



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

**AB 6105  
June 21, 2022  
Regular Business**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6105: Parks Levy Renewal Recommendation	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	Finalize the Parks Levy Renewal ballot measure.  Direct the City Manager to develop an ordinance to place the Parks Levy Renewal on the November 8, 2022 ballot.	

<b>DEPARTMENT:</b>	City Manager
<b>STAFF:</b>	Jessi Bon, City Manager Robbie Cunningham Adams, Management Analyst
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	<ol style="list-style-type: none"> <li>1. Summary of Parks Levy Scenarios</li> <li>2. Playground Replacement Schedule</li> <li>3. 2023-2028 Parks Capital Improvement Plan (CIP)</li> <li>4. Draft Park Levy Lid Lift Ordinance</li> <li>5. Draft Explanatory Statement</li> <li>6. Sample Pro and Con Committees Recruitment Language</li> </ol>
<b>CITY COUNCIL PRIORITY:</b>	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**EXECUTIVE SUMMARY**

The purpose of this agenda bill is to receive final direction from the City Council on the parks levy renewal.

- The current parks levy was approved by the Mercer Island community in 2008 and expires at the end of 2023. The levy provides funding to operate and maintain Luther Burbank Park and supports operations at all city parks, trails, athletic fields, open spaces, and recreation facilities.
- Staff recommends the City Council place the parks levy renewal on the November 8, 2022 ballot, a full year ahead of the expiration of the current levy.
- At the June 7, 2022 City Council meeting, Councilmembers considered a levy renewal recommendation that included the following (see [AB 6090](#)):

- Base levy: Maintains the current parks levy amount and levy categories. The 2023 proposed base levy amount is \$989,923 and includes a 1% annual increase from 2022.
  - Option 1: Proposes additional funding for ongoing playground replacements, the alternatives vary from funding 25% of the playground replacement costs (about \$100,000 annually) over the life of the levy to fully funding the replacement costs (over \$400,000 annually).
  - Option 2: Proposes increasing the annual funding for Pioneer Park to fund the restoration projects identified in the Pioneer Park Forest Management Plan. The funding increase ranges from \$36,000 to over \$400,000 annually with the latter representing fully funding all of the projects identified in the Pioneer Park Forest Management Plan.
- Councilmembers concurred with the recommendation to place the parks levy renewal on the November 8, 2022 ballot and requested more information on various parks levy scenarios, which are summarized in Exhibit 1. It was also suggested the levy length change from 15 years to 16 years, which staff has incorporated into the various scenarios.
  - For the November ballot, staff recommends the base parks levy and Alternative B, summarized in the table below and further described in the agenda bill.

<b>Base Parks Levy + Alternative B</b>		
<b>Base Parks Levy</b>	<b>2022 (Current Levy)</b>	<b>2023 (Proposed Levy)</b>
Luther Burbank Park (O&M)	\$373,007	\$376,737
Parks Maintenance (O&M)	\$355,115	\$358,666
Luther Burbank Small Capital Projects (Capital)	\$110,000	\$111,100
Pioneer Park Forest Management (Capital)	\$77,000	\$77,700
Open Space/Vegetation Management (Capital)	\$65,000	\$65,650
<b>Alternative B:</b>		
Option 1D: Fund 100% of Playground Replacement Costs	-	\$414,355
Option 2C: Fund all Forest Management Plan projects except for second phase of tree planting	-	\$225,054
<b>Total</b>	<b>\$980,122</b>	<b>\$1,629,262</b>

- Staff is seeking direction from the City Council on the final components of the parks levy renewal to prepare a ballot measure ordinance for the November 8, 2022 ballot.

## **BACKGROUND**

### **Parks Levy History**

In 2001, King County approached the City of Mercer Island about transferring long-term ownership and operation of Luther Burbank Park to the City. The transfer of the park property was finalized in 2002.

In 2003, the Mercer Island community approved a six-year parks levy to fund the operations and maintenance of Luther Burbank Park. The \$415,000 annual levy passed with 55% voter approval.

In 2006, the Luther Burbank Park Master Plan was adopted and established the long-term vision for the park, including providing the framework for future capital investments.

In 2007, a Citizen’s Stakeholder Committee was formed to prepare a recommendation on a parks levy ballot measure to replace/renew the 2003 Parks Levy. The Stakeholder Committee recommended expanding the parks levy to support system-wide parks maintenance and operations in addition to funding Luther Burbank Park.

**2009 Parks Levy (Current Levy)**

In 2008, the Mercer Island community approved a 15-year parks levy. The scope of the levy included funding to continue operating Luther Burbank Park and to support operations at all city parks, open spaces, and recreation facilities. The \$900,000 annual levy passed with 54% voter approval and began in 2009.

While voters approved the \$900,000 parks levy, they did not approve an accompanying park bond measure, which required 60% approval and would have funded various capital improvement projects. The approved parks levy included \$128,000 in operations and maintenance funding for the capital projects associated with the bond measure.

When the City Council enacted the 2009 parks levy, they opted to remove the operations and maintenance funding for the bond-related capital projects and replaced it with \$110,000 for Luther Burbank Small Capital Projects. The final amount levied in 2009 was \$882,000, establishing the basis for the 15-year levy as reflected in the table below.

<b>2009 Operations &amp; Maintenance Levy (Implemented)</b>	
Luther Burbank Park (O&M)	\$370,000
Parks Maintenance (O&M)	\$260,000
Luther Burbank Small Capital Projects (Capital)	\$110,000
Pioneer Park Forest Management (Capital)	\$77,000
Open Space/Vegetation Management (Capital)	\$65,000
<b>Total</b>	<b>\$882,000</b>

**2022 Parks Levy Allocations**

In 2022, the annual parks levy amount is \$980,122. The 1% statutorily allowed increase was taken in all but two years over the life of the current parks levy. The 1% increase was applied to the operations and maintenance components of the parks levy, while the capital funding categories remained flat. The table on the next page compares the initial levy amount in 2009 with the current levy amount in 2022.

<b>2009 vs. 2022 Parks Levy Budget Allocations</b>		
<b>Allocation Category</b>	<b>2009 Allocation</b>	<b>2022 Allocation</b>
Luther Burbank Park (O&M)	\$370,000	\$373,007
Parks Maintenance (O&M)	\$260,000	\$355,115
Luther Burbank Small Capital Projects (Capital)	\$110,000	\$110,000
Pioneer Park Forest Management (Capital)	\$77,000	\$77,000
Open Space/Vegetation Management (Capital)	\$65,000	\$65,000
<b>Total</b>	<b>\$882,000</b>	<b>\$980,122</b>

### 2022 Parks Operations & Maintenance Budget

In 2022, the parks operations and maintenance budget is \$2.34 million (see revenue and expenditure tables below). In total, 31% of the funding for parks operations and maintenance is derived from the current parks levy.

<b>2022 Parks Operations &amp; Maintenance Revenue</b>		
<b>Revenue Category</b>	<b>Amount</b>	<b>%</b>
Sales/B&O/Other Property Taxes*	\$842,447	36%
<b>Parks Levy</b>	<b>\$728,122</b>	<b>31%</b>
WSDOT (Aubrey Davis Park)	\$570,596	24%
User Fees	\$198,966	9%
<b>Total</b>	<b>\$2,340,131</b>	

*\*The tax revenue amounts are estimated and represent the parks operations and maintenance proportionate share of the total tax revenue received in the General Fund.*

<b>2022 Parks Operations &amp; Maintenance Expenditures</b>		
<b>Expenditure Category</b>	<b>Amount</b>	<b>%</b>
Park Maintenance	\$876,591	37%
Aubrey Davis Park Maintenance	\$530,778	23%
Luther Burbank Park Maintenance	\$373,007	16%
Athletic Field Maintenance	\$294,223	13%
Park Maintenance School Fields	\$195,842	8%
Trails Maintenance	\$69,690	3%
<b>Total</b>	<b>\$2,340,131</b>	

## Overview of Current Parks Levy Funding Categories

### Luther Burbank Park O&M and Small Capital Projects - \$483,007 in 2022

The current parks levy funds nearly 100% of the maintenance and operation of Luther Burbank Park at current service levels and provides funding for small capital projects identified in the Luther Burbank Master Plan.

Luther Burbank Park includes 73 acres of parks and open space, 0.75 miles of shoreline and waterfront infrastructure, and 4.24 miles of trails. Levy funds support a wide variety of park maintenance activities, including planter beds, lawn upkeep, tree care and pruning, litter pick-up, garbage/recycling receptacles, and more. In addition, current levy funds maintain the recreation facilities in the park, including the two playgrounds, tennis/pickleball courts, the trail system, the docks, and the swim beach, in addition to the maintenance of the Luther Burbank Administration Building, the Boiler Building and two restroom facilities.

### Parks Maintenance O&M - \$355,115 in 2022

The current parks levy supports operation and maintenance of over 200 acres of park land (not including open space areas, Pioneer Park, or Luther Burbank Park). This work includes landscaping and lawn care, maintenance of restrooms, sport courts, and picnic shelters and shoreline preservation. This funding also supports maintenance of 28 miles of walking paths and trails, in addition to 14 playgrounds. This levy funding, combined with user fees, supports the maintenance and operation of athletic fields at Island Crest Park, the South Mercer Playfields, and Homestead Field.

### Pioneer Park Forest Management - \$77,000 in 2022

Pioneer Park and Engstrom Open Space provide 122 acres of forested park land, comprising 43% of the open space in the city. Management of these properties is guided by the 2003 Pioneer Park Forest Management Plan. This plan focuses on canopy regeneration, invasive tree removal, and ivy and invasive weed management as the key steps towards achieving a healthier and more resilient forest.

The current levy supports key elements of this plan by funding the removal of holly and other weedy tree infestations in the forest understory and the planting of 15,000 native trees and shrubs in 75 of the 122 acres of Pioneer Park and Engstrom Open Space.

### Open Space/Vegetation Management - \$65,000 in 2022

The City maintains 164 acres of open space throughout Mercer Island in addition to Pioneer Park and Engstrom Open Space. The Open Space Vegetation Plan, adopted in 2004 and updated in 2014, guides stewardship and restoration in these open spaces with a focus on maintaining functional benefits and developing resilient plant communities.

Current levy funding supports management of these open spaces using ecological restoration best practices, including the removal of ivy from the base of existing canopy trees across 95 acres of forest and planting nearly 16,000 native trees and shrubs.

## **FOLLOW-UP ITEMS FROM THE JUNE 7, 2022 CITY COUNCIL DISCUSSION**

### Fire Station & Fire Truck Levy

During the June 7, 2022 City Council meeting a question was raised about the status of the fire station levy. The 2012 Fire Station & Fire Truck Levy (Ordinance No. [12-04](#)) was collected for the full 9-years authorized (2013 thru 2021 tax years). It expired as of January 1, 2022 and was **not** levied for the 2022 tax year. This levy funded the replacement and improvement of Fire Station No. 92 and the replacement of a fire rescue truck.

In 2021, the last year the levy was collected, the total levy revenue collected was \$693,013. This equated to a levy rate of \$0.0453 per \$1,000 of assessed value. Using 2021 estimates, a homeowner with an estimated home value of \$2,132,000 would have paid \$8.05 per month.

#### Length of the Parks Levy

Per State Law, the term of a levy can be temporary (meaning that the City will receive revenue from the levy for a set number of years), or permanent. Historically, Mercer Island has enacted temporary levies. The current parks levy has a length of 15-years and replaced a previous 6-year levy.

At the June 7, 2022 City Council meeting, a suggestion was made to extend the levy to 16-years. This would align the parks levy with the biennial budget and put the next parks levy renewal off-cycle from a City Council election year.

Staff concurs with the 16-year recommendation and built the various levy scenarios based on a parks levy that, if approved, will commence on January 1, 2023, and end on December 31, 2038.

#### One Levy vs Three Separate Levies

A question was raised about the potential of splitting the levy into three separate ballot measures - the base levy, playground replacements, and Pioneer Park funding. Although this is possible, the multi-levy scenario poses significant challenges and risk of voter confusion.

State law requires that each individual levy on the ballot consider the tax impact of the other levies on the ballot. Therefore, each levy would have to assume the other two levies pass, meaning the levy ballot language would include the maximum tax rate of the three levies combined, rather than the individual impact of the single levy.

Ballot titles are limited to 75 words, and it would be difficult to adequately explain to voters the nuances or the impact of individual levies in question. The recommendation is to proceed with one parks levy ballot measure only.

## **PARKS LEVY OPTIONS**

At the June 7, 2022 City Council meeting, staff presented a base levy renewal recommendation in addition to two funding options. The first option proposes new funding for ongoing playground replacements and the second option proposes increasing the annual funding for Pioneer Park. The options are summarized below.

### **Option 1. New Annual Funding for Playground Replacements**

Manufactured play equipment has a typical useful service life of 15 to 20 years, depending on play equipment condition, wear, location, and usage. The Mercer Island parks system currently includes 18 playground structures (Exhibit 2). Fifteen of these structures will require replacement over the next 16 years. In addition to playground replacements, most Mercer Island playgrounds do not meet ADA or universal accessibility standards and will be evaluated for ADA upgrades as they are replaced.

Please note, Exhibit 2 was updated since the last City Council meeting to include revised descriptions. The exhibit also now accurately reflects two new playground structures at Mercerdale Park – the main playground and the train, both installed in 2022. The concrete dragon structure at Deane’s Children’s Park is not anticipated to be replaced during the levy and this reference was updated as well.

The 2023-2028 Parks Capital Improvement Plan (CIP) (see Exhibit 3) identified five playground structures for replacement over the next six years and included cost estimates and timing for replacement. The CIP was used to inform development of Option 1 for the parks levy renewal as further described below.

**Funding Options for New Playgrounds**

Playground replacements are cyclical in nature and a high priority for the Mercer Island parks system. The parks levy renewal provides an opportunity to direct annual funding to meet these ongoing capital replacement needs.

Following the June 7, 2022 City Council meeting, staff updated Exhibit 2 to include the anticipated timing for replacement of the 15 playground structures. The chart reflects a two-year project timeline for each project, commencing with public engagement, design and permitting, followed by construction. The estimated 16-year Playground Replacement Schedule accomplishes the following:

- Spreads the playground replacements over the 16-year parks levy period, replacing at least one playground structure each biennium, except for the 2031-2032 biennium. Levy proceeds collected during the 2031-2032 biennium will be compiled to fund the Luther Burbank Playground replacement project in 2033, a project currently estimated at \$ 1,723,150.
- Combines playground structure replacements at park sites, where possible. Roanoke Park, for example, has structures that were installed at different times. The schedule proposes to align the project work at this site and the same approached was applied at Luther Burbank Park.

Staff prepared four scenarios for consideration, ranging from funding 25% of the estimated annual playground replacement costs to fully funding the replacement costs over the life of the levy.

<b>Options</b>	<b>Playground Replacement Funding Levels (Updated 06-21-22)</b>	<b>2023 Estimated Annual Amount</b>
1A	25% Annual Funding for Playground Replacements	\$103,589
1B	50% Annual Funding for Playground Replacements	\$207,178
1C	75% Annual Funding for Playground Replacements	\$310,767
1D	100% Annual Funding for Playground Replacements	\$414,355

Please note, playground replacement costs were estimated in 2021 as part of the 2022 PROS Plan update process. Cost estimates include a 3% annual escalator to address inflation. The table above has been updated since the June 7, 2022 City Council meeting to reflect the changes to the Playground Replacement Schedule (Exhibit 2) and to reflect the change from a 15-year levy to a 16-year levy.

**Option 2. Increase Annual Funding for Pioneer Park Forest Management**

Pioneer Park and Engstrom Open Space provide 122 acres of forested park land, comprising 43% of the open space in the city. Management of these properties is guided by [the Pioneer Park Forest Management Plan \(Forest Management Plan\) that was adopted in 2003 and updated in 2009](#). The Pioneer Park Forest Management Plan prescribes successive forest restoration tasks that, once completed, will result in a resilient, biodiverse native forest that provides innumerable social, economic, and ecological benefits for the Mercer Island community.

These tasks identified in the Forest Management Plan include:

- Managing invasive tree species in the understory
- Removing ivy from the base of existing canopy trees, to promote the longevity of older forest trees
- Tree planting and maintenance (Phase 1)
- Removing English ivy and other invasive plants from the forest understory
- Tree planting and maintenance (Phase 2), to ensure diversity in the age of forest stands throughout the park

With funding support from the current parks levy over the last 14 years, significant progress has been made on the benchmarks established in the Pioneer Park Forest Management Plan, including control of invasive trees across both properties, preservation of mature trees through ivy removal, and installation of over 15,000 native trees and shrubs.

Completing the remaining tasks in the Pioneer Park Forest Management Plan is vital to the forest’s long-term health, by improving its resilience to the effects of climate change and reducing the risk of wildfire. This work includes the completion of the first phase of tree planting and maintenance, the removal of English ivy and other invasive species that dominate the understory, and a second phase of tree planting that will ensure the forest contains a diverse and multi-aged canopy.

Funding the Pioneer Park Forest Management Plan

At the June 7, 2022 City Council meeting, staff introduced several options to increase the funding for Pioneer Park to support the projects identified in the Forest Management Plan. The table below includes four options, ranging from “catch-up funding” to fully funding the Forest Management Plan.

Options	Optional Funding Increase for Pioneer Park	2023 Estimated Annual Increase
2A	Catch-up funding to bring capital investment up to where it was in 2009	\$36,000
2B	Fund <u>50%</u> of all Forest Management projects except for second phase of tree planting	\$105,577
2C	Fund <u>all</u> Forest Management Plan projects except for second phase of tree planting	\$225,054
2D	Fully fund the Forest Management Plan projects	\$403,748

The table was updated since the last meeting to reflect the following:

- Account for the change from a 15-year parks levy to a 16-year parks levy.
- Ground ivy & herbaceous weed maintenance occurs in different sections of the park on a four-year cycle. Increasing the length of the levy from 15 to 16 years must account for an additional 12 acres of forest that will be scheduled to undergo maintenance in year 16, which is reflected in the cost estimates below.
- To be consistent with the other elements of the parks levy, funding amounts were converted from a flat annual rate over the life of the levy to an annual amount that includes the 1% statutorily allowed annual increase.

Based on these updates, staff estimates an additional \$7 million is needed to fully fund the Forest Management Plan over the next 16 years, which is an increase of about \$400,000 annually. This is in addition



to the \$191,000 already included in the Parks annual CIP budget, of which \$77,000 is derived from the current parks levy.

Options to increase the funding for Pioneer Park are further described below and reflect the estimated 2023 levy amount for each option.

Option 2A: Catch-up funding to bring capital investment up to where it was in 2009

This option provides the additional funding needed to maintain the level of service that voters approved in 2008, because the contribution to Pioneer Park forest management has remained flat over the course of the current levy. Funding at this level will offset a portion of the increased costs for currently programmed restoration projects.

Option 2B: Fund 50% of all Forest Management projects except for second phase of tree planting

This option provides funding for 50% of the Pioneer Park Forest Management Plan projects (except for the second phase of tree planting) and will continue to build on the progress made to date. Funding at this level includes the following deliverables:

- Planting 25 acres with native trees, which will complete the initial phase of tree planting.
- Removing ivy and herbaceous weeds from 35 of the remaining 90 acres in need of this work.
- Removing ivy from trees on 20 more acres, which will complete the initial removal work across the park.
- Performing ongoing management of invasive trees on 55 acres.
- Monitoring all ecologically sensitive and boundary areas for new invasive species.
- This option does not provide any funding for the second phase of tree planting and maintenance.

Because this option funds only half of the invasive species removal, the timeline for completion of this work across the park will be drawn out. As a result, additional maintenance will be required in the interim to ensure that areas that have received previous work do not revert to unhealthy conditions. The addition of these ongoing maintenance tasks means that the cumulative cost to complete the Pioneer Park Forest Management Plan will be greater.

Option 2B (\$105,577 in 2023), combined with the base parks levy funding for Pioneer Park (\$77,700 in 2023) and the annual contribution of Parks CIP funds for Pioneer Park (\$114,000), will fund about 50% of the remaining Pioneer Park Forest Management Plan projects (excluding the second phase of tree planting).

Funding Option 2B will require \$105,577 in additional parks levy funding beginning in 2023 and assumes the 1% statutorily allowed increase will be taken each year of the parks levy. Project cost estimates over the 16-year parks levy include a 3% annual escalator to address inflation.

Option 2C: Fund all Forest Management Plan projects except for second phase of tree planting

This option provides funding for all the remaining Pioneer Park Forest Management plan projects (except for the second phase of tree planting) and will continue to build on the progress made to date. Funding at this level includes the following deliverables:

- Planting 25 more acres with native trees, which will complete the initial phase of tree planting.
- Performing ongoing management of invasive trees on all 122 acres.
- Removing ivy and herbaceous weeds from all of the remaining 90 acres in need of this work.
- Removing ivy from trees on 20 more acres, which will complete the initial removal work across the park.
- Monitoring all sensitive and boundary areas for new invasive species.

- Includes periodic maintenance for all invasive removal tasks.
- This option does not provide any funding for the second phase of tree planting and maintenance.

Funding at this level will address the longstanding issues with invasive species that dominate much of the forest understory in these open spaces, including ivy and blackberry. Removal of these species across the entirety of this land represents a large body of work that will have profound impacts on the quality of habitat for birds and wildlife, and native tree regeneration, and vastly improve the City’s ability to maintain the Pioneer Park forest in a healthy and resilient state into the future.

Option 2C (\$225,054 in 2023), combined with the base parks levy funding for Pioneer Park (\$77,700 in 2023) and the annual contribution of Parks CIP funds for Pioneer Park (\$114,000) will complete all of the remaining projects identified in the Pioneer Park Forest Management Plan, except for the second phase of tree planting and maintenance.

This investment will largely move the Pioneer Park property out of “active restoration” and into the “maintenance” phase of management.

Funding Option 2C will require \$225,054 in additional parks levy funding beginning in 2023 and assumes the 1% statutorily allowed increase will be taken each year of the parks levy. Project cost estimates include a 3% annual escalator to address inflation.

Option 2D: Fully fund the Forest Management Plan projects

Funding at this level will accomplish all the work included in Option 2C and will also fund the second phase of tree planting in Pioneer Park.

Completing all the projects identified in the Pioneer Park Forest Management Plan will allow Pioneer Park and Engstrom Open Space to develop into healthy, diverse urban forests that require significantly lower maintenance efforts than were previously needed. In addition to completing the projects that prioritize planting an initial cohort of trees and managing invasive species throughout the forest, completing the full work plan includes a second phase of tree planting across the forest. This planting will add a younger cohort of trees that are essential for creating a forest with a diverse aged canopy and more complex structure.

Option 2D (\$403,748 in 2023), combined with the base parks levy funding for Pioneer Park (\$77,700 in 2023) and the annual contribution of Parks CIP funds for Pioneer Park (\$114,000) will complete all of the remaining projects identified in the Pioneer Park Forest Management Plan.

Funding Option 2D will require an additional \$403,748 in parks levy funding beginning in 2023 and assumes the 1% statutorily allowed increase will be taken each year of the parks levy. Project cost estimates include a 3% annual escalator to address inflation.

**ISSUE/DISCUSSION – PARKS LEVY RENEWAL SCENARIOS**

**Parks Levy Components and Estimated Annual Impact**

In response to direction from the City Council on June 7, 2022, staff has prepared several levy scenarios for further consideration as summarized in Exhibit 1. This includes the same base levy recommendation presented previously and three options based on Councilmember feedback on the additional funding options described in [AB 6090](#).

**Base Parks Levy: Maintain Current Funding Levels**

The 2023 proposed parks levy renewal maintains the current funding levels and the same categories as the current parks levy. The 2023 funding amounts reflect a 1% annual increase applied uniformly to all levy categories.

<b>Base Parks Levy: Maintain Current Funding Levels</b>		
	2022 (Current Levy)	2023 (Proposed Levy)
Luther Burbank Park (O&M)	\$373,007	\$376,737
Parks Maintenance (O&M)	\$355,115	\$358,666
Luther Burbank Small Capital Projects (Capital)	\$110,000	\$111,100
Pioneer Park Forest Management (Capital)	\$77,000	\$77,770
Open Space/Vegetation Management (Capital)	\$65,000	\$65,650
<b>Total</b>	<b>\$980,122</b>	<b>\$989,923</b>

The City has engaged our financial advisor from Piper Sandle & Co to assist with calculating the levy rate. The 2023 total assessed value of Mercer Island properties is estimated at \$17,879,904,111, which is a 5% increase from 2022. **This results in a property tax rate for the base parks levy of \$0.05537 per \$1,000 of assessed value.**

The median market value of a Mercer Island home in 2023 is currently estimated at \$2,375,000. The table below includes estimated monthly tax impacts for a range of home values above and below the median in addition to the estimated monthly property tax increase compared to 2022.

<b>Estimated 2023 Property Tax Impact: Base Parks Levy</b>		
Total Base Parks Levy:	\$989,923	
Property Tax Rate per \$1,000 Assessed Value:	\$0.05537	
<b>Estimated Home Value</b>	<b>Estimated Monthly Cost for Homeowner</b>	<b>Estimated Monthly Increase from 2022 Parks Levy</b>
\$1,375,000	\$6.34	\$0.06
\$1,875,000	\$8.65	\$0.09
<b>\$2,375,000</b>	<b>\$10.96</b>	<b>\$0.11</b>
\$2,875,000	\$13.26	\$0.13
\$3,375,000	\$15.57	\$0.15

Three additional parks levy funding options are further described below.

**Alternative A: Base Parks Levy + Option 1B and Option 2B**

This alternative includes funding 50% of the playground replacement costs (Option 1B) and 50% of all Pioneer Park Forest Management projects, except for the second phase of tree planting (Option 2B).

<b>Base Parks Levy + Alternative A</b>		
	<b>2022 (Current Levy)</b>	<b>2023 (Proposed Levy)</b>
Luther Burbank Park (O&M)	\$373,007	\$376,737
Parks Maintenance (O&M)	\$355,115	\$358,666
Luther Burbank Small Capital Projects (Capital)	\$110,000	\$111,100
Pioneer Park Forest Management (Capital)	\$77,000	\$77,700
Open Space/Vegetation Management (Capital)	\$65,000	\$65,650
<b>Alternative A:</b>		
Option 1B: Fund 50% of Playground Replacement Costs	-	\$207,178
Option 2B: Fund 50% of all Forest Management projects except for the second phase of tree planting	-	\$105,577
<b>Total</b>	<b>\$980,122</b>	<b>\$1,302,608</b>

<b>Estimated 2023 Property Tax Impact: Base Parks Levy + Alternative A</b>		
Total Base Parks Levy + Alternative A:	<b>\$1,302,608</b>	
Property Tax Rate per \$1,000 Assessed Value	<b>\$0.07285</b>	
<b>Estimated Home Value</b>	<b>Estimated Monthly Cost for Homeowner</b>	<b>Estimated Monthly Increase from 2022 Parks Levy</b>
\$1,375,000	\$8.35	\$2.07
\$1,875,000	\$11.38	\$2.82
<b>\$2,375,000</b>	<b>\$14.42</b>	<b>\$3.57</b>
\$2,875,000	\$17.45	\$4.32
\$3,375,000	\$20.49	\$5.07

**Alternative B: Base Parks Levy + Option 1D & 2C**

This alternative includes fully funding the cost for playground replacements (Option 1D) and funding all of the Pioneer Park Forest Management Plan projects, except for the second phase of tree planting (Option 2C).

<b>Base Parks Levy + Alternative B</b>		
	<b>2022 (Current Levy)</b>	<b>2023 (Proposed Levy)</b>
Luther Burbank Park (O&M)	\$373,007	\$376,737
Parks Maintenance (O&M)	\$355,115	\$358,666
Luther Burbank Small Capital Projects (Capital)	\$110,000	\$111,100
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<b>Alternative B:</b>		
Option 1D: Fund 100% of Playground Replacement Costs	-	\$414,355
Option 2C: Fund all Forest Management Plan projects except for second phase of tree planting	-	\$225,054
<b>Total</b>	<b>\$980,122</b>	<b>\$1,629,262</b>

<b>Estimated 2023 Property Tax Impact: Base Parks Levy + Alternative B</b>		
Total Base Parks Levy + Alternative B:	\$1,629,262	
Property Tax Rate per \$1,000 Assessed Value	\$0.09112	
<b>Estimated Home Value</b>	<b>Estimated Monthly Cost for Homeowner</b>	<b>Estimated Monthly Increase from 2022 Parks Levy</b>
\$1,375,000	\$10.44	\$4.16
\$1,875,000	\$14.24	\$5.67
<b>\$2,375,000</b>	<b>\$18.03</b>	<b>\$7.19</b>
\$2,875,000	\$21.83	\$8.70
\$3,375,000	\$25.63	\$10.21

**Alternative C: Base Parks Levy + Option 1D & 2D**

This alternative includes fully funding the cost for playground replacements (Option 1D) and funding all of the Pioneer Park Forest Management Plan projects including the second phase of tree planting (Option 2D).

<b>Base Parks Levy + Alternative C</b>		
	<b>2022 (Current Levy)</b>	<b>2023 (Proposed Levy)</b>
Luther Burbank Park (O&M)	\$373,007	\$376,737
Parks Maintenance (O&M)	\$355,115	\$358,666
Luther Burbank Small Capital Projects (Capital)	\$110,000	\$111,100
Pioneer Park Forest Management (Capital)	\$77,000	\$77,700
Open Space/Vegetation Management (Capital)	\$65,000	\$65,650
<b>Alternative C:</b>		
Option 1D: Fund 100% of Playground Replacement Costs	-	\$414,355
Option 2D: Fully fund the Forest Management Plan projects, including the second phase of tree planting	-	\$403,748
<b>Total</b>	<b>\$980,122</b>	<b>\$1,807,956</b>

<b>Estimated 2023 Property Tax Impact: Base Parks Levy + Alternative C</b>		
Total Base Parks Levy + Alternative C:	<b>\$1,807,956</b>	
Property Tax Rate per \$1,000 Assessed Value	\$0.10112	
<b>Estimated Home Value</b>	<b>Estimated Monthly Cost for Homeowner</b>	<b>Estimated Monthly Increase from 2022 Parks Levy</b>
\$1,375,000	\$11.59	\$5.31
\$1,875,000	\$15.80	\$7.23
<b>\$2,375,000</b>	<b>\$20.01</b>	<b>\$9.16</b>
\$2,875,000	\$24.23	\$11.09
\$3,375,000	\$28.44	\$13.02

**Recommendation:**

Staff recommend Alternative B, fully funding playground replacements (Option 2D) and funding all of the projects in the Pioneer Park Forest Management Plan, except the final phase of tree planting (Option 2C).

Staff anticipate there are upcoming opportunities to fund the second phase of tree planting in Pioneer Park including strategies that may be identified in the Climate Action Plan. The second phase of tree planting at Pioneer Park has a high potential for partnerships, including corporate partners, and may be eligible for future grant funding.

## **NEXT STEPS**

### **Development of Ballot Measure Ordinance**

Upon receiving direction from the City Council on components of the parks levy renewal, staff and legal counsel will prepare a final ballot measure ordinance. A draft ordinance and explanatory statement prepared by outside bond counsel are attached as Exhibits 4 and 5.

For a November 8, 2022 election, the first reading of the ballot measure ordinance will be scheduled for July 5, 2022 and the second reading will be scheduled for July 19, 2022.

### **Formation of Pro and Con Committees**

Although it is not a legal requirement, the entity placing a measure on the ballot typically facilitates the formation of a Pro and Con committee to prepare respective statements (and rebuttals) for inclusion in the election guidebook.

Upon receiving direction from the City Council to prepare a ballot measure, the City Manager will solicit applicants from the community to serve on the Pro and Con committees. The solicitation will be similar to what is typically done for board and commission recruitments, with recruitment announcements provided across multiple communication channels.

The applications received from the community will be presented to the City Council at a subsequent meeting and the City Council will make appointments to each of the committees. The committees will be comprised of a maximum of three individuals. For the November 8, 2022 election, Pro and Con Statements are due to King County by August 9, 2022 and Rebuttals are due by August 11, 2022.

Sample recruitment language to serve on the Pro or Con committee is attached as Exhibit 6.

## **RECOMMENDED ACTION**

Direct the City Manager to bring for the City Council's consideration a draft ordinance for a November 8, 2022 special election for the renewal of the parks levy to include the base parks levy [and \_\_\_\_\_].