each segment within the Eastside Subregional Cost Pool and shall true up each segment in a manner consistent with Section IV.H, except that Seattle may adjust the running balances between Segments 3 and 4 for a Wholesale Customer served by both Segments as follows:

Seattle will track the portion of surplus or deficit balance created by each Wholesale Customer, including Seattle, in Segment 3 based on the percentage of revenues paid by each. If there is a surplus balance for Segment 3, Seattle may transfer all or a portion of the surplus created by the Wholesale Customer served by both Segments to reduce a running deficit balance for Segment 4 and credit Seattle for a proportionate share of the Segment 3 surplus. If there is a surplus balance for Segment 4, Seattle may transfer all or a portion of the surplus in Segment 4 to reduce the portion of a running deficit balance in Segment 3 created by the Wholesale Customer served by both Segments and charge Seattle for a proportionate share of the Segment 3 deficit balance.

II. Southwestern Subregion

A. List of Southwest Subregion Transmission Facilities

585 ZONE FACILITIES

Pipelines

1. The discharge pipeline of Burien Pump Station, from the pump station to Ambaum Boulevard SW.

2. The pipeline in 8 Ave SW from SW Kenyon Street to SW 108 Street.
3. The discharge pipeline of Highland Park Pump Station to SW 108th Street.
4. The 585 Pipeline in SW 108th Street between 4th Avenue SW and 12th Avenue SW.
5. The 585 head Pipeline in 4th Avenue SW between SW 108th Street and SW 146th Street.
6. The 585 Pipeline in 12th Avenue SW and Ambaum Boulevard SW between SW 108th Street and SW 146th Street.
7. The 585 Pipeline in Ambaum Boulevard SW between SW 146th Street and SW 149th Street.
8. The 585 pipeline in SW 149th Street between Ambaum Boulevard SW and 14th Avenue SW.
9. The 585 pipeline in 12 Ave SW from SW 108 Street to SW 106 Street.
10. The discharge of the Trenton Turbines pump station within the West Seattle Reservoir property, and up to SW Cloverdale Street.
11. The 585 pipeline in 5 Ave SW from SW Cloverdale Street to SW Kenyon Street.
12. The 585 pipeline in SW Kenyon Street from 5 Ave SW to 8 Ave SW.
13. The 585 pipeline in SW Kenyon Street from 8 Ave SW to 35 Ave SW.
14. The 585 pipeline in 35 Ave SW from SW Kenyon Street to SW Myrtle Street.
15. The 585 pipeline in SW Myrtle Street from 35 Ave SW to Myrtle Tanks.

Pump Stations

1. Burien Pump Station, including its suction line from the 24-inch tee to the pump station.
2. Highland Park Pump Station, including its suction line from the tee off the 42-inch West Seattle Reservoir inlet-outlet line to the pump station.
3. Trenton Turbines Pump Station, including the suction/supply line from the pump station to the 36x36x20 tee.

Tanks

1. Beverly Park Tank, and all associated appurtenances and connections to the 585 zone.
2. Myrtle Tanks, and all associated appurtenances and connections to the 585 zone.

WEST SEATTLE RESERVOIR FACILITIES

1. The reservoir Gate House, except for the West Seattle Low Service Pump Station.
2. All reservoir appurtenances, including but not limited to the reservoir drain, washout, and overflow pipelines.
3. The reservoir bypass from the tee off the West Seattle Pipeline to the reservoir easterly outlet pipeline.

WEST SEATTLE PIPELINE FACILITY

From the connection to Cedar River Pipeline No. 4 to the West Seattle Reservoir Gate House.

DES MOINES WAY PIPELINE FACILITIES

1. From the connection to the Bow Lake Pipeline as relocated outside SeaTac Airport, to S 168th Street.
2. South 168 Street to the terminus of the pipeline near S 208th Street.

MILITARY ROAD FEEDER FACILITY

THE EAST MARGINAL WAY FEEDER FACILITY

From the West Seattle Pipeline to S 115 Street, including pressure reducing and pressure relief facilities from the West Seattle Pipeline to that feeder.

The facilities include the appurtenance of these transmission facilities including but not limited to rights of way, line valves, system meters and remote automation devices.

B. Allocation of Costs in the Southwest Subregional Cost Pool

In each year, the cost of each Southwest Subregional Facility identified in Section II.A above shall be allocated between the Seattle Retail Distribution System and Wholesale Customers served by the Southwest Subregional Facilities as may be identified in Exhibit I as a group based on the following agreed upon allocations to the Wholesale Customers:

<u>FACILITY</u>	<u>Allocation to Wholesale Customers</u>
585 Zone	50%
West Seattle Reservoir	10%
West Seattle Pipeline	22%
Des Moines Way Pipeline	100%
Military Road Feeder	100%
East Marginal Way Feeder	100%

Wholesale Customers served by the Southwest Subregional Facilities shall pay a uniform rate to recover the costs from the Southwest Subregional Cost Pool allocated to the Wholesale Customers. This rate shall apply to every unit of water delivered to a Wholesale Customer served by Southwest Subregional Facilities without regard to the specific location at which that water was delivered. Actual costs and actual revenues for the Southwest Sub-region shall be trued up in a manner consistent with Section IV.H.

III. Renton Subregion

A. List of Renton Subregional Facilities

The 12-inch pipelines, from the outlets off the CRPLs 1, 2, and 3 up to the south wall of the SPU meter vaults in Logan Avenue South.

B. Allocation of Costs in the Renton Subregional Cost Pool

In each year, the cost of all Renton Subregional Facilities shall be allocated to the Wholesale Customer(s) served by the Renton Subregional Facilities as may be identified in Exhibit 1.

The Wholesale Customer(s) served by the Renton Subregional Facilities shall pay either a rate established by Seattle or a lump sum, to recover the costs allocated to the Renton Subregional Cost Pool. The rate shall apply to every unit of water delivered to Wholesale Customer(s) served by the Renton Subregional Facilities. The parties may agree to a payment agreement for a lump sum pursuant to Section VII.A.

EXHIBIT VIII

INDEX O&M COST CATEGORIES

The following cost categories as may be amended further from time to time, that capture the portion of O&M Costs to support Seattle Regional Water Supply System only shall be used as the Index O&M Costs in the Existing Regional System, New Supply and New Transmission Cost Pools.

1. Existing Regional System Cost Pool

- Cedar, Tolt, and Lake Youngs Watersheds, including but not limited to
 - Infrastructure and land: buildings, equipment, pipelines, security, roads, bridges, communication, IT
 - Forest management, ecological management including ecological thinning net of timber sales revenue
 - Dam safety
 - Limnology
 - Costs to comply with external requirements such as those imposed by Ecology, Tribes, FERC
 - Management of the public, Patrols, Recreation
 - Fire Protection including Wildland Fire Teams
- Transmission
 - Infrastructure and land: buildings, equipment, pipelines, security, roads, bridges, communication, IT, for the Pipelines, reservoirs, pump stations, major valve structures, and other transmission facilities as listed in Exhibit VII
 - Vegetation Management
 - Litter and vehicle removal
 - Property costs including Fire Protection, permits, easements, and franchise fees
- Treatment
 - Infrastructure and land: buildings, equipment, pipelines, security, roads, bridges, communication, IT
 - Cedar Treatment Plant
 - Tolt Filtration Facility
 - Landsburg Treatment Facility
 - Other treatment in the Seattle Regional Water Supply System
 - Water Quality Testing for tests described in Section II.D.6.
- Regional planning
 - Water rights
 - Climate as it pertains to water supply or infrastructure in the Seattle Regional Water Supply System

2. New Supply Cost Pool

- The Regional Water Conservation Program
- Operating Board expenses, if allocated

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- 3. New Transmission Cost Pool
 - [Reserved]

EXHIBIT IX

STRANDED AND AVOIDED COSTS

1. General Provisions

Within 30 days of receipt of a Notice to reduce or terminate Water Utility's Purchase Commitment under Section II.B.5.a, Seattle shall send a written notice to Water Utility, with a copy to the Operating Board, defining the amount of the reduction or termination that results in aggregate Water Utility reductions under this Contract that is in excess of the Water Utility's total Automatically Allowed Reduction, and providing an annual schedule of the Preliminary Net Stranded Cost, or Preliminary Net Billing Credit, if applicable, calculated pursuant to the methodology in Section 2 below using the available documented information as of the time of the Notice. If any reduction by Water Utility results in it having aggregate reductions greater than 5% of the average purchases from Seattle for the most recent five years but less than or equal to its Automatically Allowed Reduction, the Stranded Cost for the portion above 5% will be paid by Seattle, through annual Stranded Cost payments as calculated below. Note: This basis for Seattle payments will apply both to Regional Stranded Cost calculations and to Subregional Stranded Cost calculations, as further defined below.

On or before 180 days prior to the effective date of the Notice under Section II.B.5.b, Seattle shall send a written notice to Water Utility, with a copy to the Operating Board, providing a revised schedule of the Final Net Stranded Cost, or Final Net Billing Credit, if applicable, calculation pursuant to the methodology in Section 2 below using the available documented information as of 180 days prior to the effective date of the Notice under Section II.B.5.b which may reflect appropriate adjustments for changed circumstances during the Notice Period, as well as a calculation of any Stranded Cost obligation to be met by Seattle, as defined above.

The Final Net Stranded Cost, or Final Net Billing Credit, if applicable, will be the payment, or credit, if applicable, required pursuant to Section II.B.5.c. Water Utility will pay the Final Net Stranded Cost, or agree to a schedule of payments with equivalent discounted present value, or receive the Final Net Billing Credit, if applicable, on or before the effective date of the Notice under Section II.B.5.b.

If Water Utility is reducing its Purchase Commitment and will remain a Wholesale Customer, the parties may mutually agree to a payment schedule agreement to pay the Final Net Stranded Cost pursuant to Section VII.A of the Contract.

For rate smoothing or financial performance purposes, Seattle, in consultation with the Operating Board, may select which cost pool the revenues are applied to and whether or not to delay revenue recognition to future years.

In the event that Seattle acquires a new wholesale customer or a new block wholesale customer, or extends the size of the block contract to Cascade Water Alliance or other existing block wholesale

customer, these new regional sales will reduce prior demand reductions that are subject to Stranded Costs as follows: i) adjustments to prior reductions will be effective for all remaining years of the Contract, beginning with the first year of the new sales; ii) new customer sales or additional block sales amounts will be assigned to past Wholesale Customer demand reductions in order of their effective dates; iii) if the new sales amount is greater than the size of the first-in-time prior demand reduction, the remainder will be applied to the next-in-time demand reduction, and so on until either the new sales amount is exhausted or all prior reductions have been reduced to zero. In such cases, the schedule(s) of Water Utility's Annual Stranded Costs for remaining years will be reduced proportionately or entirely as the case may be, and Water Utility will pay the reduced amount from that year forward or, if it has made a prior payment in excess of its Annual Stranded Costs, it will receive a credit of equivalent present value.

2. Stranded and Avoided Cost Methodology

A. Annual Regional Stranded Costs and Annual Regional Avoided Costs: Seattle will first calculate Annual Regional Stranded Costs, and Annual Regional Avoided Costs, if applicable, for each year beginning with the first year Water Utility's reduction or termination of its Purchase Commitment is effective through the last year of the current Contract term using the formula below. Seattle will use the most up to date and available documented information from its then current Water System Plan, or annual plans and statements including financial and accounting statements, official demand forecasts, etc. for all the projections required in the methodology i) as of the date of the Notice for the Preliminary Net Stranded Costs, or Preliminary Net Billing Credit, if applicable; and ii) as of 180 days prior to the effective date of the Notice for the Final Net Stranded Costs or Final Net Billing Credit, if applicable.

Annual Regional Stranded Costs for Year X = [DEP + NBV*RORI + FOC] * Share

where:

- **DEP** - the projected annual depreciation for the Regional Facilities as of the effective date of the Notice of the reduction or termination of Water Utility's Purchase Commitment for year X,
- **NBV** - the projected Net Book Value of the Regional Facilities as of the effective date of the Notice of the reduction or termination of Water Utility's Purchase Commitment for year X,
- **RORI** - the Rate of Return on Investment in effect at the time of the calculation (remains constant for all years),
- **FOC** - the projected fixed portion of the Annual O&M Costs for year X, calculated as the Annual O&M Costs for the first year after the Effective Date ("year 1") (i.e. Annual O&M Costs in year 1 * 90% , which represents a deduction of an agreed upon amount for variable operations costs that are reduced in proportion to Water Utility's reduction or termination and therefore not included as Stranded Costs in the methodology), and escalated at 2.5% per year for each of the remaining years' calculations through year X.
- **Share** - the amount of Water Utility's reduction or termination in excess of its Automatically Allowed Reduction, divided by the projected total Wholesale Customer demand for year X, multiplied by the total Wholesale Customer share of revenue requirements for year X (i.e. (Firm yield – block contract demand)/Firm yield). For this calculation, block demand priced at Wholesale Customer rates shall be considered Wholesale Customer demand.

Annual Regional Avoided Costs for Year X = [DSN + NOC] * NSS

where:

DSN - The projected annual debt service payment for year X of 30-year debt at the then current Seattle Average Cost of Debt to finance the full cost of any New Supply Facility deferred by the reduction or termination, based on the then most current Seattle Water System Plan,

NOC – The projected operations cost for year X for the SPU New Supply Facility, escalated at 2.5% per year from the first year through the end of the contract period, and

NSS - The New Supply Share, defined as the ratio of the Water Utility's reduction in demand divided by the projected design capacity of the deferred New Supply Facility, as measured by average daily demand (ADD).

B. Annual Subregional Stranded Costs: If Water Utility is served by Subregional Facilities, Seattle will calculate Annual Subregional Stranded Costs for each year beginning with the first year

Water Utility's reduction or termination of its Purchase Commitment is effective through the last year of the Contract term using the formula below.

Annual Subregional Stranded Costs for Year X = [SRDEP + SRNBV*RORI + SRFOC] * SRShare

where:

- **SRDEP** - the projected annual depreciation for the Subregional Facilities for year X
- **SRNBV** - the projected Net Book Value of the Subregional Facilities for year X,
- **RORI** - the Rate of Return on Investment in effect at the time of the calculation (remains constant for all years),
- **SRFOC** - the projected fixed portion of the Annual O&M Costs for year X, calculated as the Annual O&M Costs for the first year after the Effective Date ("year 1") (i.e. Annual O&M Costs in year 1 * 90% , which represents a deduction of an agreed upon amount for variable operations costs that are reduced in proportion to Water Utility's reduction or termination and therefore not included in the methodology), and escalated at 2.5% per year for each of the remaining years' calculations through year X.
- **SRShare** - the amount of Water Utility's reduction or termination divided by the projected total Subregional demand for year X in the relevant subregion.

C. Totaling the Stranded Costs or Avoided Costs for all years: Seattle will then calculate the Net Stranded Costs or Net Billing Credit, if applicable, as follows by discounting each year of Annual Regional Stranded Costs and Annual Regional Avoided Costs (except year 1) and Annual Subregional Stranded Costs (if any, and except year 1) to its present value and then adding the first year and each of the discounted remaining years of the Annual Regional Stranded Costs; and subtracting first year and each of the discounted remaining years of the Annual Avoided Costs, if applicable; and adding the first year and each of the discounted remaining years of the Annual Subregional Stranded Costs, if any. If the difference is positive, a total Final Net Stranded Cost Payment is due from Water Utility and will reflect any applicable offset from Annual Avoided Costs. If the difference is negative, a total Final Net Billing Credit will be due from Seattle to Water Utility.

Net Stranded Cost (or Net Billing Credit if negative) =

Annual Regional Stranded Cost(1) – Annual Regional Avoided Cost(1) + Annual Subregional Stranded Cost(1) +

[Annual Regional Stranded Cost (2) – Annual Regional Avoided Cost (2)+ Annual Subregional Stranded cost (2)]*Discount Factor(2) +

...calculated for each year from 3 to n (see Illustrative Example of Annual Stranded & Avoided Cost Calculation)... +

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City of Mercer Island

[Annual Regional Stranded Cost(n) -Annual Regional Avoided Cost(n) + Annual Stranded Subregional Cost(n), if applicable]*Discount Factor(n)

where:

- Annual Regional Stranded Cost(1) – the Annual Regional Stranded Cost in the first year the reduction or termination is in effect,
- Annual Regional Avoided Cost(1) – the Annual Avoided Cost in the first year the reduction or termination is in effect,
- Annual Subregional Stranded Cost(1) – the Annual Subregional Stranded Cost in the first year the reduction or termination is in effect,
- Annual Regional Stranded Cost(2) - the Annual Regional Stranded Cost in the second year the reduction or termination is in effect,
- Annual Regional Avoided Cost(2) – the Annual Avoided Cost in the second year the reduction or termination is in effect,
- Annual Subregional Stranded Cost(2) – the Annual Subregional Stranded Cost in the second year the reduction or termination is in effect,
- Discount Factor(2) - the factor for discounting costs in the second year by one year, deemed to be the Annual O&M Cost escalation plus 2.5%.
- Annual Regional Stranded Cost(n) - the Annual Regional Stranded Cost in the last year of the Contract term, deemed to be the Annual O&M Cost escalation plus 2.5%,
- Annual Regional Avoided Cost(n) - the Avoided Cost in the last year of the Contract term,
- Annual Subregional Stranded Cost(n) - the Annual Subregional Stranded Cost in the last year of the Contract term, and
- Discount Factor(n) is the multiplied factor for discounting costs in the last year of the Contract term back to the first year the reduction is in effect, deemed to be the Annual O&M Cost escalation plus 2.5% per year, with the calculation including each of the years of the Contract term.

Illustrative Example of Annual Stranded & Avoided Cost Calculation: Reduction of 1.0 mgd (Million Gallons/Day) of Demand, not in a Subregion		
Annual Cost for 1 Year (2030)		
Projected Annual Depreciation	\$22 M	
Projected Net Book Value	\$400 M	
RORI	6.0%	
Total Annual Capital Costs	$\$22 \text{ M} + (\$400 \text{ M} * 6\%) = \$46 \text{ M}$	\$46 M
Projected Annual O&M Cost in Year 1	\$60 M	
Projected Fixed Operations Costs (FOC) in Year 1	$\$60 \text{ M} * .90$	\$54 M ¹
Total Annual Regional System Cost	$\$46 \text{ M} + \$54 \text{ M} = \$100 \text{ M}$	\$100 M
Share of Annual Cost Associated with Reduction		
Regional System Firm Yield	172 mgd	
Block Contracts Portion of Firm Yield ²	34.4 mgd	
Wholesale Customer plus Cascade Supplemental Block Share of Annual Revenue Requirements ³	$(172 - 34.4)/172 \text{ mgd} = \mathbf{80\%}$	
Wholesale Customer Forecasted Demand plus Cascade Supplemental Block	100 mgd	
Water Utility's Reduction	1 mgd	
Water Utility's Share of Wholesale Customer plus Cascade Supplemental Block Demand associated with Reduction	$80\% * (1.0/100) = 0.80\%$	0.80%
Annual Stranded Cost		
Water Utility's Share = Annual Stranded Cost (2030)	$0.80\% * \$100 \text{ M} = \$800,000$	\$800,000
Annual Regional Avoided Cost, New Supply (beginning 2055)		
New Supply Facility (2055 Cost)	\$600 M	
New Supply Facility Financing	30 years, 4% interest => \$34.7 M/yr	
New Supply Facility O&M Cost in 2055	\$8.5 M ⁴	
New System Supply Capacity	24 mgd	
Water Utility's Avoided Supply Share (<i>beginning in 2055</i>)	$(1.0/24.0) * (\$34.7 \text{ M} + \$8.5 \text{ M}) = \$1.80 \text{ M}$	\$1,800,000

¹ Each Year X after Year 1, the projected FOC will be escalated at 2.5%.

² As of the Effective Date of this Contract, includes Cascade (Base Block only, not Supplemental Block) and Northshore Utility District block contract demand in each Year X at the full amount of their Blocks.

³ Cascade's Supplemental Block is priced at the same regional rate paid by Wholesale Customers and is therefore included with Wholesale Customer demand at its full Supplemental Block size.

⁴ Each Year X after 2055, the projected NOC will be escalated at 2.5%.

Total Present Value of Annual Stranded Costs and Avoided Costs for a 1.0 mgd (Million Gallons/Day) Reduction Beginning in 2030, Reducing New Supply Needs in 2055

Year	Annual Stranded Cost (\$000)	Annual Avoided Cost (\$000)	Annual Net Cost or Credit	PV of Stranded & Avoided Costs (\$000)
2030	\$800	\$0	\$800	\$800
2031	\$796	\$0	\$796	\$758
2032	\$792	\$0	\$792	\$718
2033	\$788	\$0	\$788	\$681
2034	\$784	\$0	\$784	\$645
2035	\$780	\$0	\$780	\$611
2036	\$776	\$0	\$776	\$579
2037	\$772	\$0	\$772	\$549
2038	\$768	\$0	\$768	\$520
2039	\$764	\$0	\$764	\$492
2040	\$760	\$0	\$760	\$467
2041	\$768	\$0	\$768	\$449
2042	\$776	\$0	\$776	\$432
2043	\$784	\$0	\$784	\$416
2044	\$792	\$0	\$792	\$400
2045	\$800	\$0	\$800	\$385
2046	\$808	\$0	\$808	\$370
2047	\$816	\$0	\$816	\$356
2048	\$824	\$0	\$824	\$342
2049	\$832	\$0	\$832	\$329
2050	\$840	\$0	\$840	\$317
2051	\$850	\$0	\$850	\$305
2052	\$860	\$0	\$860	\$294
2053	\$870	\$0	\$870	\$283
2054	\$880	\$0	\$880	\$273
2055	\$890	\$1,800	(\$910)	(\$269)
2056	\$900	\$1,809	(\$909)	(\$256)
2057	\$910	\$1,818	(\$908)	(\$243)
2058	\$920	\$1,827	(\$907)	(\$231)
2059	\$930	\$1,837	(\$907)	(\$220)
2060	\$940	\$1,846	(\$906)	(\$210)
2061	\$950	\$1,856	(\$906)	(\$200)
Total Net Stranded Cost				\$10,143



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6830
December 2, 2025
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6830: Police Technology Upgrades	<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:	Place the Flock Pilot Program on hold; appropriate \$100,710 to procure a new police in-car digital video recording system and a digital evidence management system; and authorize the City Manager to negotiate and execute a contract.	

DEPARTMENT:	Police
STAFF:	Ali Spietz, Chief of Administration Michelle Bennett, Police Chief Carson Hornsby, Management Analyst II Amelia Tjaden, Management Analyst I
COUNCIL LIAISON:	n/a
EXHIBITS:	n/a
CITY COUNCIL PRIORITY:	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

AMOUNT OF EXPENDITURE	\$ 100,710
AMOUNT BUDGETED	\$ 0
APPROPRIATION REQUIRED	\$ 100,710

EXECUTIVE SUMMARY

The purpose of this agenda bill is to provide an update on the technology objectives in the 2025-2026 Police Department Work Plan and request appropriation to procure a new in-car digital video recording (DVR) system and digital evidence management system.

- In May 2025, the City Manager presented an update on the 2025-2026 Work Plan ([AB 6688](#)) and the City Council discussed the Police Department goals. The Police Department Work Plan includes the evaluation of new technology programs including body worn cameras and a digital evidence management system. The work plan also includes scoping a replacement for the in-car DVR system and automated license plate reading (ALPR) cameras.
- The City recently purchased new police vehicles which are in the process of being outfitted with equipment. Staff recommend moving forward with procurement of a new in-car DVR system to replace the Department's aging system.

- The current in-car DVR system is failing and while staff had hoped its use could be extended for another year, that is no longer recommended. Expediting the replacement will allow for this technology to be installed in the new cars, which are anticipated to be delivered in early 2026.
- A digital evidence management system will also be necessary to store recordings from the in-car DVR system as well as digital evidence from other sources.
- Staff are in the process of gathering cost information for the technology systems from vendors. A total appropriation of \$100,710 is recommended to support negotiation of a contract with the selected vendor by December 31, 2025 and the annual expense for 2026.
- Ongoing expenses for the technology upgrades will range from \$45,000 to \$55,000 per year and will be incorporated into the Police Department's operating budget in the 2027-2028 biennium.
- The Police Department is also in need of new automated parking enforcement equipment given that the current equipment has failed. Staff intend to return in early 2026 to address procurement of parking enforcement technology separately.
- Staff explored the feasibility of implementing stationary automated license plate reading cameras with a Flock Pilot Program. Staff recommend placing this program on hold and reappropriating the funds from the Flock Pilot Program toward the procurement of a new in-car DVR system and digital evidence management system.

BACKGROUND

2025-2026 Police Department Work Plan

The City Council adopted the [2025-2026 Biennial Budget](#) on December 3, 2024. As part of the Biennial Budget, each department established work plan goals for the 2025-2026 biennium that include specific action items and deadlines.

In May 2025, the City Manager presented an update on the 2025-2026 Work Plan ([AB 6688](#)) and the City Council discussed the Police Department goals and objectives. The Police Department Work Plan includes the following goals and objectives related to implementation of new technology programs:

Goal #3: Enhance public safety technology and communication.

- Objective 3.2: Develop a body-worn camera program recommendation/budget proposal for City Council consideration to include funding options, policy considerations, software fees, data storage, and staff support for the anticipated public records requests by Q3 2025.
- Objective 3.3: Develop a program recommendation/budget proposal to replace in-car camera systems with an updated system that integrates City operating systems by Q3 2026.
- Objective 3.4: Develop a program recommendation/budget proposal to update the City's Digital Evidence Management System to allow for better storage, ease of indexing and retrieval, and the ability to interface with City operating systems by Q3 2026.
- Objective 3.5: Implement a pilot program to test stationary Automatic License Plate Reader (ALPR) equipment on Mercer Island and appropriate \$15,000 from available funds to support the installation, operation, and evaluation of the pilot program. City staff are further directed to return to the City Council no later than the first quarter of 2026 with a follow-up presentation on the results and findings from the pilot program, including:
 - System performance and operational evaluation
 - Legal, privacy, and data retention considerations
 - Community feedback and outreach outcomes
 - Proposed policies, procedures, and recommendations for future use

The sections below provide a summary of the technology systems identified in the Goal #3 Objectives, outlined on page 2, and the current status of the technology systems utilized by MIPD, if applicable.

Body-Worn Camera System

A body-worn camera system consists of wearable audio and video recording devices that provide an objective record of encounters between officers and the public. This demonstrates accountability and openness in police operations while strengthening officer and public safety. Body-worn camera systems have the added benefit of protecting officers and agencies against false claims. Recordings are uploaded through a docking station, cellular, or Wi-Fi connection from the field to a cloud-based storage platform for later retrieval and processing.

Current Status

MIPD has not adopted a body-worn camera system, primarily due to the cost of the technology and the need to add at least 1.0 FTE to address the public records requests associated with the use of this equipment. Staff will prepare an analysis and bring this item to the City Council for discussion in 2026. The technology systems procured now will integrate with a future body worn camera system.

In-Car Digital Video Recording System

An in-car Digital Video Recording (DVR) system consists of audio and video recording devices that are mounted in patrol vehicles to capture patrol activities and responses to calls for service. DVR systems capture evidence and interactions with the public by providing the perspective from the vehicle.

DVR systems include a front-facing camera to record in front of the vehicle, and a backward-facing camera to record the backseat passenger area. Outward-facing cameras may be equipped with an Automated License Plate Reader (ALPR) component to automatically compare visible license plates with law enforcement “hotlists” of stolen vehicles or cars associated with wanted or missing persons.

DVR systems are programed to begin recording automatically when the vehicle’s light bar is activated and can also be manually activated. Modern DVR systems integrate with other technology such as the vehicle’s mobile data terminal computer systems, body-worn cameras, and digital evidence management systems allowing for seamless cataloging of the entire call for service, regardless of the number of officers present at the scene.

Current Status

MIPD utilizes an outdated version of Motorola’s WatchGuard DVR system in all patrol vehicles, which includes a front-facing camera, backseat camera, and microphone. The WatchGuard system activates when the vehicle light bar is activated and can also be activated manually. Recordings from the system are stored on WatchGuard servers hosted and owned outright by the City.

MIPD previously had two patrol vehicles equipped with standalone vehicle mounted ALPRs. The system is at the end of its useful life, and it is not recommended to be transferred to the new fleet of patrol vehicles. A third system is mounted on the Police Services Officer’s (PSO) vehicle for use with parking enforcement. The retired ALPRs from the two patrol vehicles are being used as spare parts for the ALPRs in the parking enforcement vehicle.

The City’s contract for the WatchGuard system began in 2014 and ended in 2022. Motorola no longer offers product support for the outdated WatchGuard hardware and software. The IT Department has maintained

the system through procurement of used and old stock hardware to bridge the gap until the Police Department upgrades to a new DVR system.

Digital Evidence Management System

A digital evidence management system is a secure software solution for collecting, organizing, storing, and sharing digital evidence, while documenting chain of custody to maintain the integrity and legal admissibility of the evidence for investigations and court proceedings. A digital evidence management system:

- Stores digital audio, video, and image information in a centralized location.
- Automatically categorizes and saves recordings from other systems as digital evidence with auto-transcribing, redaction/disclosure, sharing, and audit trail capabilities.
- Integrates with other law enforcement technology including body-worn cameras and in-car DVR systems.

Current Status

MIPD does not have a digital evidence management system. MIPD utilizes a manual process for collection and storage of all digital evidence. Digital evidence is saved and stored on physical media devices such as CDs, DVDs, USBs, and hard drives. The Department's manual storage and access procedures for digital evidence are cumbersome, time-consuming, and more difficult to manage compared to a modern digital evidence management system.

Automated Parking Enforcement

ALPR systems used for parking enforcement are different from the ALPR component of a standard in-car DVR system. Parking enforcement ALPRs are positioned at an angle to capture images of parked vehicles as the parking enforcement officer drives past. Depending on the system, parking enforcement ALPRs capture details about parked vehicles at a point in time to enforce established parking restrictions with a digital record of the license plate, tire position, and GPS location.

Current Status

In July 2020, Council authorized the City to outfit one vehicle with parking enforcement ALPRs offered by Motorola ([AB 5718](#)). The parking enforcement vehicle uses three ALPR cameras to capture images of parked vehicles. Two of the three cameras installed on the PSO's vehicle to conduct parking enforcement have failed. The City's contract with Motorola for the parking enforcement ALPRs and warranties ended in September 2025. The 'hotlist' ALPRs have been removed from the two patrol vehicles to use as replacements for the failed parking enforcement ALPRs until a suitable replacement is identified and acquired.

ISSUE/DISCUSSION

Project Summary

The original plan to address the Police Department Work Plan technology goals was to package them together for a presentation and discussion with the City Council for potential funding in 2027-2028. However, the City purchased new police vehicles in 2025 which are currently in the process of being outfitted with equipment. Given the failure and near failure of the in-car camera systems, staff recommend immediate procurement of a new in-car DVR system to replace the Department's ten-year-old system that is no longer supported by the vendor. A digital evidence management system will also be necessary to enable storage of recordings from the new DVR system and digital evidence from other sources.

It is recommended that the Flock Pilot Program be paused, and the funds reappropriated to fund this procurement (see the Flock Pilot Program section below). Staff will return to Council in 2026 to address parking enforcement technology and body-worn cameras separately.

The Police and IT Departments recommend the following features be included in a new in-car DVR system and digital evidence management system:

- Forward-facing camera and a rear-facing cabin camera covering the rear passenger areas.
- Internal microphones and a body-worn wireless microphone for when officers are out of their patrol vehicles.
- Automatic activation of the in-car DVR system upon activation of the emergency lighting/siren systems, as well as manual activation by the officer.
- Automatic upload of recordings to a cloud-based, digital evidence management system via Wi-Fi or cellular connection.
- Support for passive recordings for future evidentiary recovery.
- Automatic license plate reading (ALPR) capability.
 - Ability to compare visible license plates with a “hotlist” of known stolen vehicles and vehicles associated with wanted or missing persons. Hotlists are developed by the National Crime Information Center and the Washington Crime Information Center.
- Digital evidence management system with capability to store, manage, collection, and share digital media through a cloud-based service. Strict controls are built in controlling access to only our agency and established agreements with local or county prosecutor’s office for the adjudication of cases.

MIPD is also in need of new ALPR parking enforcement equipment with “digital chalking” and GPS verification for up to three vehicles. Parking enforcement ALPR equipment is not included in this proposal. Staff anticipate returning in early 2026 to address procurement of parking enforcement ALPRs separately.

Flock Pilot Program

Staff discussed project options with representatives from Flock Safety, a company that provides automated license plate reading (ALPR) cameras. Staff reviewed potential ALPR camera locations on Mercer Island and gathered more information about stationary ALPRs. Several concerns were raised about the feasibility of the project in addition to recent reports on Flock’s data security and public records implications. Given the status of Flock and the issues that recently surfaced, the City Manager is recommending this project be paused and revisited at a future date.

The City Council appropriated \$15,000 to fund the Flock pilot program. Staff recommend reappropriating these funds towards a new in-car DVR system and digital evidence management system.

Budgetary Impacts

Depending on the final negotiated terms, staff anticipates the acquisition of in-car DVR system and a digital evidence management system will result in \$45,000 to \$55,000 per year to operate and maintain the interconnected systems.

Staff recommends a total appropriation of \$100,710 to support negotiations with the selected vendor and to minimize future annual costs by potentially investing more up front.

Resources to acquire and install the new systems in the current biennium include \$15,000 repurposed from the Flock Pilot Program and the police in-car camera replacement reserve in the Technology and Equipment Fund (330). At the end of November, the police in-car camera replacement reserve is \$85,710.

Ongoing expenses to operate and maintain these new systems will be incorporated into the Police Department's operating budget in the 2027-2028 biennium. Budget authority for subsequent years will be requested in each biennial budget for City Council approval. Future funding is contingent on Council budget approval.

NEXT STEPS

Staff will review final quotes and technical specifications from vendors for in-car DVR system and digital evidence management systems. Staff aims to complete negotiations and enter into contractual services agreement for these systems by December 31, 2025.

Staff will return to the City Council in early 2026 with an appropriation request to fund a new parking enforcement system separately from this procurement. Staff also anticipates returning to Council later in 2026 to address procurement of a body worn camera system. Finally, staff will return to discuss and evaluate body-worn cameras in 2026, for funding consideration in the 2027-2028 biennium.

RECOMMENDED ACTION

1. Place the Flock Pilot Program on hold and re-appropriate \$15,000 to replace the police in-car camera systems.
2. Authorize the City Manager to negotiate and execute a contractual service agreement to procure an in-car DVR system and a digital evidence management system and appropriate \$85,710 from the police in-car camera replacement reserve in the Technology and Equipment Fund (330).

AB 6830

Police Technology Upgrades

December 2, 2025



Item 13.

Agenda

- Background
- 2025-2026 Police Workplan
 - Body-Worn Cameras
 - In-Car Digital Video Recording System
 - Digital Evidence Management System
 - Automated Parking Enforcement
 - Flock Pilot Program
- Staff Recommendations
- Budget Impacts

Background

- In May 2025, the City Manager presented an update on the 2025-2026 Work Plan and the City Council discussed the Police Department goals (AB 6688).
- **Goal #3: Enhance public safety technology and communication.**
 - **Objective 3.2:** Develop a Body-Worn Camera System recommendation and budget proposal.
 - **Objective 3.3:** Develop an In-Car Camera System replacement recommendation and budget proposal.
 - **Objective 3.4:** Develop a Digital Evidence Management System recommendation and budget proposal.
 - **Objective 3.5:** Implement a Flock pilot program to test stationary Automated License Plate Reading (ALPR) cameras.



Body-Worn Camera System



Body-Worn Camera System

- Body-Worn Cameras are wearable audio and video recording devices that document police activity.
- Recordings are uploaded from the field via a docking station or cellular/Wi-Fi connection to a cloud-based storage platform.
- The Police Department has not adopted Body-Worn Cameras due to the cost and additional staffing necessary to fulfil public records requests.
- **Staff Recommendation:** Address Body-Worn Cameras with Council as a separate item in 2026.
- The technology systems procured as part of this proposal will integrate with a future Body-Worn Camera System.





In-Car Digital Video Recording System



In-Car Digital Video Recording System

- In-Car Digital Video Recording (DVR) Systems consist of audio and video recording devices mounted in patrol vehicles to document police activity.
- Cameras record in front of the vehicle and the backseat passenger area.
- Automatic or manual activation.
- Cameras may be equipped with an Automated License Plate Reader (ALPR) to compare license plates with a 'hotlist' of stolen vehicles and wanted/missing persons.
- Integration with other technology systems.



In-Car Digital Video Recording System

- The Police Department uses an outdated version of Motorola's WatchGuard DVR system that is no longer supported by the vendor.
- Two patrol vehicles were previously equipped with 'hotlist' ALPR cameras (separate from the WatchGuard DVR system).
- ALPRs have been removed from patrol vehicles to use as replacements for the failing Automated Parking Enforcement System.
- The City purchased new Police vehicles in 2025 that are in the process of being outfitted with equipment.
- **Staff Recommendation:** Procure a new In-Car DVR system by the end of 2025.

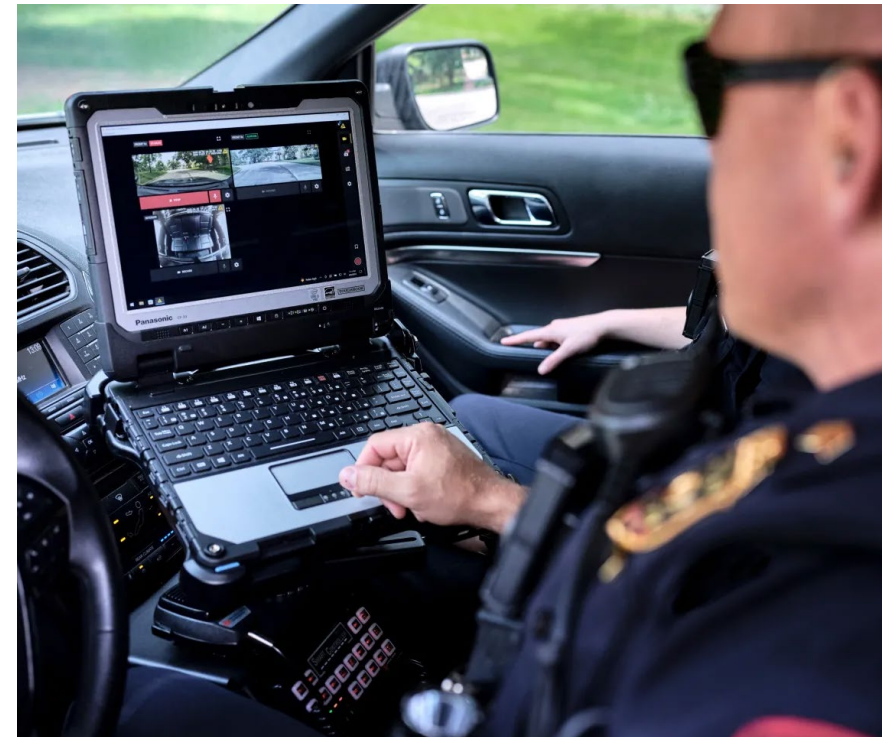




Digital Evidence Management System

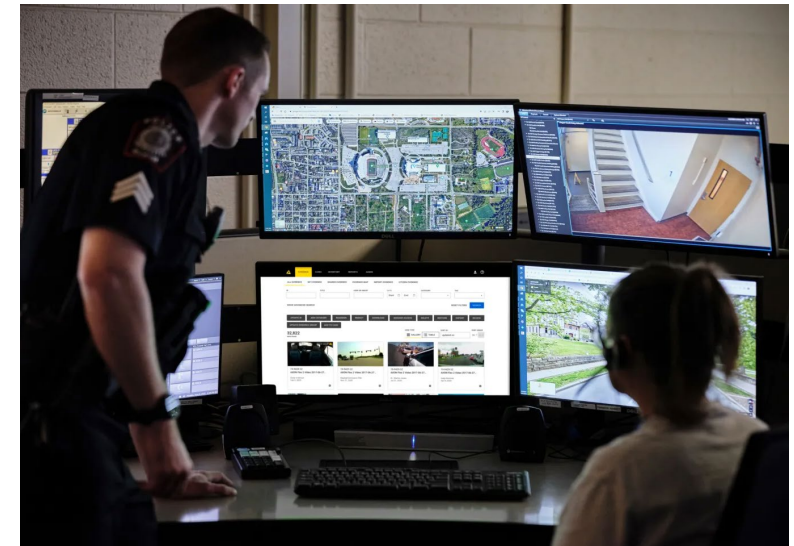
Digital Evidence Management System

- A Digital Evidence Management System stores audio, video, images, and other digital evidence in a cloud-based server.
- Digital evidence is automatically saved and categorized with auto-transcribing, redaction/disclosure, sharing, and audit trail capabilities.
- Integration with other technology systems (Body-Worn Cameras, In-Car DVR system, etc.).



Digital Evidence Management System

- The Police Department does not have a Digital Evidence Management System.
- Digital evidence is saved and stored manually on physical media devices such as CDs, DVDs, USBs, and hard drives.
- The current manual storage and access procedures are cumbersome, time-consuming, and difficult to manage.
- **Staff Recommendation:** Procure a new Digital Evidence Management System by the end of 2025.





Automated Parking Enforcement



Automated Parking Enforcement

- An Automated Parking Enforcement system consists of ALPR cameras positioned at an angle to capture images of parked vehicles as the enforcement officer drives by.
- Parking Enforcement ALPRs capture details about parked vehicles to enforce parking regulations with a digital record of the license plate, tire position, time, and GPS location.



Automated Parking Enforcement

- The Police Department has one vehicle equipped with three Parking Enforcement ALPR cameras – two of which have failed.
- The City's Parking Enforcement contract with Motorola ended in September 2025.
- ALPR cameras have been removed from the two patrol vehicles to use as replacements for the failing Parking Enforcement System.
- **Staff Recommendation:** Address Automated Parking Enforcement with Council as a separate item in 2026.





Flock Pilot Program



Flock Pilot Program

- The City Council added the Flock Pilot Program to the Police Work Plan in May 2025 and appropriated \$15,000 to test stationary ALPR cameras.
- Staff discussed options with Flock representatives.
- ALPRs not permitted in WSDOT right-of-way.
- UW Report published October 21 raised questions about Flock's data security and public records implications.
- **City Manager Recommendation:** Place the Flock Pilot Program on hold and reappropriate the \$15,000 from the project toward a new In-Car DVR System and Digital Evidence Management System.





Staff Recommendations & Budget Impacts



Staff Recommendations

- Address Body-Worn Cameras and Automated Parking Enforcement as separate items in 2026.
- Procure a new In-Car DVR System and Digital Evidence Management System by the end of 2025.
- Place the Flock Pilot Program on hold and reappropriate \$15,000 toward a new In-Car DVR System and Digital Evidence Management System.
- Staff requested quotes from Axon and Motorola.
- Prices expected to increase in 2026.



Budgetary Impacts

- Staff recommend an **appropriation of \$100,710** to support negotiations with the selected vendor.
- Proposed funding sources include:
 - **\$15,000** reappropriated from the Flock Pilot Program.
 - **\$85,710** from the police in-car camera replacement reserve in the Technology and Equipment Fund (330).
- Annual operating cost is estimated at **\$45,000 to \$55,000 per year** and will be incorporated into the Police Department's operating budget in the 2027-2028 biennium.

Next Steps

- Staff are evaluating quotes and specifications from vendors for a new In-Car DVR System and Digital Evidence Management System.
- If authorized by Council, staff anticipate executing a service agreement by the end of 2025.
- Staff will return to Council in early 2026 with a separate appropriation request to fund new Automated Parking Enforcement System.
- Staff will return to Council later in 2026 to discuss Body-Worn Cameras for funding consideration in the 2027-2028 biennium.

Recommended Motions

1. Place the Flock Pilot Program on hold and re-appropriate \$15,000 to replace the police in-car camera systems.
2. Authorize the City Manager to negotiate and execute a contractual service agreement to procure an in-car DVR system and a digital evidence management system and appropriate \$85,710 from the police in-car camera replacement reserve in the Technology and Equipment Fund (330).



Questions





2025 PLANNING SCHEDULE

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.

DECEMBER 16, 2025 - CANCELED				DD	FN	CA	Clerk	CM
ABSENCES:				12/4	12/5	12/5	12/8	12/8
ITEM TYPE TIME TOPIC						STAFF		
STUDY SESSION								
SPECIAL BUSINESS								
CONSENT AGENDA								
REGULAR BUSINESS								
EXECUTIVE SESSION								

2026 PLANNING SCHEDULE

JANUARY 6, 2026				DD	FN	CA	Clerk	CM
ABSENCES:				12/11	12/12	12/12	12/15	12/15
ITEM TYPE TIME TOPIC						STAFF		
SPECIAL BUSINESS								
15	AB xxxx: Councilmember Oath of Office and Mayor and Deputy Mayor Elections					Ali Spietz/Andrea Larson		
CONSENT AGENDA								
--	AB xxxx: December 10, 2025 Payroll Certification					Ali Spietz/Nicole Vannatter		
--	AB xxxx: December 24, 2025 Payroll Certification					Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims November 1-15, 2025					LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Certification of Claims November 16-30, 2025					LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Certification of Claims December 1-15, 2025					LaJuan Tuttle/Ashley Olson		

REGULAR BUSINESS

30	AB xxxx: Electric Vehicle Charging Infrastructure Plan Project Update	Jason Kintner/Kellye Hilde/ Alaine Sommargren/Alanna DeRogatis
10	AB xxxx: Planning Session Agenda	Jessi Bon

EXECUTIVE SESSION**JANUARY 16, 2026 PLANNING SESSION - 9:30 AM**

ABSENCES:

DD 12/16	FN 12/17	CA 12/17	Clerk 12/18	CM 12/18
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ITEM TYPE | TIME | TOPIC**STAFF****PLANNING SESSION BUSINESS**

10	AB xxxx: 2025 Community Member of the Year	Ali Spietz/Andrea Larson

JANUARY 20, 2026

ABSENCES:

DD 1/8	FN 1/9	CA 1/9	Clerk 1/12	CM 1/12
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ITEM TYPE | TIME | TOPIC**STAFF****STUDY SESSION**

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SPECIAL BUSINESS

30	AB xxxx: Mercer Island Municipal Court Report	Judge Gregory
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CONSENT AGENDA

--	AB xxxx: January 9, 2026 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: Certification of Claims December 16-31, 2025	LaJuan Tuttle/Ashley Olson

REGULAR BUSINESS

10	AB xxxx: 2026 City Council Liaison Assignments	Mayor/Andrea Larson

EXECUTIVE SESSION

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FEBRUARY 3, 2026

ABSENCES:

DD 1/22	FN 1/23	CA 1/23	Clerk 1/26	CM 1/26
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ITEM TYPE | TIME | TOPIC**STAFF****STUDY SESSION**

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SPECIAL BUSINESS		
30	AB xxxx: 2024 Financial, Accountability & Federal Audit Exit Conference	Matt Mornick/LaJuan Tuttle
30	Sound Transit Presentation	Jessi Bon/David Sandler
CONSENT AGENDA		
--	AB xxxx: January 25, 2026 Payroll Certification	Ali Spietz/Nicole Vannatter
--	AB xxxx: Certification of Claims January 1-15, 2026	LaJuan Tuttle/Ashley Olson
REGULAR BUSINESS		
EXECUTIVE SESSION		

FEBRUARY 17, 2026 – POTENTIALLY CANCELED		DD	FN	CA	Clerk	CM
ABSENCES:		2/5	2/6	2/6	2/9	2/9
ITEM TYPE TIME TOPIC				STAFF		
STUDY SESSION						
SPECIAL BUSINESS						
CONSENT AGENDA						
--	AB xxxx: February 10, 2026 Payroll Certification			Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims January 16-31, 2026			LaJuan Tuttle/Ashley Olson		
--	AB xxxx: Rare Disease Day, Proclamation No. xxx			Mayor/Andrea Larson		
REGULAR BUSINESS						
EXECUTIVE SESSION						

MARCH 3, 2026				DD	FN	CA	Clerk	Item 14.
ABSENCES:				2/19	2/20	2/20	2/23	2/23
ITEM TYPE TIME TOPIC						STAFF		
STUDY SESSION								
	AB xxxx: Sustainability Work Program Annual Update					Jason Kintner/Kellye Hilde/ Alaine Sommargren/Alanna DeRogatis		
SPECIAL BUSINESS								
CONSENT AGENDA								
--	AB xxxx: February 25, 2026 Payroll Certification					Ali Spietz/Nicole Vannatter		
--	AB xxxx: Certification of Claims February 1-15, 2026					LaJuan Tuttle/Ashley Olson		
REGULAR BUSINESS								
EXECUTIVE SESSION								