



# CITY COUNCIL MINUTES SPECIAL VIDEO MEETING APRIL 7, 2020

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## CALL TO ORDER & ROLL CALL

Mayor Benson Wong called the meeting to order at 5:07 pm from a remote location.

Mayor Benson Wong, Deputy Mayor Wendy Weiker and Councilmembers Lisa Anderl, Jake Jacobson, Salim Nice, Craig Reynolds, and David Rosenbaum participated remotely using a video teleconferencing platform by Zoom.

The following staff members participated from remote locations:

- Interim City Attorney Bio Park
- Interim Finance Director Matt Mornick
- Deputy Finance Director LaJuan Tuttle
- Policy Group Lead, Alison Van Gorp

City Manager Jessi Bon and City Clerk Deb Estrada participated remotely from separate rooms at City Hall, 9611 SE 36<sup>th</sup> Street, Mercer Island, Washington.

## AGENDA APPROVAL

It was moved by Reynolds; seconded by Nice to:

**Approve the agenda as presented.**

A roll call vote was conducted, and the results were as follows:

Passed 7-0

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

## CITY MANAGER REPORT

City Manager Bon reported on the following:

- Emergency Operations Activated – Level 1
- EOC Organization Structure
- Regional and State Partnership
- Situation Reports
- How many COVID-19 Cases are on Mercer Island – 61 confirmed
- School Closures Extended through end of year
- City of Mercer Island Call Center
- Youth and Family Services Food Pantry
- Youth and Family Services Emergency Assistance
- Youth and Family Services Community-Based Counseling
- PROS Plan Suspended until Fall 2020, perhaps 2021
- CPD Services: Development Review
- CPD Services Project Updates:
  - Xing Hua Mixed Use Building
  - East Seattle School FEIS
  - East Seattle Office Building
  - Miscellaneous Projects
- CPD Services: Legislative
- Connect to Culture & the Arts from Home
- Thursday Video Situation Briefing

## CONSENT CALENDAR

### Payables Reports for the Periods Ending:

- A. February 14, 2020 in the amount of \$311,538.48,
- B. February 21, 2020 in the amount of \$109,400.98,
- C. February 28, 2020 in the amount of \$430,608.98,
- D. March 6, 2020 in the amount of \$333,552.62,
- E. March 13, 2020 in the amount of \$834,427.28,
- F. March 20, 2020 in the amount of \$49,346.33, and
- G. March 27, 2020 in the amount of \$819,369.97

**Recommendation:** Certify that the materials or services herein before specified have been received and that all warrant numbers listed are approved for payment.

### Certification of Payroll:

- A. February 28, 2020 in the amount of \$835,784.15, and
- B. March 13, 2020 in the amount of \$834,443.16

**Recommendation:** Certify that the materials or services specified have been received and that all fund warrants are approved for payment.

### Minutes of the following meetings:

January 24 & 25, 2020 Planning Session,  
February 18, 2020 Regular Meeting,  
March 10, 2020 Special Meeting, and  
March 24 Special Meeting.

**Recommendation:** Approve the minutes as written.

### AB 5675: King County WaterWorks Grant Acceptance

**Recommended Action:** Authorize the City Manager to accept the King County WaterWorks Grant and appropriate \$29,220 in grant funds for 2020.

### AB 5677: Authorize Grant Application to replace Marine Patrol Boat #11

**Recommended Action:** Authorize the City Manager to sign the grant application.

It was moved by Nice; seconded by Reynolds to:

**Approve the Consent Calendar as presented.**

A roll call vote was conducted, and the results were as follows:

Passed 7-0

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

## REGULAR BUSINESS

### AB 5678: City Council Line of Succession

Policy Group Lead Alison Van Gorp explained that due to the nature of the COVID-19 emergency, it is prudent for the Council to identify in advance a second alternate for the Mayor, should both the Mayor and Deputy Mayor become unavailable. Van Gorp explained the process for designating the second alternate and that the designation should remain in place throughout the duration of the COVID-19 emergency and until such a time that the Emergency Operation Center is deactivated, or until the next Mayor and Deputy Mayor are elected in January 2022, whichever event comes first.

**Councilmember Rosenbaum nominated Councilmember Nice to serve as a second alternate to the Mayor. Councilmember Nice accepted the nomination.**

**There were no additional nominations.**

It was moved by Reynolds; seconded by Rosenbaum to:

**Nominate Councilmember Nice to serve as a second alternate to the Mayor.**

A roll call vote was conducted, and the results were as follows:

Passed 7-0

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

### **AB 5679: B&O Tax Payment Deferral**

Policy Group Lead Alison Van Gorp explained that the COVID-19 emergency is causing undue hardship to local Mercer Island businesses. In response to the hardship, staff recommended amending the city code to give the City the ability to extend the deadline for B&O tax payments. She further explained that Ordinance 20C-05 would give the Finance Director, during a declared emergency, the ability to extend the payment deadline through the end of 2020. In 2021, payment deadlines would return to the regular quarterly schedule. She noted that the City would rely on cash reserves to mitigate revenue impacts due to delayed tax collections and to sustain the City's emergency response.

Interim City Attorney Bio Park responded to Council questions regarding the Finance Director's authority to extend the deadline.

It was moved by Weiker; seconded by Reynolds to:

#### **Suspend the City Council Rules of Procedures, Section 6.3**

A roll call vote was conducted, and the results were as follows:

Passed 7-0

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

It was moved by Anderl; seconded by Reynolds to:

#### **Adopt Ordinance No. 20C-05, amending MICC 4.10.110(A) related to business and occupation tax payment due dates.**

A roll call vote was conducted, and the results were as follows:

Passed 6-1

FOR: 6 (Anderl, Reynolds, Rosenbaum, Nice, Weiker, and Wong)

AGAINST: 1 (Jacobson)

### **AB 5676: Financial Report: 2019 Year-End and COVID-19 Impacts**

Interim Finance Director Matt Mornick presented the 2019 Year-End Financial Status Report. He reported on the 2019 General Fund budget to actuals, year-end balances for the Water, Sewer, and Storm Water Utility Funds, and the 2019 year-end Contingency Fund balance. He reported that the 2019-2020 budget amending ordinance included the following adjustments:

1. Amending the Fleet Fund by \$32,917 for the purchase of the hydraulic driven drop-in sander.
2. Amending the Youth and Family Services Fund by \$54,624 to restore the 0.5 FTE Geriatric Specialist for 2020 through a donation from the Youth and Family Services Foundation.
3. Amending the Youth and Family Services Fund by \$37,373 by appropriating all of the proceeds from HB 1406 to the Emergency Assistance Program for housing and rent assistance.
4. Amending the Capital Improvement Fund by \$26,680 to account for a King County Flood Control Grant for the Lincoln Landing project.
5. Amending the General Fund by \$7,500 to account for revenue received from the Washington Health Care Authority.

He noted that the City Council previously authorized allocation of HB 1405 funds to the ARCH Housing Trust Fund (\$16,232) and the remaining balance to the YFS Emergency Assistance Fund. Given the circumstances facing the Mercer Island community due to the coronavirus pandemic, it was recommended that the proceeds from HB 1406 be fully allocated to emergency assistance for housing and rent.

It was moved by Jacobson; seconded by Anderl to:

#### **Suspend the City Council Rules of Procedures, Section 6.3**

A roll call vote was conducted, and the results were as follows:

Passed 7-0

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

It was moved by Anderl; seconded by Reynolds to:

#### **Adopt Ordinance No. 20-06, amending the 2019-2020 Biennial Budget.**

A roll call vote was conducted, and the results were as follows:  
Passed 7-0  
FOR: 7 (Anderl, Jacobson, Reynolds, Rosenbaum, Nice, Weiker, and Wong)

It was moved by Anderl; seconded by Nice to:  
**Reduce the ARCH Housing Trust Fund allocation from \$50,000 to \$33,768 for 2020.**  
A roll call vote was conducted, and the results were as follows:  
Passed 6-1  
FOR: 6 (Anderl, Jacobson, Rosenbaum, Nice, Weiker, and Wong)  
AGAINST: 1 (Reynolds)

It was moved by Anderl; seconded by Jacobson to:  
**Allocate \$16,232 from the General Fund to the ARCH Administrative Budget for 2020.**  
A roll call vote was conducted, and the results were as follows:  
Passed 7-0  
FOR: 7 (Anderl, Jacobson, Reynolds, Rosenbaum, Nice, Weiker, and Wong)

Interim Finance Director Mornick then proceeded to explain the fiscal and environmental conditions in 2020 as a result of the ongoing coronavirus pandemic. He explained that early indicators are signaling a recession deeper than 2008. As a result of the Governor's Stay Home, Stay Healthy order, which was extended to May 4, all non-essential retail stores in Washington are closed. Revenues at the hotels that remain open are down about 90 percent. Restaurants that choose to remain open only offer takeout service.

He went on to explain that staff collaborated with the Mercer Island Chamber of Commerce, local business owners, and City Council to coordinate resources, outreach, and City support for small businesses. Mornick noted that in response to the growing concern among residents and local businesses, the City instituted relief measures for water utility customers. To avoid an undue burden during the coronavirus, the City created a variety of payment plan options for customers in need. Further, the City would not disconnect customers for non-payment during this time, nor would late fees be issued to customers unable to pay their bills on-time.

Mornick explained that as a result, impacts to the City's General Fund and Youth and Family Services (YFS) Fund have been severe. Staff estimated revenue impacts through the end of 2020 and are working to mitigate the following potential losses:

- Up to \$1.5 million General Fund revenue shortfall in the Parks and Recreation department.
- Up to \$1.6 million Youth and Family Service Fund revenue shortfall.

The following fiscal impacts were reviewed:

- Youth & Family Services
- Thrift Shop Revenues
- YFS Fund Forecast
- Sales Tax
- Parks & Recreation
- 27<sup>th</sup> Pay Period (every 10<sup>th</sup> year, there is an additional pay period)
- Delayed Revenues due utility payments, B&O tax and property tax extensions, and rent payment extensions at MICEC
- Contingency Fund

Until such time that staff can better predict the full impact of the emergency, several financial assumptions were identified:

- Non-essential businesses will be shut down until May 4.
- When businesses re-open, it will take time to return to normalcy.
- Very little sales tax is expected to be remitted during March and April given the Stay Home, Stay Healthy order.
- Sales tax revenue is received two months after it is earned and therefore the true impacts on sales tax will not be known until May and June.
- Property tax deadlines have been extended to June 1 for residential and commercial properties who pay property taxes themselves. It is unknown how many taxpayers pay property taxes themselves in the City, but payment delays will affect the City's cash flows.

- Uncertainty regarding utility customer payments will impact utility revenues and corresponding utility tax revenues.
- Impacts of lost and deferred revenue may create cash flow issues, creating a heavy reliance on General Fund balance and Contingency Fund reserves to meet monthly cash flow commitments.

Interim Finance Director Mornick and City Manager Bon reported that by the end of March, the City released 1 full-time employee and 39 seasonal and casual employees in the Parks and Recreation, Youth and Family Services, and Public Works departments, noting that additional workforce reductions would be needed to offset the loss of revenue. It was further explained that the Thrift Shop, a primary revenue driver for the Youth and Family Services Fund, closed mid-March, which required immediate use of the YFS Fund Reserves to cover expenses.

Mornick continued to explain that staff are unable to predict when delayed revenue will be received. Meanwhile, staff is preparing for significant cash flow interruptions and would need to rely on the City's contingency reserve and General Fund balance to fill gaps as they arise.

City Manager Bon explained that a hiring freeze is in place through 2020 and that all professional training and related travel through 2020 is frozen as well. She further noted that staff are exploring several cost saving measures, including:

- Non-essential contracts tied to General Fund
- Workforce reductions via layoffs, furloughs, and salary reductions
- Scaled down operations through the city organization
- Potential General Fund transfers that can be delayed or eliminated
- Federal/state resources to supplement operations
- New discussions with labor partners to help close the budget gap.

Councilmembers had several questions in response to the financial status report. City Manager Bon committed to Council that staff would report back at the April 21, 2020 City Council meeting.

## **OTHER BUSINESS**

### **Planning Schedule**

There were no changes to the Planning Schedule.

### **Councilmember Absences**

There were no absences to report.

### **Councilmember Reports**

Councilmember Anderl:

- Utility Board has not met
- WRIA 8 Salmon Recovery Council met remotely with 56 attendees and accepted a grant for additional research.

Councilmember Jacobson:

- ETP has not met
- Disability Board has a May meeting scheduled
- Participated in the Recology Facility tour

Councilmember Reynolds:

- Brainstorming next steps with Mercer Island businesses and the feasibility of a buy local initiative

Councilmember Rosenbaum:

- MISD Advisory Board met in late February

Deputy Mayor Weiker:

- Encouraged Council to read SCA daily emails

- Community is considering ideas for graduating seniors

Mayor Wong:

- Participated in a virtual meeting with King County Mayors and there was a survey of what other cities are doing during the pandemic
- Encouraged Council to read the SCA daily reports and observe what other communities are doing
- Asked Deputy Mayor Weiker to keep Council apprised of SCA and AWC efforts in response to the pandemic

## **ADJOURNMENT**

There being no additional business to come before City Council, the Special Video Meeting adjourned at 8:46 PM

Attest:

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Benson Wong, Mayor

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Deborah A. Estrada, City Clerk