



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5706
June 16, 2020
Regular Business

AGENDA BILL INFORMATION

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| TITLE: | AB 5706: Adoption of 2021-2026 Transportation Improvement Program (Public Hearing continued from May 19 Meeting) | <input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: |
| RECOMMENDED ACTION: | Continue public hearing and adopt 2021-2026 Transportation Improvement Program | <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution |

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| DEPARTMENT: | Public Works |
| STAFF: | Patrick Yamashita, City Engineer |
| COUNCIL LIAISON: | n/a |
| EXHIBITS: | <ol style="list-style-type: none">1. Six-Year Transportation Program (Detail of Proposed Expenditures (changes & notes shown))2. Six-Year Transportation Program (Detail of Proposed Expenditures (clean version))3. Six-Year Transportation Program (Street Fund Balance)4. TIP Public Comments5. AB 5692: 2021-2026 Transportation Improvement Program (First Review) |
| CITY COUNCIL PRIORITY: | <ol style="list-style-type: none">1. Prepare for the impacts of growth and change with a continued consideration on environmental sustainability. |

AMOUNT OF EXPENDITURE \$ n/a

AMOUNT BUDGETED \$ n/a

APPROPRIATION REQUIRED \$ n/a

SUMMARY

The Six-Year Transportation Improvement Program ("TIP") is a planning tool used to identify specific projects that work together to maintain, preserve, and maximize use of the existing roadway and trail systems in Mercer Island. RCW 35.77.010 requires cities to formally adopt a TIP annually by July 1. Failure to adopt the TIP by July 1 could jeopardize grant applications, grant funding, and Public Works Trust Fund loans.

On May 19, 2020, the City Council opened a public hearing for the TIP (see Exhibit 5), received a presentation from staff, reviewed the draft TIP and provided staff with direction on specific projects. The public hearing was extended to June 16, 2020 to allow more time for public comment. Since May 19, nine comments were received following the start of the hearing through June 9 when this agenda bill was prepared. Comments were related to the North-South Bike Route (SP119), 77th Ave. SE Channelization (SP126), NMW – MI Park & Ride Frontage Improvements (SP123), street standards, and speeding. All comments received since March

are reflected in Exhibit 4 with the most recent comments at the end. The draft TIP presented in Agenda Bill 5691 on May 19 is provided as a reference (see [Exhibit 5](#)).

The following table provides a summary of the Council's directions to staff during the May 19, 2020 TIP discussion and staff's responses. The draft TIP has been updated accordingly with changes noted in red text in Exhibit 1. Exhibit 2 is a clean version of the TIP with the changes incorporated.

| Council Directions to Staff at TIP Preview and Staff Responses | | | |
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| Project No. | Project | Council Direction | Staff Response |
| SP113 | EMW Roadside Shoulders - Ph. 11 (Clarke Beach to Avalon Dr.) | Consider swapping with the final phase at south tip of the island planned for 2027. | Staff supports this change. Both segments are comparable in size, scope and have low traffic volume. The south tip has a roadway curvature/visibility issue with lack of shoulders that merits proceeding with this segment first. |
| SP116 | SE 40th St. Sidewalk Improvement (Gallagher Hill - 93rd Ave. SE) | Why is project cost so high? Does it include roadway overlay? | It includes the roadway overlay. Shift \$200K from SP116 to SP107 arterial overlay (SE 40th - 88th to GHR) and extend limits to 93 rd Ave. SE. This will account for the roadway overlay costs under "preservation". |
| SP118 | ADA Compliance Plan Implementation | Utilize the 2022 funds for SP121 (76th Ave. SE midblock crosswalk) since it's similar work. | Staff recommends leaving the funds in SP118 to clearly show that City has funds earmarked specifically for ADA compliance. |
| SP119 | North-South Bike Route ICW - 90th Ave. SE to SE 63rd St. Ph. 1 & 2 | Try to get a start on project by end of 2022, at least consultant selection. Find out if Island Park Elementary is going to be renovated and whether it might impact the project. | Shift \$50K from 2023 to 2022. Proceeding in 2022 is contingent on ability to hire needed staff and consultants. Island Park is 5 to 10 years out. Staff will re-engage with District's planning team when they reconvene (~Fall 2020). |
| SP121 | Mid-block crosswalk 76th Ave. SE - SE 24th to SE 27th | Stressed the importance of starting this project by the end of 2021 instead of 2022. | Move \$50K from 2022 to 2021 to start consultant design. Project moved to East Link Traffic Safety/Mitigation category to fund project through mitigation funds. |
| SP123 | North Mercer Way MI P&R Frontage Improvements | Is this project eligible for East Link mitigation funds? | Staff recommends moving this project to East Link Traffic Safety/Mitigation category to fund project through mitigation funds. Project aligns with adopted Council Goals and Criteria for use of the Sound Transit Settlement Funds (AB5576). |

When staff drafted a revised work plan for the 2020 TIP, transportation-related capital work scheduled in 2020 is based on available staff and financial resources. Projects were delayed to future years because of impacts from the Pandemic and lack of staff resources, and less so due to lack of financial resources as outlined in the Street Fund financial forecast (refer to Exhibit 3). Staff is working to complete 2020 transportation-related capital project work while also filling vacant positions to complete the important work outlined in the TIP's six-year program.

Street Fund

The Street Fund receives most of its revenues from Real Estate Excise Tax (90% of REET-2 collections) and the motor vehicle fuel tax. Motor vehicle fuel taxes are expected to decline because of the Pandemic. On May 19, 2020, staff presented a Street Fund forecast in [Exhibit 2](#) of Agenda Bill 5691 (see [Exhibit 5](#)) that assumed a 38 percent reduction to motor vehicle fuel tax revenues (\$99,210) from June to December, based on the State's approximate loss of average monthly state revenue collections from fuel tax, tolls, ferry fares and other, smaller sources. This forecast also assumed a 20 percent, or \$420,000, reduction to REET revenues beginning in June through December as compared to the 2020 Adopted Budget.

Mercer Island's Transportation Benefit District was previously funded by a \$20 vehicle fee on all vehicles registered within the city, generating about \$375,000 annually. This revenue stream, along with the State shared multimodal transportation fee (roughly \$34,000 annually), are deferred and assumed to no longer exist pending resolution of the State Supreme Court case regarding Initiative-976.

Real Estate Excise Tax

The Street Fund revenue forecast staff presented to the City Council at the May 19, 2020 meeting was somewhat precautionary as the City, metropolitan region, and global community face an economic contraction with no historical precedent.

Within the Seattle market, the number of homes sold has dropped 25 percent in April this year compared to 2019 sales. Pending sales dropped 22 percent in April this year compared to the same period in 2019. Despite the real estate market's recent slowing within the region, on Mercer Island home sales appear to remain strong, although inventory is lower than prior years. Sale of the former Farmers Insurance property to Ryan Companies posted this April, generating \$230,000 of REET revenues, a significant one-time bump in REET revenue from the sale of a commercial property.

Staff is closely monitoring the Street Fund and REET revenues. Once second quarter data from 2020 is available, staff will review revenue actuals, investigate activity within the local housing market, and adjust forecast assumptions accordingly.

RECOMMENDATION

- 1) Conduct public hearing and consider public testimony
- 2) Adopt the 2021-2026 Transportation Improvement Program as reflected in Exhibit 2.