

CITY OF MERCER ISLAND, WASHINGTON

ORDINANCE NO. 25-13

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON, PROVIDING FOR THE FORM OF THE BALLOT PROPOSITION AND SPECIFYING CERTAIN OTHER DETAILS CONCERNING SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY AT A GENERAL ELECTION TO BE HELD THEREIN ON NOVEMBER 4, 2025, OF A PROPOSITION FOR THE ISSUANCE OF ITS GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$103,160,000, OR SO MUCH THEREOF AS MAY BE ISSUED UNDER THE LAWS GOVERNING THE INDEBTEDNESS OF CITIES FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE DESIGN, CONSTRUCTION, AND EQUIPPING OF A PUBLIC SAFETY AND MAINTENANCE FACILITY FOR THE CITY'S POLICE DEPARTMENT, PUBLIC WORKS MAINTENANCE TEAMS, EMERGENCY OPERATIONS CENTER, INFORMATION TECHNOLOGY, GEOGRAPHIC INFORMATION SYSTEMS (GIS), AND CUSTOMER SERVICE TEAMS, AND LEVY EXCESS PROPERTY TAXES TO PAY THE BONDS.

WHEREAS, in October 2023, the City Council of the City of Mercer Island, Washington (the "City") determined to permanently close City Hall due to discovery of structural and seismic deficiencies in the building, as well as the presence of asbestos in the HVAC system; and

WHEREAS, the closure of City Hall has displaced essential public safety operations, including the Police Department and Emergency Operations Center, and the identification of a long-term facility solution for these services is necessary for the provision of public safety services on Mercer Island; and

WHEREAS, City has been exploring options related to and developing a long-term replacement strategy for City facilities that will result in a responsible, efficient, and sustainable future for a significant portion of City operations; and

WHEREAS, given the age and condition of the current Public Works Building, the City Council directed the completion of a Facilities Conditions Assessment for this building and the assessment identified multiple systems that are failing or in need of significant repair or investment; and

WHEREAS, adequate and efficient Public Works facilities are vital for maintaining essential services such as water and sewer access, stormwater conveyance, emergency storm response, snow and ice removal, safe streets, public facilities, and clean, well-maintained parks, open spaces, and trails; and

WHEREAS, after considering a wide range of options, in March 2024, the City Council directed the City Manager to commence planning and design for a new Public Safety and Maintenance Facility (“PSM Facility”) on the current City Hall campus; and

WHEREAS, the City has conducted the pre-design and schematic design phase for the PSM Facility; and

WHEREAS, once constructed, the proposed PSM Facility will replace the existing Public Works building, maintenance yard, and temporary police facilities. The new facilities will provide a permanent location for the City’s Police Department, Public Works Maintenance teams, Emergency Operations Center, Information Technology, Geographic Information Systems, and Customer Service teams. The project will be constructed on City land at the site of the existing City Hall and Public Works building, and includes a police precinct and office building, a maintenance building, an operations yard, decant and wash bay facilities, and covered vehicle, equipment, and materials storage; and

WHEREAS, the PSM Facility represents a vital investment in City infrastructure and will support essential municipal functions; and

WHEREAS, to finance capital costs associated with the final design, construction, and equipping of the proposed PSM Facility, it is deemed necessary and advisable by the City Council that the City issue and sell one or more series of unlimited tax general obligation bonds in the principal amount of not to exceed \$103,160,000 (the “Bonds”); and

WHEREAS, the Constitution and laws of the State of Washington provide that the question of whether such Bonds may be issued and sold for such purposes and taxes levied to pay such Bonds must be submitted to the qualified electors of the City for their ratification or rejection;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND, WASHINGTON DOES ORDAIN AS FOLLOWS:

Section 1. Findings. The City Council hereby finds that the best interests of the residents of the City require the City to construct, develop, improve, and equip new facilities for City operations, including but not limited to facilities to house the Police Department, Public Works Maintenance teams, Emergency Operations Center, Information Technology, Geographic Information Systems, and Customer Service teams (the “Project”). Costs of the Project, which are estimated to be more than \$103,160,000, will be paid from proceeds of the Bonds authorized herein and other available funds of the City.

The cost of all necessary design, appraisals, negotiation, property acquisition, closing, architectural, engineering, project management, financial, legal and other consulting services, inspection and testing, demolition, relocation, administrative and relocation expenses, permitting, mitigation, construction, building ingress and egress, and other costs incurred in connection with the foregoing capital improvements shall be deemed a part of the capital costs of such Project. Such Project shall be complete with all necessary design, renovation, real property, equipment, furniture, parking, open spaces, landscaping, and appurtenances.

The City Council shall determine the exact specifications and the components for the Project, as well as the timing, order and manner of completing the Project. The City Council may alter, make substitutions to, and amend such components as it determines are in the best interests of the City and consistent with the general descriptions provided herein. The City Council shall determine the application of moneys available for the various components of the Project so as to accomplish, as nearly as may be, the entire Project.

If the City Council shall determine that it has become impractical to design, construct, improve, obtain permits, renovate, acquire, develop, or furnish all or any component of the Project by reason of changed conditions, incompatible development, costs substantially in excess of the amount of Bond proceeds or City funds estimated to be available, or acquisition by or dependence on a superior governmental authority, the City shall not be required to provide such component or components. If the Project has been constructed or acquired or duly provided for, or is found to be impractical, the City may apply remaining proceeds of the Bonds authorized herein (including interest earnings on such proceeds) or any portion thereof to other City administrative facilities or to the redemption of the Bonds as the City Council, in its discretion, shall determine.

In the event that the proceeds from the sale of the Bonds, plus any other money of the City legally available for such purpose, are insufficient to accomplish the complete Project, the City shall use the available funds to pay the costs of those portions of the Project deemed by the City Council most necessary and in the best interest of the City.

To the extent the City makes preliminary and capital expenditures for the Project prior to the date the Bonds are issued, the City intends to reimburse all or a portion of those preliminary and capital expenditures out of proceeds of the Bonds as permitted by U.S. Treasury Regulation 1.150-2(d).

Section 2. Authorization of Bonds. For the purpose of providing all or a portion of the funds necessary to finance the costs of the Project, together with incidental costs and costs of issuance of the Bonds, the City shall issue and sell its unlimited tax general obligation bonds in the aggregate principal amount of not to exceed \$103,160,000 (the “Bonds”). The Bonds shall be issued in a principal (face) amount not exceeding the amount approved by the electors of the City and not exceeding the amount permitted by the Constitution and laws of the State of Washington. In the event that the Bonds are sold at a net premium, any premium in excess of the principal amount approved by the electors (\$103,160,000) shall be used for costs of the Project, costs of

issuance or to capitalize interest on the Bonds, provided that the project fund deposit shall not exceed the amount approved by the electors. The balance, if any, of the cost of the Project shall be paid out of any other legally available funds. The Bond proceeds (and interest earnings thereon) shall be used to finance the costs of the Project, together with incidental costs and costs related to the sale and issuance of the Bonds and shall not be used for the replacement of equipment or for a purpose other than a capital purpose.

Section 3. Details of the Bonds. The Bonds provided for in Section 2 hereof shall be issued in such amounts and at such time or times as deemed necessary and advisable by the City Council and as permitted by law. The Bonds may be issued in one or more series and shall bear interest payable at a rate or rates authorized by the City Council. The Bonds shall mature in such amounts and at such times within a maximum term of 25 years from date of issue of a series, all as authorized by the City Council and as provided by law. The Bonds shall be unlimited tax general obligations of the City and, unless paid from other sources, both principal of and interest on the Bonds shall be payable out of annual tax levies to be made upon all the taxable property within the City without limitation as to rate or amount and in excess of any constitutional or statutory tax limitations. The exact date, form, terms, maturities, covenants and manner of sale of the Bonds shall be as hereafter fixed by ordinance or ordinances of the City Council.

In anticipation of the issuance of the Bonds, the City may issue short-term obligations as otherwise authorized by chapter 39.50 RCW. Such obligations may be paid or refunded with proceeds of the Bonds. As set forth above, the proceeds of the Bonds may also be used to reimburse the City for preliminary and capital expenditures previously made for the Project.

Section 4. Bond Election. It is hereby found that the best interests of the inhabitants of the City require the submission to the qualified electors of the City of a proposition authorizing the City to issue Bonds for the purpose of financing costs of the Project, at an election to be held on November 4, 2025. The Director of King County Elections (the “Director”), as *ex officio* supervisor of elections in King County, Washington, is hereby requested to assume jurisdiction of and to call and conduct the election to be held within the City and to submit to the qualified electors of the City the proposition hereinafter set forth. Such election shall be conducted by mail.

The City Clerk is hereby authorized and directed to certify the proposition to the Director in substantially the following form:

CITY OF MERCER ISLAND PROPOSITION NO. 1
PUBLIC SAFETY AND MAINTENANCE FACILITY BONDS

The City Council of the City of Mercer Island passed Ordinance 25-13 concerning a proposition to finance a Public Safety and Maintenance Facility. If approved, this proposition authorizes the City to design, construct, and equip seismically resilient Risk Category IV buildings to house the Police Department, Public Works Maintenance teams, the Emergency Operations Center, Information Technology, Geographic Information Systems, and Customer Service; issue up to \$103,160,000 of general obligation bonds maturing within a maximum term of 25 years; and levy annual excess property taxes to repay the bonds, as provided in Ordinance 25-13.

Should this proposition be approved:

YES? ☐

NO? ☐

For purposes of receiving notice of the exact language of the ballot proposition required by RCW 29A.36.080, the City Council hereby designates: (a) the City Manager and (b) the City Attorney, as the individuals to whom such notice should be provided. The City Attorney and City Manager are each authorized individually to approve changes to the ballot title, if any, deemed necessary by the Director.

Upon approval of the City Attorney and bond counsel to the City, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

The proper City officials are authorized to perform such duties as are necessary or required by law to submit the question of whether the Bonds shall be issued, as provided in this ordinance, to the electors at the November 4, 2025 election.

Section 5. Voters' Pamphlet. The preparation and distribution of a local voters' pamphlet providing information on the foregoing ballot measure is hereby authorized. The pamphlet shall

include arguments advocating approval and disapproval of the ballot measure. In accordance with RCW 29A.32.280, the arguments advocating approval and rejection of the ballot measure shall be prepared by committees appointed by the City Council. Each committee shall be composed of not more than three persons; however, a committee may seek the advice of any person or persons. The committee advocating approval shall be composed of persons known to favor the ballot measure, and the committee advocating rejection shall be composed of persons known to oppose the ballot measure.

Section 6. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 7. Publication and Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force five days after the date of publication.

PASSED by the City Council of the City of Mercer Island, Washington, at a regular meeting of the City Council held on _____, 2025.

CITY OF MERCER ISLAND,
WASHINGTON

Salim Nice, Mayor

ATTEST:

Andrea Larson, City Clerk

Approved as to form:

Bio Park, City Attorney

PACIFICA LAW GROUP LLP

Bond Counsel

Published: _____

CERTIFICATE

I, the undersigned, City Clerk of the City of Mercer Island, Washington, and keeper of the records of the City Council, DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. 25-13 of the City (the “Ordinance”), as finally passed at a [regular/special] meeting of the City Council held on _____, 2025, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

Dated this _____ day of _____, 2025.

CITY OF MERCER ISLAND, WASHINGTON

Andrea Larson, City Clerk