



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

**AB 6565  
November 4, 2024  
Consent Agenda**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6565: 2025-2026 Biennial Budget Workshop Follow-up on Remaining Budget Proposals	<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>	Receive report and approve additional budget proposals to include in the 2025-2026 Biennial Budget.	

<b>DEPARTMENT:</b>	Finance and Community Planning & Development
<b>STAFF:</b>	Jessi Bon, City Manager Matthew Mornick, Finance Director Jeff Thomas, Community Planning & Development Director
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. Preliminary 2025-2026 Biennial Budget at <a href="http://www.mercerisland.gov/budget">www.mercerisland.gov/budget</a> 2. 2025-2027 High Visibility Projects
<b>CITY COUNCIL PRIORITY:</b>	n/a

**EXECUTIVE SUMMARY**

In continuation from the October 15 City Council budget workshop ([AB 6555](#)), this agenda bill outlines next steps in the City Council’s 2025-2026 Biennial Budget review process, which is anticipated to conclude with the adoption of the Biennial Budget on December 3.

- Per Washington State law, the City Manager is required to deliver a balanced preliminary biennial budget to the City Council for review and approval. The City Council received the **Preliminary 2025-2026 Biennial Budget (“Preliminary Budget”)** on September 25, 2024, and a copy was filed with the City Clerk (Exhibit 1).
- The 2025-2026 Preliminary Budget is balanced, maintains current service levels, and is built upon significant progress and a sustained practice to enhance City services and operations with each biennium.
- On October 15, the City Council held the first of two public hearings on the Preliminary Budget. The City Council received the Revenue Forecast, revised the 2025-2026 Work Plan, and approved budget proposals utilizing the 2023 year-end unassigned fund balance in the General Fund.
- Two additional budget proposals are outlined below for City Council approval to include in the 2025-2026 biennial budget.
  - Development of a fee-in-lieu program to support the creation of affordable housing. The estimated cost for this work item is \$30,000 for consulting services.
  - Completion of a digital accessibility audit to identify gaps in compliance with the new Department of Justice Rule on website and app accessibility for individuals with disabilities. The estimated cost for this work item is \$20,000 for consulting services.
- Staff will return to City Council for a second public hearing on November 19 to review changes to the Preliminary Budget and present for adoption budget related ordinances related to property tax levies and regional police dispatch services.

- The City Council also requested the development of a chart summarizing the high visibility and major work items proposed for 2025-2027. This is attached as Exhibit 2.

## ISSUE/DISCUSSION

On October 15, the City Council held the first of two public hearings on the Preliminary Budget, received the Revenue Forecast, revised the 2025-2026 Work Plan, and reviewed and approved budget proposals utilizing the remaining 2023 year-end unassigned fund balance in the General Fund for one-time uses. Of the \$501,273 remaining unassigned fund balance in the General Fund, a total of \$56,273 remains.

Figure 1 outlines the proposals and budgetary impacts the City Council approved on October 15, which will be included in the final 2025-2026 Biennial Budget work plan.

Budget Proposals	Budgetary Impact	
	2025	2026
1. Municipal Facility Replacement Fund contribution	\$162,500	\$ -
2. Communications & public relations support	60,000	60,000
3. Gun buyback program	12,500	-
4. Electric vehicle charging plan	100,000	50,000
5. Water Utility capital team member (2.0 LTE, Water Fund)	254,691	274,950
<b>General Fund 2023 Year-end Unassigned Fund Balance Subtotal</b>	<b>\$335,000</b>	<b>\$110,000</b>
<b>Water Fund Subtotal</b>	<b>\$254,691</b>	<b>\$274,950</b>

Figure 1

The two limited-term water utility capital team members (proposal #5) will be funded via the Water Fund.

### Fee-in-Lieu Program for Affordable Housing

During deliberations, the City Council directed staff to create a 2025-2026 work item to develop a fee-in-lieu program to fund affordable housing efforts. Staff proposes incorporating the goal outlined below into the Community Planning and Development Department's 2025-2026 work plan:

- Develop a fee-in-lieu program to support the creation of affordable housing in the region by Q4 2026.

Staff anticipates a total cost of \$30,000 to hire a consultant to support this effort. These funds are proposed to come from the remaining 2023 year-end unassigned fund balance in the General Fund. Community Planning and Development Department's 2025-2026 work plan can absorb this additional body of work and staff does not anticipate other work items will be impacted.

### Digital Accessibility Audit of Web and Mobile App Access for People with Disabilities

In June 2024, the United States Department of Justice established a new rule revising Title II of the Americans with Disabilities Act ("ADA") to ensure state and local governments provide information through web and mobile applications that is accessible for individuals with disabilities. Per the new guidelines, the City of Mercer Island is required to be compliant with the new rule by April 26, 2027. Staff proposes incorporating the goal outlined below into the Administrative Services Department's 2025-2026 work plan:

- Complete a digital accessibility audit to identify gaps in compliance with the new Department of Justice Rule on website and app accessibility by Q4 2025. Use the outcomes of the audit to inform

development of a compliance plan. Plan for and take action to implement requirements by the April 26, 2027 deadline.

Staff propose funding this work with \$20,000 of the remaining 2023 year-end unassigned fund balance in the General Fund. These resources are needed to hire a consultant to complete the audit and assist with implementation.

### High Visibility Project Overview

The City Council requested the development of a chart to summarize the high visibility projects and major work items anticipated for 2025-2027 (see Exhibit 1). This is a simple tool that provides an early look at the work items anticipated and the preliminary timeline to complete the work. The City Council will be kept apprised of project timelines as the work commences. The complete list of work items proposed for the 2025-2026 biennium is included in Section D of the budget document.

## NEXT STEPS

The remaining Preliminary Budget development schedule is summarized below.

Date	Topic
11/04/2024	Receive Direction on Remaining Budget Proposals
11/19/2024 <i>Public hearing*</i>	Review changes incorporated into Preliminary Budget Adopt 2025 rates for Regional Police Dispatch Services Adopt 2025 Property Tax Levies
12/03/2024	Adopt 2025 Master Fee Schedule and Final 2025-2026 Biennial Budget

### Community Outreach and Public Hearings

The public is encouraged to provide feedback on the Preliminary Budget and Capital Improvement Program at the second scheduled Public Hearings on [November 19](#). Public comment is also invited at all City Council meetings.

## RECOMMENDED ACTION

Staff recommends that the City Council:

1. Appropriate \$30,000 of 2023 year-end unassigned fund balance in the General Fund for the Fee-in-Lieu Program for Affordable Housing and add to the Community Planning and Development Department's work plan in the 2025-2026 Biennial Budget.
2. Appropriate \$20,000 of 2023 year-end unassigned fund balance in the General Fund for the Digital Accessibility Audit of Web and Mobile App Access for People with Disabilities and add to the Administrative Services Department's work plan in the 2025-2026 Biennial Budget.
3. Appropriate the remaining \$6,273 the remaining 2023 year-end unassigned fund balance in the General Fund to the Municipal Facility Replacement Fund.