

GMHB EXHIBIT 70

2023-09-05 City Council Transcript

0:28

uh good evening Mr Mayor we are live thank you good evening and welcome to

0:34

September 5 2023 city council special hybrid meeting I'm mayor Saleem nice this evening's hybrid city council

0:40

meeting is being brought to you by zoom we're also broadcasting live on mitv channel 21 and on the city's YouTube

0:46

channel welcome to all and thanks for joining us tonight council members please have your microphones turned on for the Roll Call

0:52

city clerk Andrea Larson please call the roll thank you Mr mayor council member Andrew

0:59

has not joined us yet councilmember Jacobson councilmember Reynolds here

1:06

councilmember weiker here council member Weinberg here

1:11

Deputy Mayor Rosenbaum has not joined us yet in mayonnaise

1:18

here thank you Mr Mayor thank you we have a quorum president next we have the Pledge

1:23

of Allegiance Council please mute and turn off your video to ensure the U.S flag is visible and join me in reciting

1:29

the Pledge of Allegiance pledge of allegiance to the flag of the United States of America and to the

1:36

Republic for which it stands one nation under God indivisible with liberty and justice for all

1:50

thank you we now move to approval of tonight's agenda there's no questions may have a motion to approve the agenda

1:56

still moved second okay moved by customer weiker seconded by councilman Reynolds city clerk please call the roll

2:03

Mr Mayor councilmember Weinberg

2:10

councilmember Weinberg great head maybe but not aye councilmember Reynolds

2:16

aye councilmember Jacobson hi council member weiker

2:22

aye and mayonnaise hi thank you Mr Mayor thank you motion passes the agenda is

2:28

approved first on the agenda we have AB 6315 2021 financial and accountability audit exit conference which will welcome

2:35

Deputy Finance director Luan Tuttle welcome

2:41

your Deputy friend instructor I'm just here to introduce our audit team with the state auditor's office so I'd like

2:47

to invite Wendy Choi your assistant director of local audit and Adams

2:52

our audit manager um to the meeting feel free to turn on your cameras um haji's going to present

2:58

for us the results of the 2021 fiscal year accountability and financial audit take it away

3:10

okay so I'll go ahead and share my screen

3:20

right are you all able to see my screen or can

3:27

thank you okay great well thank you for uh joining us today so today is the exit conference so we're

3:34

here to share the results of the city's most recent 2021 accountability and financial statement audits my name is

3:41

Adams I'm the audit manager for team North King County and Lorraine Nita was a supervisor on the audit she did

3:47

have a prior commitment so she was not able to join us today but I am here with um one Detroit assistant director

3:54

and then the presentation today is our summary of the auto results uh to supplement that presentation we have

4:00

provided a packet of information for you all that includes copies of our draft Auto reports that will be issued and

4:05

also the exit agenda as well

4:18

pink green next slide yes okay I'm not wanting to go right now

4:26

there we go sorry okay it's working now and before goes over the results of

4:33

the fiscal year 21 engagement I just wanted to take a moment to um thank the council and the city for

4:39

having us here this evening uh for us as the office of the Washington state auditor of a public official Auditors of

4:47

Public Accounts I just want to take a moment to just um highlight why our audits matter and for us there's this

4:54

increased trust in government and we are the official auditor of Public Accounts so we are required by state law to come

4:59

and audit the city of Mercer Island and as a result we all have that same

5:04

objective which is to be accountable to the public Be Good Financial stewards of Public Accounts and so we hope that the

5:12

relationship we have with the city provides that added level of assurance to the governing body and the community

5:18

that the city is accountable for its public resources and that has appropriate policies and procedures in

5:24

place to safeguard public resources as the official public auditor of accounts

5:29

our audits are independent and we provide a transparent perspective on the

5:36

city's operations and the financial statements that are presented and the accountability audit that we perform we

5:43

hope that the city does find Value in any recommendations that we do provide to the city as it would um be added

5:51

level of assurance to increase the city's efficiency effectiveness of your government operations at this time what

5:57

I'd like to do is actually hand it to who will go over the audit scope and the results

6:03

all right thank you Wendy so for your city we conducted an accountability audit and that covered

6:10

the period of January 1 2021 through December 31st 2021 and the purpose of an

6:15

accountability audit is determine whether the city comply with state laws regulations contracts

6:22

Grant agreements and its own policies and procedures as well and in addition the audits looked at

6:28

whether in general the city has adequate controls as well to safeguard public resources

6:35

so Under The Heading results in brief you'll see that our audit found the CD's operations complied and all material

6:42

respects with applicable state laws regulations and its own policies and also provided adequate controls over

6:48

safeguarding of public resources as well and then for your reference those results there are detailed on page seven

6:54

of your packet

6:59

and when we select specific areas for further review we do conduct planning procedures and that includes reviewing

7:06

the meeting minutes of the governing body for the period we also analyze Trends financial data including payroll

7:14

vendor information as well we also conduct risk assessments with several key staff and council members as

7:21

well and amongst other procedures and then we do use a risk-based audit approach to select those areas for

7:27

further testing based off of those planting procedures as well so included on this slide you'll see

7:32

that we identified some areas that we reviewed so the first is Accounts Payable so

7:38

General disbursements credit cards travel expenditures so we did review purchases for valid business purposes

7:45

and also determine if that information was adequately supported and also

7:51

allowable for City policy for that testing than we did do some procurement testing

7:56

for public works so we reviewed formal sold bids for compliance and that was a 2021 system Improvement project the

8:04

permanent booster disinfection system for the city's Reservoir and Main Pump Station and arterial residential street

8:10

overlay projects so we did review compliance for bid law and prevailing

8:16

wage requirements as well in that section we also review gross wages payroll so we

8:22

determined whether gross wages were valid for those individuals that we select for testing that they're adequately supported as well

8:30

and then we did a review of public meetings compliance with meeting minutes and executive session requirements as

8:36

well and that review includes reviewing officials decisions recorded in the

8:41

meeting minutes making sure that a quorum is present decisions are documented in the minutes and that

8:47

they're also approved as well and last but not least we have Financial condition we did review for indications

8:53

of financial distress this is part of our Baseline testing that we do at each entity that we audit so we do evaluate

9:00

the financial statements Q ratios as well for any indicators of any potential

9:05

Financial condition or sustainability issues which we did not identify

9:13

and along with the accountability audit we also conducted a financial statement audit for the same period and the

9:19

objective of the financial statement audit is to issue an opinion as to whether the information included in the

9:24

financial statements could be relied upon to make decisions or please report that we're issuing an

9:30

unmodified opinion so that's a clean audit opinion on the city's financial statements and this is the opinion that

9:36

you do want to see and receive and this opinion provides the students

9:41

that the financial statements are stated fairly and are materially correct as well and also it's important to note that our

9:47

audits are conducted in accordance with government auditing standards so those standards also require that we gain an

9:53

understanding of the city's internal controls and processes that it goes through in preparation of the financial statements for audit

10:00

if we did identify any weaknesses or concerns in those processes processes that could or did result in any

10:07

significant errors in the financial statements we'd be required to bring that to your attention as well and also

10:12

include that information or report but we're pleased to report that we didn't identify any concerns in the city's

10:19

processes that are required to be brought to your attention or included in our report

10:24

then also last but not least again audit standards require us to consider

10:30

plants with applicable state laws regulations and contracts and also Grant agreements as well where there could be

10:36

non-compliance that could affect the fair presentation of the financial statements and you'll see that in your

10:41

report and you'll see that report indicates that results of our tests disclose no instances of any

10:47

non-compliance or other matters that are required to be reported under government auditing standards

10:52

and those results are also detailed on pages 14 through 19 of your packet as

10:58

well and then in relation to the financial statement audit opinion that we give

11:05

professional audit standards also require that we share with you where there are any material or large

11:10

misstatements that were identified and subsequently corrected uh by management so please report that there were no

11:17

material misstatements identified during the audit they're also required to note whether

11:22

there are any uncorrected misstatements that remain uncorrected in the audit financial statements so we've included

11:29

in your packet of full listing of those items but please note we've concluded that those items are deemed immaterial

11:35

in nature a small and they don't affect the overall opinion of the financial statements that's that are being issued

11:42

I was also shared those with management as well and we're confident that that will be worked on and corrected for next

11:50

audit period as well and future audits Financial assignments

11:58

and then we do evaluate certain risks that we like to share with you so our

12:03

standards require that we evaluate the possibility that management may be able to circumvent internal controls or

12:09

certain controls and we're pleased to share that evaluation showed that there were no instances of possibilities where

12:16

controls were circumferented as well

12:24

then we do have some closing remarks um please report that the cost of the engagement is expected to be within the

12:31

estimate that we previously provided and then the next scheduled audit will what we just started actually

12:37

um last month August 2023 and that's a financial statement audit accountability audit in a Federal grant

12:43

compliance audit as well then we've also provided an estimate for the next audit in your packet as well

12:49

and we've provided that for budgetary needs

12:56

and then the audit reports so they're going to be published on our website so we expect the reports to be published in

13:01

about a week from today you can sign up be notified by email when the auto reports are posted to our

13:07

website I also provided a link as well you'll receive a notification when the reports are finally released and also

13:14

provided some instructions on how you can obtain the report from our website we'll also be sending a customer service

13:19

survey so we just ask that you please complete it let us know what went well and also if there's anything we can do

13:25

to improve on the audit experience for next time as well

13:33

and before we wrap everything up today um we'd like to thank um Lawan also City

13:38

staff for their cooperation And Timely responses to all of our requests throughout the audit especially since

13:44

the audit was done remotely as well and we'd also like to thank City staff for their commitment and strengthening

13:50

relationship with the office of the Washington state auditor as well

13:57

very good yeah that concludes our presentation we'll turn it over to

14:02

council for questions if anybody has any questions so councilman Reynolds yes and I'm not sure if this question is

14:09

to the city manager or for you for you Mr Adams but I just want to get a little bit more color on the uncorrected items

14:16

I think I'm understanding from a city manager that some of those items were also an issue in Prior audits

14:24

um is this just an issue of difference of opinion and on on how they should be tweeted how common or a sense of

14:30

differences of opinion should be should we be worried that we're out of sync with what other cities are doing I think it's just generally common on that right

14:37

let me jump in here real quick may I ask you to stop screen sharing so that we can see everybody back in their boxes

14:43

and then I'll invite lawn Tuttle uh to join as well to

14:52

help with the response there okay there we go thank you

15:00

so I council member Reynolds I think the primary question was regarding the

15:06

accrual of salaries um and also the arch contribution as well yeah just for contacts and

15:13

Wendy um our response from the council member asked that was really um so it's immaterial

15:19

Corrections that we did not or chose not to make um for different reasons I mean if you

15:24

could just sort of add if that's typical in the audience that you see or you know just address council members questions

15:32

there since not everyone in the audience had the benefit of seeing the email question that was asked can you can you

15:39

just recap what councilmember Reynolds asked in our response and then we'll have and Wendy respond sure sorry

15:46

um the questions were regarding uncorrected misstatements that we believe are immaterial and in order to

15:52

degrees those are immaterial um the first one was we do not um account for the balance of cash in an

16:00

arch trust fund as cash that is owned by the city so do we we do not include that on our balanced sheet as an asset for

16:07

the city um management decision is that we would not pull those dollars back from Arch

16:13

um and so we do not account for them it is a low dollar amount so it is considered immaterial um the second item is how we account for

16:21

the accrual of payroll expenses WE Post based on date paid as opposed to date

16:28

earned and the auditor's opinion is that we should be booking those expenditures in accordance to when they were earned

16:35

as opposed to the date paid so it's just a timing difference it is material and not Material based on their opinion

16:42

units so it just Rises to the level of something that they call out as a misstatement that is not corrected

16:52

very good council member I I actually didn't get my question answered I apologize

16:58

so so I I understand uh it was tuttle's answer but I haven't heard from Mr Adams he

17:04

I get the impression from the city staff that we've just been doing it this way and we'll presumably continue to do it this

17:10

way uh and that things are immaterial which I understand but Mr Adams in his comments said something to the effect of

17:16

we're confident these will be corrected in in future audits so I'm trying to reconcile those is it important that we

17:22

do correct these right so they're immaterial so I'd say they're not required to be corrected now

17:29

when it comes to payroll we typically do see it on um it at the it our curls being presented

17:36

in the financial statements right because they're immaterial that's fine it's okay it doesn't mislead the reader

17:41

of the financial assume it's um so it's up to the the city if you'd like to correct those in the future but

17:48

because they haven't risen to a material number in nature you do not have to do

17:53

that so if you do so choose next um next year on your financial savings

17:58

to not have those numbers updated that would still be okay because they'd still be deemed immaterial in the financial statements so I take it it's not

18:05

particularly unusual for a city to have a few immaterial items like this show up and purchase on the unencranted items

18:11

list correct correct yep okay thank you councilmember Jacobson on page nine of

18:18

the uh report in our pocket uh indicates that the amount of the audit was

18:24

estimated to be 77 400 and it will presumably uh cross that amount and then

18:32

it further down in that paragraph says the next audit will be 95 900 based on new

18:38

rates that's about a 24 increase what you know what is it more we're getting

18:44

or is this just uh the state's desire to go you know so more money out of the

18:51

cities is auditing right and I can answer that question

18:56

um so effective January 1st of 2024 our office does have a rate increase which we communicated to our local governments

19:03

we Bill currently at 128 dollars an hour and with the new billing rate

19:10

um we that's the increase that you're seeing the majority of our expenses is

19:16

salaries and wages and so there were some changes for that affects the 2024

19:21

rate and there was a cost of living adjustment that the governor had approved for state employees and it's

19:29

four percent for July 1st of 2023 and then another three percent for July 1st

19:35

of 2024 as well as the governor recognized the value of having state

19:41

employees and being able to retain state employees and so as a result there was a state employee retention payment that

19:50

was included for the upcoming biennium so our biennium is um the new buying of July 1st of 2023 to August 31st of 2025

20:00

and so what happens when there are those changes that come through the state

20:05

budget and the governor um we have to then take that into

20:10

consideration when we look at our hourly rate and so factoring in the cost of living adjustment and the employee

20:16

retention payment and that resulted in a rate increase the majority of that rate increase

20:24

then I'd like to add also for the next scheduled audit we do have a Federal grant compliance audit that we have to

20:29

conduct as well so that's around additional 60 hours in the 2021 audit

20:34

did not include a Federal grant compliance audit so for the next schedule audit um the city was over that

20:40

threshold of 750 000 expended in federal funds which requires a Federal grant

20:45

compliance audit so that coupled with the rate increase

20:51

difference of I believe it's 11 per hour um adjust accounts for that additional

20:57

cost so the Federal grant compliance piece

21:04

okay councilman Jacobson answer your question

21:11

okay Deputy Mayor Rosenbaum yeah thanks I uh I thought I had read a

21:18

light in here so I can't find it so if I can find it I will follow up with you a question but I just want to say thanks

21:23

uh the folks from speak to uh daughter's office as well our staff father I know a

21:29

lot of work on both sides um especially you know a city like ours and given all the that was going on in

21:35

2021 it was certainly not a normal year um so I appreciate all the effort that

21:40

went into uh not only audit but obviously you know when you get a clean audit that's kind of what it expects but

21:46

I think everyone has said it's underestimated the amount of work that goes into to getting the finances in a

21:52

place to to get us there so uh big thanks to the team for for getting that done and if I can find a line that I had

21:58

a question about which I may have invented I will uh I will email you

22:03

very good I don't know if this is a Wendy or Hodgy question but on the audit letter which was the engagement letter

22:09

it was signed in November 2022 on the fourth page

22:15

it discusses delivering these results in February of 23. can you just speak to

22:22

the delay is that something on our end something in the material in the audit something you'd

22:29

like to speak to right so that was not on your end so we while working on the audit

22:35

um our lead auditor did end up leaving so we did have some staffing um issues that we had to work through um

22:41

as well and then we did have kind of a back load of additional work that we had to do so that was not on here and that

22:46

was on our end um so we're embarking on the audit

22:52

um as of August of 23 for 20. two if we

22:57

don't expect any delays in that delivery of those results no so we're on track

23:03

um as we should be so we're on track to finish that audit Timely

23:08

very good all right not seeing any other questions well a more councilmember Weinberg it is recommendations to our

23:15

finance team and to the auditor team for clean audit very good job

23:20

thanks everyone [Music] all right moving on we have the city managers report for which we'll welcome

23:26

city manager Jesse Bond thank you good evening city council I will uh

23:36

keep a moment here for the PowerPoint to be screen shared welcome back from our

23:44

summer recess all right thank you Casey Council as you

23:50

know and any community members that may be watching uh I have a new executive assistant Casey Thompson so she is

23:57

sharing the PowerPoint for me tonight welcome to your first council meeting Casey all right next slide please

24:05

and next one uh Council I wanted to pick up where we

24:11

left off in July we had reported to you at our last council meeting about our

24:17

findings related to City Hall and the asbestos contamination although a

24:23

decision was not made formally at that meeting based on the cost to abate

24:29

City Hall there appeared to be consensus that we we would not be reopening that

24:34

building and that is the direction that I am currently working I wanted to let you know a little bit

24:40

about what the fall looks like and much of this is still coming together but but for you all in the community I am

24:47

planning to provide our next update on City Hall on October 3rd

24:52

and Council this is the meeting where I will be requesting action from you to

24:58

formally direct me to permanently close City Hall

25:04

that's just something that I need to ensure that we're all rowing in the same direction

25:10

um and we have lots of loose ends to tie up like um you know contracts for equipment that is

25:16

in the building Etc uh beyond that I wanted to just call out a couple of things that are important

25:23

first of all we had to go back to um basically all of us being on Zoom

25:29

because we lost our home base we are in process of scoping and we're

25:36

getting real close uh scoping the project to upgrade the Slater room at

25:42

the community center where I'm working from tonight to accommodate hybrid meetings

25:48

I anticipate I'll be in front of you on September 9th with an Appropriations request for that work

25:55

we did have some capital projects for City Hall included in this biennial

26:01

budget and so we'll be we obviously won't be doing that Capital Project work and we can repurpose some of those funds

26:07

for other near-term needs uh and I won't I won't get into detail on um

26:13

all of that but we're aiming for the first meeting in November to be able to welcome everyone back in person uh I

26:20

reserve the right to slide that by a date or two because we're still working with our av company

26:27

um our our highest priority right now and and it's been the highest priority for uh since we closed is you know

26:34

securing functional space for all of our work teams that are displaced uh the top priority is municipal court and the

26:41

police department are we we are currently holding court at the city of Kirkland and we want to say

26:48

thank you again to the city of Kirkland for that uh however that is not a a permanent solution or even

26:54

semi-permanent so more to come as we have all the teams working on

26:59

the planning for short-term uh meanwhile just a reminder that we had already

27:05

brought on an architect team to help us with our long-term planning work regarding the replacement of City Hall

27:12

and the Public Works building and assessing a number of our other older buildings so that team along with our real estate

27:19

broker and other Consultants are collaborating and getting ready for the long-term planning discussion which has

27:26

obviously been accelerated due to the unexpected closure of City Hall so that's kind of the

27:32

uh the ground game right now more is coming and please feel free to reach out to me if you have any questions

27:39

so looking ahead next slide please Casey we will be on Zoom again for your next

27:45

city council meeting on September 19th uh we do have boards and commissions

27:50

that are also coming back from the August recess this week the parks and rec commission will be meeting and the

27:56

Utility Board is meeting next week all of our boards and commissions meetings

28:01

are updated on our website at the link at the bottom of your screen next slide

28:08

a handful of City updates for you first of all some good news you may recall that we have been working on a capital

28:15

project on the south Shoreline of Luther Burbank Park that picture there is from

28:21

the field I think that was taken in the last couple of days this is a shoreline restoration project

28:27

that also includes brand new Trail so in most of the place most of the location here on the lake we pulled the trail

28:35

back from the lake so that we could do the shoreline restoration work we started in April we've made

28:40

significant progress and I'm really excited to announce that we should be opening this Trail at the end of

28:46

September so we'll let you know Council will probably have a little ribbon cutting out at the site

28:52

it looks great the replanting will be happening over this fall and the winter

28:58

so update on a capital project there and I have one more Capital project update

29:04

next slide please I also wanted to let you know that the reservoir Improvement project is

29:10

underway you may recall that we have two 4 million gallon water reservoir tanks

29:16

and we both of those tanks are lined with Coatings which protect the steel

29:21

from corrosion last time we relined the tanks was 20 years ago

29:26

and we are in the process now of doing the relining again it will take us two

29:32

years to get through this project uh we we do one tank at a time and I know if if you're if you're

29:39

thinking about our recent Water emergency we certainly are as well so there will be lots of communications

29:45

going out lots of awareness and planning as we prepare to take one tank offline

29:51

to re-line it if you've been by there you can see that our contractor has started some work in

29:58

preparation for the relining they've installed new ladders on the outside of

30:03

the tanks and or excuse me stairways replacing the ladders they've added a safe safety

30:08

railing so work is underway and we'll continue to have um continue to these updates as the

30:13

project commences next slide please

30:20

uh we have really been pushing out a lot of Communications on this so I wanted to say this one more time the Town Center

30:26

Parking study draft is live on let's talk it's been up for a little over a

30:32

month now we will be coming to you on September 19th and holding a public

30:37

hearing on the draft plan to receive additional public comment before we come

30:44

back to you and in a study session and receive feedback on the plan

30:49

potential revisions and changes we anticipate adopting the Town Center

30:54

Parking study by the end of this year in the meantime while we've been working on the plan we have some early action

31:00

items the council asked us to focus on I just wanted to make sure you know we're we're still working with the mobile

31:06

parking payment vendor on implementation a broader implementation in the Town

31:11

Center including overtake including taking over responsibilities for our parking permits

31:17

we're also looking at wayfinding or signage improvements and finally uh

31:23

really excited about developing a digital map of available Town Center parking options so more to come on that

31:30

this is just a shout out if you'd like to come and provide comment we have a public hearing on the 19th but Council

31:36

you can also encourage community members to provide comments directly through the let's talk page and we've got the link

31:42

there on the screen next slide

31:47

just a huge shout out to our right away and utility team members who have been

31:52

you know working just non-stop since the spring growing season and continuing to

31:59

do cleanup work in our rights way the picture here they've been doing some

32:04

vegetation control work along Island Crestway in uh and in other areas they've been working on repairing root

32:11

damage sidewalks and also a very busy time of year for street sweeping and as

32:17

the leaves start falling even more so we've also been doing some Leak Detection work around the area and we

32:24

want to say thank you to both our right-of-way and utility teams it's been a very busy summer and I'm only briefly

32:30

skimming some of the highlights from just the last week all right thanks Casey next slide

32:37

uh Council you had an update on this in your weekly email but I'm not sure we've shared it with the community our Public

32:45

Works team did coordinate over the summer uh with washdot maintenance teams to replace 11 of the

32:53

guide signs along the I-90 Corridor they were looking uh pretty faded and sad and

32:59

old so if you maybe haven't noticed but they look great the new signs are up

33:05

um and they've been they're now in compliance with you know current federal and state standards which do change over

33:11

time they're also manufactured with anti-graffiti Coatings like our own City Signs which make them easier to maintain

33:18

in the long term this work was completed as part of a traffic operations Improvement Capital project so thank you

33:25

to washed out for the partnership and the signs look fantastic next slide

33:32

okay some upcoming events uh it is football season and if you know me this is my favorite time of the year in fact

33:39

the mayor was just showing me his Seahawks gear today so uh thank you for

33:45

indulging we're adding some programming at the community center that I wanted to mention in case you'd like to drop by we

33:52

will have Community Coffee this coming blue Friday September 8th from 9 30 to 11 30 at the

33:59

community center and after coffee we will have a rousing game of NFL bingo so stop on by we

34:07

welcome all ages to participate we are also doing something new and hosting a

34:13

Seahawks watch party on Sunday September 10th so again we encourage you to drop

34:18

by the community center watch the game we'll have light refreshments and popcorn kickoff is at 1 25. I had

34:25

nothing to do with this by the way but I think the staff know that I fully support our our Seahawks go Hawks

34:31

all right next slide please Council I want to also highlight a

34:38

really important Community presentation discussion we have coming up on Wednesday October 4th and before I dive

34:44

into this I want to give a shout out to Mayor nice for helping helping pull this

34:50

together and making some important connections with the Drug Enforcement

34:55

Administration so on Wednesday October 4th at the community center from 7 to 8

35:00

PM we will be hosting Youth and Family Services and The Drug Enforcement Administration

35:06

who will be presenting a one pill can kill fentanyl awareness presentation to

35:11

our community this is part of a much bigger effort on the part of the schools

35:16

our police department and the Youth and Family Services Department along with other regional state and

35:22

federal agencies so we're really pleased to be able to have this presentation here you'll see lots of promotions going

35:29

out ahead of the event date and I believe Casey will be adding it to your calendars if she hasn't already we will

35:36

also have police nyfs here with information tables so we again thank all

35:43

of the parties that came together to make this happen scheduling was a little challenging but we've got it on the

35:48

calendar now and I think this is a really really important informational opportunity for our community next slide

35:57

all right a few some uh we have a new eight car which we will uh

36:05

be showing off here really soon last week we had members of our fire

36:11

department staff drive to Chehalis to bring the new 2024 age unit home it's

36:18

really exciting when we get new pieces of equipment uh not only just great to have new technology but uh some of our

36:25

equipment because it's very specialized has experienced supply chain issues so we're really excited to have the new age

36:32

unit here this uh this new age unit goes to fire station 91 the aid unit that is

36:38

at 91 will rotate to 92 and then the 80 unit at 92 goes into Reserve Council we

36:45

will have what we call a push-in ceremony at some point in the near future once we've got the new unit

36:50

totally retrofitted with our equipment so thanks to the team that went and picked it up picked it up and uh thanks

36:57

for staying on top of the acquisition I know these Acquisitions are really challenging right now

37:02

next slide please uh sticking on the same thing a fire we

37:07

wanted to take a moment to acknowledge our wonderful staff members and

37:12

professionals that traveled to Hawaii this past month they were part of a

37:17

search and rescue operation and they were in Hawaii for 14 days this was battalion chief Sean Matheson and

37:24

Lieutenant Steve McCoy they served as part of Washington's Task Force One and with FEMA they were

37:32

working alongside 200 firefighters from our region and as you can imagine they

37:38

they provided just a really important service during a time of great need for

37:45

friends and family in Hawaii we currently have five team members that

37:50

serve as part of this team and they deploy out occasionally so we are really proud of uh battalion chief Matheson and

37:57

Lieutenant McCoy for their service and thank you for represented Mercer Island

38:03

during this very difficult time

38:08

all right let's round it out with a happy animal rescue story you may have seen this on our social

38:14

media pages but this one was a really special one our utility team found an injured Hawk on the side of East Mercer

38:20

way a few weeks ago they sprung into action knowing that it needed assistance we got it to pause animal rescue in

38:27

Linwood where they have a team that's actually dedicated to rescue and Raptor

38:33

Raptor rescue rehabilitation we found out this Hawk is a two-year-old

38:39

male and they estimated he would be with them for about eight weeks and is expected to make a full recovery we

38:46

won't probably get any additional information about where he is released but we're told he will be released and they hope uh he will find a potential

38:54

mate and continue on the cycle so thank you to our utility team members this certainly falls into the other duties as

39:00

a signed category but what a great heads up action and uh thank you for rescuing

39:07

this Hawk and that is my report for this evening thank you Council

39:15

all right our next item of business is appearances this is an opportunity for anyone to speak the Council on any item

39:21

city clerk do we have anyone sign up for appearances this evening yes Mr Mayor

39:27

okay tonight's agenda will include in-person public appearances and remote public appearances via Zoom individuals

39:32

wishing to address the council may do so in person or by Zoom or telephone provided they've registered with the

39:37

city clerk by 4 pm today when it's your turn to speak you'll be called by name or Mark's supposed to be addressed to the council as a whole and not to

39:44

individual counsel or staff members as it's election season please be reminded the state law specifically RCW

39:52

42.17a.555 grip is the use of City facilities for campaign related purposes with limited exceptions

39:58

accordingly please do not make campaign related comments during this time please speak audibly and state your name in

40:04

city of residence for the record there'll be a timer on the screen you'll have three minutes to speak when it's when your time has ended I'll thank you

40:10

for your comments and move to the next speaker item of business uh city clerk please promote the first speaker

40:16

thank you Mr Mayor the first Speaker tonight is Addie Smith

40:27

Miss Smith does not appear to be in the meeting so we'll move to our second speaker tonight our second speaker

40:33

tonight is Kelly Farnsworth

40:43

welcome hi everyone can you hear me we sure can

40:51

okay um hi my name is uh Kelly Farnsworth I'm from Seattle I grew up on the east side

40:57

uh since 1966. um I'm the one who uh put on Fun Fest

41:03

this year and I I wanted to take this opportunity to first thank you for letting me come here uh but I also

41:09

wanted to say thank you for granting the permit for the fireworks show that was a

41:14

kind of an experimental uh from an indoor event to an outdoor event and I

41:20

was throwing everything in the kitchen sink at this event to see what was going to work and what wasn't going to work uh

41:27

and we found out right away that the the remedy for this problem because we ran

41:33

into technical difficulties uh with internet and also setting up a four-story movie

41:39

screen and also what the power consumption out there and everything just kept getting delayed and I felt

41:46

like I was on a submarine trying to plug a hole and everybody yelling at me you know going you know and and the pressure

41:52

was on and I literally didn't know what time or even what day it was because it took um almost uh 24 hours straight to

42:01

set up the event and I am completely uh you know to the

42:06

bottom of my heart sorry for letting everyone down uh you you gave me an

42:11

opportunity to do something wonderful and all of a sudden uh I turned it into

42:17

a huge mess for everybody and I can just tell you this that that won't happen

42:22

again um what we did was we we did a fireworks show after a movie uh that I I put on

42:29

this whole event myself out of my own pocket uh no checks except you know to leave your checkbook at home it's just

42:36

something I've been sober 40 years and it's my way to give back and um what ended up happening was uh it

42:43

got uh it got to the point where um we were able to figure everything out after

42:49

it was over that we would obviously do the fireworks show before the movie because I give away a Tesla lease uh to

42:57

the the audience somebody in the audience a free raffle um uh so they can drive a Tesla to their AAA meetings uh

43:05

you know for a year uh on me and um and and that's going to be the hook that's

43:10

going to keep them there so it's not going to be the fireworks the fireworks were kind of like an enhancement while

43:16

I'm singing These clean and sober songs songs that are popular where I change the words to them and while I'm seeing

43:22

those the fireworks were in the background and I can certainly do that before uh the um the movie when we when

43:30

we did the fireworks afterwards it really complicated everything on it how much time the movie's Gonna Last and

43:36

everything else by doing the fireworks before uh and and the concert before

43:42

um it makes it wide open for us to um uh to basically pick any movie that we want

43:48

uh and pay the Royals is for so again I am so sorry and that won't happen again and I apologize

43:55

thank you thank you uh just delivered a master class and an apology so duly

44:01

noted thank you are there any other public appearances there are no further speakers tonight Mr

44:08

Mayor okay we'll move to our next item of business which is approval of the consent agenda which is a little bit

44:13

long because of the August recess so bear with me the consent agenda contains ab6316 July

44:20

14 2023 payroll certification ab6317 July 28 2023 payroll

44:26

certification AB 6318 August 11 2023 payroll certification

44:31

ab6319 August 25 2023 payroll certification certification of claims

44:37

for July 13 21 28 and August 4 18 and 25 and certification of electronic funds

44:44

transfers for June and July 2023. city council meeting minutes of July 18

44:50

special hybrid meeting in July 28th special hybrid meeting ab6320 National

44:55

preparedness month Proclamation number 313 ab6321 National Recovery month

45:01

Proclamation number 314 ab6322 Peace Day on Mercer Island

45:06

Proclamation number 315 ab6323 no Islander goes hungry day Proclamation number 316

45:14

ab6324 second reading of ordinance number 23c-11 parentheses renews

45:20

ordinance number 21c-23 close friends on interim regulations in

45:28

micc19.16.010 related to Emergency Shelters and housing transitional housing and permanent Supportive Housing

45:34

in response to E2 shb 1220 ab6338 letter of support for Department

45:40

of Commerce grant funding for HB 1110 nhb 1337 implementation

45:46

Council may have a motion to approve the consent agenda as presented second okay moved by councilman Jacobson

45:53

seconded by councilmember weiker city clerk please call thank you Mr Mayor councilmember

45:59

Reynolds deputy mayor rosenbaugh

46:06

councilmember Jacobson all right council member Andrew

46:11

aye councilmember weiker aye mayor nice

46:17

and council member Weinberg aye thank you Mr Mayor thank you

46:24

all right uh motion passes our first item of regular business is ab6329 which

46:29

is the city manager annual performance review and Council as you'll know in your packet there is a letter that the

46:36

council has drafted along with me this is something that we've been working on since earlier this year this is of

46:44

course is the council's once a year opportunity to review the performance of a city employee in their only City

46:50

employee uh the city manager um there is a motion but before we get

46:55

to any motion on this I want to open it up to the council to see if any council

47:00

members want to have any um express any thoughts on the process or the performance of our city manager

47:11

and I will open it up to councilmember weiker so I'll just kick us off with a huge

47:17

thank you Jesse you've dealt with one disaster after another and somehow along the way you managed to have some fun and

47:23

lead not only in our city staff but work with our leadership on the council Hill are so well and effectively and I can't

47:29

thank you enough for all your dedicated service to this community and your staff and and this Council so just a heartfelt

47:36

thank you and keep up the great work and we are so grateful to have you

47:41

very good councilmember anderol um thanks yeah Wendy said it very well

47:47

but Jesse you've been I think most of your work this year has been other duties as required it was all a bunch of

47:54

curve balls that weren't expected but um you handled everything that was normally

47:59

going to be done and everything that was abnormal with a plum and we really

48:05

really appreciate your service thank you and councilmember Jacobson

48:11

well I suppose uh were emotions by my colleagues I'd second them and I I think

48:18

we're very blessed to have such a superb city manager and uh we are a much better

48:24

place because of all the things that you've done Jesse and you've been an inspiration I think to the council and

48:30

to our community to do the things we need to do to be a better place to live thank you

48:36

thank you councilmember Reynolds I would just say as the mayor noted we

48:42

have only one employee that reports just if you've only got one you better make it a good one and I think we've done

48:47

that so A big thank you to the city manager for being a a model of professionalism and and hard work and an

48:54

inspiration to to us and a great educator to us and to the staff and a great leader

48:59

um I think you make everyone around you better which is what a good a good boss should do

49:04

thank you Deputy Mayor Rosenbaum yeah I wish I put my hand up first because uh I think everyone's

49:11

said everything that that I would like to say um I'll be quicker next year

49:16

um I just want to thank Jesse uh you know I get a chance to work with you a lot um and I'm always impressed by your

49:21

ability to juggle um innumerable projects at the same time that are varied

49:28

um both in scope complexity but also just issuing with the city there's a tremendous amount that goes on behind

49:34

the scenes that um most people don't see um and it takes a tremendous amount of

49:39

organization passion um dedication and you do it all uh tremendously well and also have a

49:46

wonderful family that uh I know takes a lot of effort so uh thank you so much

49:51

um I I'm happy to read emotion but it looks like councilmember Weinberg has uh

49:57

it's also raise a chance I will I will hold off on that councilman Weinberg

50:02

I just want to Echo what my colleagues have said and uh excellent work it's uh pleasure to work with you

50:10

MP mayor Roosevelt do you want to make the motion sure uh I move that we accept the city manager Jesse Bond's

50:16

performance review and award five thousand dollars to the employee recognition program for her work June 2022 through May 2023. second

50:25

okay moved by Deputy Mayor Rosenbaum seconded by councilmember of Jacobson you want to speak any more to the motion

50:32

I think everything everything that I would say has been said so I'll leave it at that okay now I would just add to this is

50:39

this is generally the highlight of my year I I start this process early on

50:45

um all the way back in April pounding Jesse for the the work plan and the

50:50

reconciliation of what the council had asked the city manager to do over the course of the 12-month period or longer

50:56

and we begin this process with Council and executive and public meetings to do

51:03

this review and it's always an opportunity to look back at all the things that have been done and all the

51:09

things that were done that weren't planned to have been done and it really just is a pleasure to be able to look

51:15

back at that and and see the ground that you've covered the grace in which you've done it and the flexibility that that

51:21

you bring to the organization makes being mayor easy makes me look good I'm

51:26

sure um so I'll turn it over to you real quickly before we call the roll

51:32

I have to say I I think this is your 405 as your city manager and I'm still not

51:38

used to having performance reviews in public meetings um so

51:43

um but you know thank you really from my heart for um the kind words I think you know I I

51:51

approached this job um I I care a lot about the city this is my

51:57

home too and it's it's really just been an honor to have the opportunity to

52:02

serve in this way I will tell you successful city manager comes with an amazing staff

52:10

and I have one of the best you know in the whole Pacific Northwest and I need

52:15

to give them a shout out because what has been a pretty steady bucking bronco the last few years

52:21

has meant that we've all had to adapt and change so my thanks to them for

52:27

making me look good and supporting me and putting up with me even that means a

52:32

lot and Council I need to say this to you too you know we make a great team

52:37

uh we don't always agree we definitely have different ideas but I'm really proud of the way the city is working and

52:43

and I hope you are too it's it's you know my performance is also a reflection on all of you we've been able to

52:51

accomplish a lot because of your leadership um as well so it's an honor to be here

52:57

tonight I want to thank um mayor niece you know this was a hard process he he steps in and he leads it

53:04

and then in the midst of all this we have closed City Hall and so uh he was really worried that I

53:11

was going to be upset about getting the performance review done and we finally just had to say put it off um we have we have too much else going

53:18

on so you know thank you Celine for the time you put into this I'm not sure if that is visible uh to everyone but it

53:25

means a lot to me that you invest um in me in the process uh in that way

53:30

so thank you and thank you to the again to the entire Council and the staff for the great collaboration

53:37

thank you very good city clerk please call the room thank you Mr Mayor Deputy Mayor

53:43

Rosenbaum hi mayor niece okay council member Weinberg

53:49

hi council member weiker aye council member Jacobson

53:55

council member Andrew aye and council member Reynolds aye thank you Mr Mayor very good motion

54:03

passes unanimously all right our next item of regular business is ab6326 which

54:08

is boarded commission vacancy appointments resolution number 1647 Council section 8.12 of council rules

54:16

and procedures provides that appointments to the city's boards and commissions be made by vote of the city council during a regularly scheduled

54:22

meeting and that each council member will complete written ballot casting a vote for an identified open seat on a

54:28

border commission the applicant that receives the most votes provided they have received a minimum of four votes

54:33

will be appointed to the vacancy of Arts Council the name of the applicant selected will be added to resolution

54:39

number 1647 with final approval required by the vote of the city council since

54:45

the city council is participating in meeting via Zoom the city clerk will send email ballots to council members

54:50

council members will then return the ballots to the city clerk naming their candidate of choice the city clerk will

54:56

tally the votes and read aloud the votes at the outcome of the vote the election is to fill one vacant

55:01

position of the Arts Council position number three expiring May 31 2026.

55:07

city clerk can you please distribute the ballots to the city council at this time thank you Mr Mayor

55:13

the balance have been sent

56:23

thank you Mr Mayor the votes have been tallied council member Andrew

56:29

councilmember Jacobson mayor nice councilmember weiker and Deputy Mayor

56:35

Rosenbaum voted for JB Gibson council member Reynolds voted for June

56:43

money Franklin and council member Weinberg voted for

56:49

Leslie Madsen JB Gibson is appointed to the Arts

56:54

Council position okay congratulations to JB Gibson thank

56:59

you for the other applicants city clerk um do you have an opportunity to compile

57:05

that into the resolution please do I just need 30 seconds Mr Mayor okay

57:19

Mr Mayor the resolution has been sent to the city council

57:34

okay uh Council you should have a copy of the resolution in your inbox this

57:40

time and just double check in

57:50

okay next we have the adoption of resolution number 1647 appointing a member to fill the vacancy of the Arts

57:56

Council city clerk can you please read the appointment section of the resolution number 1647. thank you Mr Mayor now therefore be it

58:04

resolved by the city council of the city of Mercer Island as follows Section 1 appointment of Arts Council pursuant to

58:11

micc 3.55.0030 scene the city council hereby

58:18

appoints the following individual to the Mercer Island Arts Council for the designated term set forth herein JB

58:25

Gibson position number three term expires May 31 2026.

58:32

very good council is there a motion to adopt uh resolution number 1647

58:38

second okay moved by councilmember Jacobson seconded by customer Reynolds

58:44

any discussion not seeing any please call the roll it thank you Mr mayor council member weiker

58:53

aye council member Andrew bye council member Weinberg I

59:00

council member Jacobson aye council member Reynolds hi Deputy

59:06

Mayor Rosenbaum and mayor niece hi thank you Mr Mayor very good the motion

59:13

passes our next item of regular business is ab6328 change of city council meeting location ordinance number

59:20

23c-13 which we will again welcome city clerk Andrea Larson

59:26

thank you Mr Mayor um the Mercer Island City code defines the regular meeting place of the city

59:33

council as City Hall since April when city hall closed all meetings of the

59:38

city council have been noticed to special meetings noticing a meeting as a special meeting adds an additional layer

59:44

of legal requirements to the meeting tonight before you is ordinance number 23c-13 which amends Mercer Island City

59:52

code 2.06.020 to establish the regular

59:57

meeting place of the city council as the Mercer Island community and Event Center

1:00:03

very good counselor with any questions not seeing any council is there a motion

1:00:09

to adopt ordinance number 23c-13 amending micc

1:00:15

2.06.020 to establish the regular meeting place of the city council is the Merced Community and Event Center 8236

1:00:22

Southeast 24th Street Mercer Island Washington or at such other places city council May designate and direct at a

1:00:29

previous meeting second okay moved by councilmember

1:00:35

Weinberg seconded by councilmer Reynolds is there any discussion

1:00:41

don't see any city clerk please call the role thank you Mr Mayor Deputy Mayor

1:00:46

Rosenbaum hi mayor niece aye council member Andrew

1:00:51

bye council member Weinberg aye council member Reynolds

1:00:57

aye council member weiker aye and council member Jacobson all

1:01:02

right thank you Mr Mayor thanks motion passes so our next item of regular business is

1:01:07

ab6327 financial status update for second quarter 2023 and budget amending

1:01:12

ordinance for which we'll Welcome Finance director Matt morning okay good evening
mayor nice and city

1:01:20

council and city manager Bond I'm Matt mornick your Finance director do you see my
opening slide sure cam great okay

1:01:30

so this evening I'm going to go through about 17 slides to review key takeaways

1:01:36

from the city's finances based on the first six months of 2023. we're going to

1:01:41

begin with an overview of what's happened with the budget actuals through the first six
months in the city's

1:01:48

general fund and the utility funds what trends we're keeping a close eye on

1:01:53

as we entered the mid biennial budget this fall and details related to the budget amending
ordinance we're going to

1:02:00

wrap up with an overview of the mid biennial budget schedule along with some

1:02:06

next steps I'm going to pause along the way a natural breaks for questions so please take note of which slide you may

1:02:13

have a question for the staff team is here and ready to answer your questions

1:02:19

I just want to thank financial analyst Ben Schumacher the Public Works team and

1:02:24

Deputy Finance director Luan Tuttle for their time and energy helping pull together this financial status update

1:02:32

this table is a summary of revenues and expenditures from the general fund and the three utilities the water sewer and

1:02:39

stormwater funds from left to right revenue and expenditure actuals for the first six

1:02:44

months of last year are included for reference the next column is the 2023 amended

1:02:51

budget with the revenue and expenditure actuals through the end of June 2023 and the next column the final column to the

1:02:58

right Compares revenue and expenditure actuals relative to the 2023 amended

1:03:04

budget in the top row general fund revenues are tracking strong through the Midway point

1:03:10

of the Year while expenditures are on track with budget estimates transitioning to the utility funds I

1:03:18

want to correct a misstatement in the executive summary of the agenda Bill we explained that utility revenues are up

1:03:24

980 000 relative to June of the prior year compared to the prior year revenues in

1:03:31

the utility funds are in fact up 1.6 million as expressed in the table on this slide

1:03:38

so of this amount 980 000 is tied to the utility rate increase

1:03:45

that the utility board and the city council adopted in the 23-24 biennial

1:03:51

budget which went into effect January 1st of this year the remaining 700 000 is tied to

1:03:58

interest earnings that are notably exceeding budget estimates across all funds which I'll speak to later in the

1:04:05

presentation managers in the utility funds are on

1:04:10

track with budget expectations as we've observed in the first half of

1:04:16

previous years expenses are traditionally low Capital project managers typically

1:04:22

complete pre-construction work so that the summer and fall come around the

1:04:28

construction related to Major infrastructure improvements can actually get underway

1:04:34

as we review data for the first six months of 2023 we discerned two key

1:04:40

drivers impacting general fund revenues relative to what we've observed in Prior

1:04:45

years so the first that we've noticed is that construction activity on the island is driving revenues related to community

1:04:53

planning and development services as well as sales tax staff estimate that it's related to two

1:05:02

high valuation projects the riot games building Renovations and construction

1:05:07

that's related to the King County Pump Station and North Mercer sewer upgrades

1:05:15

excuse me second changes to the Federal Reserve policy

1:05:21

rate over the past 16 months has had a pretty precise impact on the city's investment earnings

1:05:28

this line graph outlines sales tax monthly Revenue activity for the construction sector for the first six

1:05:35

months of this year indicated by the green line and the four prior years

1:05:41

tracking the yellow line for 2022 you'll notice that revenues began to surpass

1:05:48

historical Trends in September and remain high through June of this

1:05:53

year staff confirmed that the King County Pump Station project broke ground last

1:05:59

year and worked on the right games facility began January of this year and both work on these projects is ongoing

1:06:07

we cannot definitively attribute this rise in sales tax revenue to these two

1:06:12

projects because of the nature of the the data that we get from the Department of Revenue it doesn't include the volume

1:06:20

of sales still we're tracking this trend and it would it's going to inform the updated

1:06:25

revenue forecast coming to the City Council next month

1:06:30

for the first six months of 2023 interest earnings amount to 1.1 million

1:06:36

greatly exceeding budget expectations this amount

1:06:42

far exceeds interest earnings at this point in the year relative to the past two years

1:06:48

so aside from the cash on hand that's required for paying bills and managing the city's day-to-day operations the

1:06:55

city invests in the Washington State local government investment pool

1:07:00

interest earned on the combined total cash that's invested is allocated to the operating funds and

1:07:08

reserves based on their respective balances at the end of each quarter for example if the water fund balance

1:07:15

makes up 20 of the city's total Investments 20 of Interest earnings go back to the

1:07:22

water fund at the end of the quarter so this this uh graphic is for

1:07:28

illustrating activity from June 20 through 2023

1:07:34

um and it depicts interest rates for the local government investment pool illustrated by the Blue Line relative to

1:07:41

the federal reserve's federal funds Target rates that's illustrated by the

1:07:46

dashed black line the immediate takeaway is the lgip

1:07:52

earning rate nearly mirrors the federal reserve's federal fund Target rates so

1:07:58

from left to right you can see that the LGA IP earnings rate was just below half

1:08:03

a percent in June 2020 and remain there through June uh 2022.

1:08:09

during the same period the target rate for the Federal Reserve is next to zero

1:08:17

then we see the lgip earnings increase to just over five

1:08:23

percent uh as of June of this year so within a 12-month period the earnings

1:08:28

rate increased over four percent and so this is a rate of change uh that um we

1:08:34

did not and really could not budget for but in hindsight this tracks because

1:08:39

during this period the lgip was primarily invested in U.S treasuries and

1:08:45

U.S government agencies which tie to the federal reserve's uh federal funds rate

1:08:53

as of June uh expenditures in the general fund are on par with budget expectations

1:08:59

when compared to the prior year the increased spending that we see is associated with the higher Staffing

1:09:04

levels in police and fire and Parks and Recreation along with the the corresponding increased employee

1:09:10

compensation costs that that are tied to the rate of inflation setting aside the the general fund this

1:09:18

slide provides just a general update on activity related to the real estate excise tax which is the primary revenue

1:09:24

source that supports the city street and capital funds revenues for the first six months of the

1:09:30

year are down by nearly 340 000 relative to the prior year and this is largely

1:09:35

tied to current market conditions what we're seeing on Mercer Island is that

1:09:40

there's a lower volume of property sales and that there's nearly a 10 reduction in the average sales price for most home

1:09:48

sales which include homes that sell for under five million dollars we're closely tracking Reit and

1:09:56

um we will update the council with revised projections during the revenue forecast in October

1:10:02

so I'm happy to pause here for any questions related to the material we've covered so far

1:10:08

okay cancel any questions councilman Reynolds Mr morta can you just comment you know I

1:10:14

obviously we know inflation is very bad for the city budget but if we ignore that effect and just focus on interest

1:10:20

rates it seems like it's been a clear win for us in the investment earnings are there any ways in which the high

1:10:26

interest rates are bad for the city so for example do we have any floating rate debt or anything like that that would be going the other way

1:10:34

um I can't really speak to the um floating rate debt but I I can say that the the current debt obligations that we

1:10:41

have are our fixed rates and they're they're minor and so where

1:10:47

we really see the impacts of inflation are in our employee compensation costs

1:10:53

um and and that makes total sense given the collective bargaining agreements currently in place but as you can see

1:10:59

um there's there's also the flip side to that and how we've invested our money and excuse me the the community's money

1:11:06

and how that has reaped um interest earnings that have have benefited all of

1:11:12

the city's funds but if you were to isolate the effect the the interest earnings are not going

1:11:17

to be nearly as great as the or the pickup in interest Rings would not compensate to the inflationary effect on salaries even close correct

1:11:25

I would have to I would have to go back and and dive into that question it's a great question but I I'd be I would

1:11:31

hesitate to speculate on it okay thank you so tagging along to that uh Matt

1:11:38

obviously sales tax would have an impact with the inflation as the cost of goods goes up I don't know if you're modeling

1:11:45

that at all to try and figure out how much is increased uh activity versus

1:11:50

just increased prices right and we usually see the the inflation gets passed along in to to

1:11:58

Consumers through prices um but we we unfortunately can't discern that from the data that we have access

1:12:03

to because we we can't gauge uh a lot of the proprietary information from businesses that would help us figure

1:12:10

that out so um we're seeing that sales tax is is really strong

1:12:16

um it's uh keeping Pace if not exceeding the the current pace of inflation uh at

1:12:22

least of what we've observed for the first six months of the year and we're going to see how things shake out

1:12:27

um through in the next few months which is going to inform what we're going to project for 2024 in the next biennium

1:12:34

Iceland Deputy mayro's mom yeah Matt question if you're here it feels like whenever we talk about uh

1:12:40

sales tax a lot of the the answers are you know that we just don't get the data from the state at the level of the

1:12:47

questions that are being asked is there any push to get that change I mean what

1:12:52

is that is that on the radar is that something they're planning or is this is something they're like this is the level of data that you can expect going

1:12:58

forward I don't really see a much opportunity for us to get more insights because what

1:13:04

what we would need to get our hands on is essentially proprietary information how much goods are being sold for the

1:13:12

price increase is related to those goods and the volume of total sales within a specific period of time and that's not

1:13:19

information uh that business businesses readily provide um and so where the data that we do get

1:13:27

is um is good and we have spent um quite a bit of time just understanding it and

1:13:34

and parsing it out in a way that we can track it and so as you've seen in in the

1:13:39

exhibit exhibit one we've broken up um sales tax activity by sectors and we

1:13:45

can really Track by detail what's going on within a given sector and we actually are using that data to

1:13:52

inform how we're projecting sectors are going to react in the future and so

1:13:58

the the line graph I I shared earlier regarding the construction sector is

1:14:04

just kind of a sample of the kind of data that we're getting so I'm

1:14:09

I'm pretty pleased with the the analysis that we've done and it's evolved over the years we're getting better

1:14:15

um we're getting better data or better information out of the data that we have

1:14:21

and we're better at using it thank you councilman Reynolds

1:14:30

old hand it's an old hand sorry I going back to sales tax Matt

1:14:36

you know I've mentioned it over the years as out-of-state collections of sales tax have come online more and more

1:14:44

vendors are are remitting our taxes to us particularly for online sales is that

1:14:49

something that you think is peaked or is there still a little lift left in that

1:14:56

oh I wish I knew um I I do think there was a fundamental

1:15:02

change when we look at the data with the legislation that passed in 2019 at the state level which allowed

1:15:10

um the appropriation the allocation of sales tax revenues for online sales back to point of origin of where the purchase

1:15:17

was made so I think the cities in the region have we've I've seen a

1:15:24

fundamentally positive impact from from that legislation um and whether or not it's going to

1:15:29

continue to increase is is I just don't know very good all right not seeing any more

1:15:36

please carry on okay exhibit two of the agenda item is

1:15:42

budget amending ordinance number 2312 and it it outlines in detail the budget adjustments that the city council has

1:15:48

approved since the previous ordinance excuse me staff brought to the council

1:15:55

back in mid-may so most of the items in ordinance 2312 predominantly include the

1:16:01

decisions that the city council uh made during the planning session on May 23rd

1:16:07

of this year and so during the planning session the city council invested just over 1.4

1:16:13

million dollars in near and long-term initiatives so uh the the ordinance details those

1:16:21

budget Appropriations but in general the city council approved nearly nine hundred thousand dollars

1:16:28

across 15 budget proposals to further current and new efforts related to the

1:16:34

2023 and 2024 biennial budget work plan another two hundred and twenty thousand

1:16:40

dollars was committed to Fast Track early action items related to the city's climate action plan and finally over 350

1:16:47

000 went to replenishing City reserves and reaching the Target Fund balance

1:16:53

goals for key operating funds foreign most of the budget proposals and early

1:17:00

action items that I just mentioned were strategically funded via the city's arpa

1:17:05

funds so should the council adopt the ordinance this evening and the remaining

1:17:10

balance of arpa dollars is just North of a million dollars we'll cover potential uses of the

1:17:17

remaining arpa funds during the upcoming mid biennial budget process this fall

1:17:26

and this is just to update the city council regarding um the opioid settlement dollars that in

1:17:33

October 2022 the State Attorney General confirmed that the state of Washington

1:17:38

will receive over a half a billion dollars from pharmaceutical manufacturers and pharmacies that um or

1:17:46

found to have played key roles in fueling the opioid epidemic payments to the state to the county and

1:17:55

local governments again in December of 2022 and these payments are going to be

1:18:01

paid over the next 17 years to date Mercer Island has received just over forty thousand dollars and these funds

1:18:08

are currently held in reserve in the general fund so the city must spend the

1:18:13

settlement money on approved uses uh we have to keep record of our spending and

1:18:19

file reports on an annual basis with the settlement administrator so later this month the yfs team is going to present

1:18:27

to council for consideration their recommendations for how best to use settlement dollars on behalf of the

1:18:33

Mercer Island community okay so this coming fall marks the

1:18:40

halfway point of the 2023-2024 biennium so this schedule outlines major touch

1:18:46

points between staff the utility board and city council to update key elements of the budget for the upcoming fiscal

1:18:53

year in September and October staff is meeting with the Utility Board seeking

1:18:59

their good thinking on utility rates for 2024 as well as provide them with an update on a bond issue and scheduled

1:19:06

early next year to facilitate major improvements for the water utility in uh mid-october staff will present the

1:19:14

revenue forecast for the city's primary funds and this will inform the city

1:19:19

council on how staff anticipates uh revenues are going to track with expenditures as we enter uh 2024 and

1:19:28

prepare for the next biennium so we will look to review and finalize budget adjustments by the end of

1:19:34

November and beginning of December our recommendation tonight is for the

1:19:41

city council adopt ordinance number 23-12 amending the 2023-2024 biennial

1:19:46

budget as outlined in exhibit 2. and with that I will stop sharing and uh

1:19:52

staff team is here and happy to answer any questions that you have very good

1:19:57

counsel any questions no all right council is there a motion

1:20:04

to adopt ordinance number 23-12 amending the 2023-2024 biennial budget

1:20:10

still moved second okay it was moved by customer white or seconded by customer Weinberg

1:20:17

any discussion customer Walker I just want to thank

1:20:24

Matt for his great work always and making it look so easy to do what he know what he's doing and I know it's not

1:20:30

that easy so I just appreciate your hard work Matt m

1:20:35

anything else not seeing any city clerk please call the role

1:20:44

council member Jacobson hi mayor niece hi council member Weinberg hi council

1:20:52

member Andrew aye council member Reynolds aye Deputy Mayor Rosenbaum hi

1:20:59

and council member weiker hi thank you Mr Mayor very good motion passes thank you everyone uh we now

1:21:06

moved to other business and the planning schedule for which we welcome to manager Jesse Bond

1:21:15

uh good evening again City Council looking ahead your next meeting is

1:21:21

September 19th I just wanted to reiterate what I shared at the opening of the meeting during my city manager

1:21:28

report that we are working on upgrading the technology in the Slater room here

1:21:34

at the community center where I'm based out of this evening so that we can have in-person meetings again we are aiming

1:21:40

for the first meeting in November I will certainly let you and the community know if that changes

1:21:47

uh wanted to mention that October 3rd I will be adding an executive session a

1:21:53

pretty sizable one probably two hours on the front side of the agenda so if you could let me know if there's

1:21:59

any scheduling conflicts on that date the calendar has not been updated yet

1:22:06

I also wanted to mention that November 7th is election night we typically move

1:22:12

the meeting from that night and I haven't found a perfect alternative either Monday or

1:22:19

the Wednesday due to all of your availability so I'll be talking with the mayor and Deputy Mayor about our options

1:22:27

um when we have our leadership meeting next week and I do want to say this one

1:22:32

alternative is just to keep it on Election night and keep the agenda short so I'll be I'll be getting back to all

1:22:38

of you and trying to figure out an option for that meeting night and that is all I have this evening Mr Mayor very

1:22:44

good thank you all right Council are there any upcoming absences to report

1:22:50

nope I will turn to council member reports first we'll go to councilman randerl anything to report

1:22:57

nothing to report thank you councilworm Jacobson

1:23:03

nothing to report my council member I have nothing to report councilman Reynolds nothing to report all right

1:23:09

council member deputy mayor rosenbaugh good evening

1:23:18

uh yeah I'll just say on the seventh Thursday is the sa networking event in Renton hopefully you guys can make it at

1:23:23

least some of us great to be there in person and get to know our colleagues in the region yeah

1:23:29

customer Weinberg uh saves the date uh for Thursday the

1:23:34

26th of October uh the 5 30 6 30 p.m coming uh come to the community and

1:23:41

events center to join the city staff and 20 Mercer Island host families and the

1:23:46

sister city Association board and officially welcoming the uh to the island the delegation of 20 teenage

1:23:53

diplomats from our sister city and tomorrow details has come perfect

1:23:59

all right the next hybrid C uh the next hybrid meeting of the city council is scheduled for Tuesday September 19 2023

1:24:05

5 PM the time is now 6 26 p.m the city council will go into executive session

1:24:11

for approximately 60 Minutes for planning and adopting the strategy or position to be taken by the city council

1:24:16

during the course of any collective bargaining professional negotiations or grievance or mediation proceedings for

1:24:22

reviewing the proposals made in the negotiations or proceedings while in progress pursuing to RCW

1:24:29

42.30.140 friend foreclosed print little B close print to discuss with legal

1:24:34

counsel litigation or potential litigation to which the city is or is likely to become a party pursuant to RCW

1:24:42

42.30.110 brand one close friend brand little lie closed print as a reminder

1:24:48

the city council please stay seated until the city staff has terminated the broadcast good evening and thanks everyone for joining us

English (auto-generated)