



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6736
July 15, 2025
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 6736: Second Reading and Adoption of Ordinance No. 25-13 Related to the Public Safety and Maintenance Facility Bonds Ballot Measure	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Adopt Ordinance No. 25-13, providing for the submission on the November 4, 2025 election, a ballot measure for the Public Safety and Maintenance Facility Bonds.	

DEPARTMENT:	City Manager
STAFF:	Jessi Bon, City Manager Matt Mornick, Finance Director Robbie Cunningham Adams, Senior Management Analyst
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 25-13 – Bond Ballot Measure 2. Explanatory Statement
CITY COUNCIL PRIORITY:	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

EXECUTIVE SUMMARY

The purpose of this agenda item is to adopt Ordinance No. 25-13 (Exhibit 1), providing for the submission on the November 4, 2025 general election, a ballot measure for the Public Safety and Maintenance Facility Bonds. Exhibit 1 contains the ballot proposition, outlines the purpose of the bond and excess levy, and eligible uses of the bond proceeds.

- On June 17, staff presented the City Council with follow up information regarding the Public Safety and Maintenance (PSM) Facility and sought Council's direction on the schematic design, budget, and other final components of the project ([AB 6712](#)). The City Council unanimously:
 - Approved the final schematic design for the PSM Facility.
 - Approved the PSM Facility project budget in the amount not to exceed \$103,900,000.
 - Directed the City Manager to prepare a bond ordinance for first reading at the City Council meeting on July 1, 2025.

- Directed staff to solicit community members to serve on the Pro and Con Committees to prepare respective statements (and rebuttals) for inclusion in the election guidebook. City Council will review and appoint potential applicants at the July 15, 2025, City Council meeting.
- At the July 1, 2025, City Council meeting, Ordinance No. 25-13 related to the bond measure for the Public Safety and Maintenance Facility was presented to the City Council for first reading. Staff provided an overview of the elements of City bond ordinances and the current status of City debt. Staff received City Council feedback on draft Ordinance No. 25-13, which includes the ballot title, ballot description, and the length of the repayments scheduled for the bonds ([AB 6715](#)).
- The City Council formed an ad-hoc working group comprised of Mayor Nice, Deputy Mayor Rosenbaum, and Councilmember Reynolds to work with staff and legal counsel to review the ballot language and Explanatory Statement and provide a final recommendation to the City Council for consideration at the July 15, 2025 Council meeting.
- City Council directed staff to fully exempt the PSM Facility from the 1% for the Arts contribution requirement. This reduces the project budget by an estimated \$740,000 from \$103,900,000 to a total project budget of \$103,160,000.
- If approved by Mercer Island voters on the November 4, 2025 general election ballot, the Bond measure would authorize the issuance of \$103,160,000 in unlimited tax general obligation bonds (the “Bonds”) to finance the complete design, construction, and equipping of the PSM Facility. The resulting excess levy lid lift would pay the debt service over the life of the Bonds.
- Upon receiving feedback from the City Council at the July 1 meeting and the ad-hoc committee, staff included final versions of the bond ordinance (Exhibit 1) and explanatory statement (Exhibit 2).
- Staff seeks City Council adoption of Ordinance No. 25-13, providing for the submission on the November 4, 2025 election, a ballot measure for the Public Safety and Maintenance Facility Bonds.

BACKGROUND

LONG-RANGE FACILITY PLANNING BEGINS IN 2023

In early 2023, the City began a planning process to develop a Facilities Condition Assessment for various municipal buildings and long-range Facilities Plan for select City facilities. Northwest Studio was selected as the consultant for this project and is supported by a variety of specialized consultants.

The long-range facility planning project was intended to be completed in two phases, the first phase focusing on a comprehensive Facilities Conditions Assessment (FCAs) for six buildings in 2023: Mercer Island City Hall, the Public Works Building, the Mercer Island Community and Event Center Annex Building, the Luther Burbank Administrative Building, the Mercer Island Thrift Shop, and the former Tully’s Building. A second phase will include Facility Conditions Assessments for Fire Station 91, Fire Station 92, and the Mercer Island Community and Event Center.

The purpose of an FCA is to inventory and evaluate building and site infrastructure conditions, document observed deficiencies and develop a recommended strategy to ensure continuity of services, extend the life of each facility, or alternatively prepare to replace existing assets.

The second phase of facilities planning work included developing a Long-Range Facilities Plan for these six facilities based on assessment and data collected from the FCA process. The Long-Range Planning Work was intended to be completed in 2024 and anticipated an extensive public engagement process. Unfortunately, just as the facilities planning work was kicking off in early 2023, City Hall was closed due to asbestos contamination.

CITY HALL PERMANENTLY CLOSED IN 2023

In April 2023, City Hall was temporarily closed after asbestos was detected in several locations in the building, including in the HVAC system. Although airborne asbestos was not detected during air quality tests, abatement at City Hall would be required to re-open the facility. City staff and outside experts worked extensively to identify solutions to address the asbestos contamination and evaluate the best path forward for City Hall.

Two scenarios for re-occupying the City Hall building, either fully or partially, were evaluated for timeline, preliminary costs, and impact to City operations. The cost of both scenarios to re-occupy City Hall exceeded the benefits due to the age and condition of the building. On October 2, 2023, Resolution No. 1650 was approved to cease City operations at City Hall and permanently close the building.

FACILITY CONDITIONS ASSESSMENT COMPLETED ON PUBLIC WORKS BUILDING IN 2024

Due to the age and condition of the Public Works building, the City Manager directed staff and the consulting teams to proceed with the facilities conditions assessment (FCA) for this building. The preliminary Facility Conditions Assessment for the Public Works building was presented to the City Council on February 6, 2024 (AB 6402). It identified multiple systems that were failing or in need of significant repair or investment.

Based on these findings, the City Manager recommended the City Council prioritize the Public Works building for replacement. The Public Works building houses many essential services and limited short-term reinvestment was required to extend the life of the building until a replacement strategy was identified as discussed in AB 6477 at the May 21, 2024 City Council meeting.

At the July 16, 2024 City Council meeting, the City Council appropriated funds and authorized staff to proceed with seismic repairs to the Public Works building that were necessary to keep the Public Works building safely operating in the near-term ([AB 6517](#)).

PUBLIC SAFETY AND MAINTENANCE BUILDING PRE-DESIGN PHASE COMPLETED IN 2024

During the March 1, 2024 Planning Session, the City Council considered a replacement strategy for City Hall and the Public Works building. The City Council directed the City Manager to commence planning for a new Public Safety and Maintenance Facility (PSM) on the current City Hall Campus ([AB 6420](#)). This new facility will replace the existing Public Works building and provide a new combined home for the City's Public Works teams, Police Department, Emergency Operations Center, and the Information Technology (IT) and Geographic Information Systems (GIS) team.

City staff provided a design progress update on the PSM Facility during the May 21, 2024 City Council meeting ([AB 6476](#)). This presentation outlined how staff and the City's architectural consultant team, Northwest Studio, conducted workshops with the staff teams expected to be housed in the future PSM Facility to inform the design, staff needs in a new facility, how a combined facility could provide operational efficiencies, and why the new building is intended to be a Level IV Risk Category Building.

Pre-design work was completed during the summer of 2024, confirming the programming and conceptual framework for the PSM Facility. During this initial planning phase, the City Manager also directed the Design Team to include an expanded customer service area at the main PSM building to house the City's Customer

Service team. This is to ensure that the City has a “store front” given that no other City facilities are suited for this type of function.

PUBLIC SAFETY AND MAINTENANCE FACILITY SCHEMATIC DESIGN PHASE BEGINS IN 2024

Work on the PSM Facility shifted to the schematic design phase in fall of 2024. Schematic design is the first step in developing a concept into a specific design plan, including architectural drawings and a site plan. Efforts included tours of other public safety and maintenance buildings in the region, site visits to City facilities, and ongoing design meetings with staff.

The Design Team and select Councilmembers conducted tours of the Shoreline, University of Washington, and Kirkland police departments in October 2024. The team heard about both successes and “lessons learned” from the construction or renovation of these police facilities to help inform the design work on the PSM Facility.

The Design Team and select Councilmembers also conducted a tour of the Kitsap County Public Works facility in December of 2024. This tour featured included the workspace and training space layout, ingress/egress for large vehicles and equipment, covered storage, lighting, security, and staff amenity spaces.

PSM SCHEMATIC DESIGN UPDATES AT CITY COUNCIL MEETINGS

During the February 4, 2025 City Council Planning Session, the Design Team presented the initial design concept and preliminary cost estimate for the PSM Facility ([AB 6604](#)). The Design Team received City Council feedback on design strategies and questions and previewed the likely need to rezone the property.

During the March 4, 2025 City Council meeting, the Design Team presented a progress update on the Public Safety and Maintenance Facility (PSM Facility) design in addition to addressing questions from the prior City Council meeting ([AB 6634](#)). The PSM Design Team presented information on the following thematic areas:

- Planning for potential future operational capacity needs at the PSM Facility
- Functions and uses of the operations building and yard
- Alternative construction delivery methods.

City staff and City Council discussed moving the siting of the main PSM Building forward (north) on the property to expand the capacity of the secure areas (parking and maintenance yard) behind the main PSM Building. Staff said this was an idea worth investigating further and committed to coming back with additional information at a future Council meeting.

UPDATED PUBLIC SAFETY AND MAINTENANCE FACILITY SIZING, PLACEMENT, AND ZONING

Following feedback from the City Council and Police, Public Works, Emergency Operations, and IT/GIS staff, during the April 15, 2025 City Council meeting, the PSM Design Team presented a recommended change to the site layout that would move the PSM Building (main administrative building) and the Operations Building north on the site ([AB 6656](#)). This proposed site layout revision reduced construction costs, increased operational effectiveness, and left space for future additional operational capacity as needed to ensure the City Hall campus is positioned to serve the City over the next 50-plus years.

The proposed PSM Facility layout includes the placement of the operations building on top of the property line between the existing City Hall and Public Works parcels. The PSM Design Team recommended a boundary line adjustment to move the parcel line north – closer to SE 36th St.

Additionally, both parcels comprising the current City Hall campus have the correct comprehensive plan land use designation, which is “Public Facility” (PF). The zoning, however, is different and this was identified for resolution as part of the PSM Facility development process.

The City Manager recommended the new south parcel created by the boundary line adjustment be re-zoned to “Public Institution” (PI), consistent with other public facilities on Mercer Island. The north parcel is recommended to remain as Commercial Office (CO) to preserve flexibility for its future use. The proposed rezone is site-specific and requires approval through a quasi-judicial process.

The City Council approved the revised PSM Facility site layout and directed the City Manager to pursue a boundary line adjustment between the City Hall and Public Works parcels based on the final site layout and prepare and submit a re-zone application of the south City Hall parcel to Public Institution (PI).

COUNCIL DIRECTION ON PSM DESIGN CHOICES

During the May 6, 2025 City Council meeting the PSM Design Team provided follow-up analysis on roof-mounted solar panels for on-site energy generation, rainwater harvesting for on-site use, potable water storage for emergency operations, and facility structural systems initially presented during the February 4, 2025 City Council meeting. Council directed staff to include a rainwater harvesting system and potable water storage in the schematic design ([AB 6677](#)).

COUNCIL REVIEW OF PSM SCHEMATIC DESIGN

During the June 3, 2025 City Council meeting, the PSM Design Team presented the schematic design and updated cost estimate for the PSM Facility, highlighting how the proposed design aligns with core objectives and supports public safety and maintenance operations (see [AB 6701](#) and corresponding presentation [deck](#))

The PSM Design Team reported outcomes from the independent peer-review group that conducted a value methodology-based review (aka value engineering) aimed at optimizing the PSM Facility design. Many of the value engineering team’s recommendations were incorporated into the schematic design, resulting in reduced project costs and an improved design.

The resulting cost of the PSM Facility project is \$103,900,000. This cost estimate establishes the maximum amount of a Bond Measure outlined in Ordinance No. 25-13 (Exhibit 1).

At the June 17, 2025 City Council meeting, staff addressed City Council questions raised during the prior meeting including schematic design of the Operations Building and 1% for Art in Public Spaces ([AB 6712](#)). At the meeting the City Council unanimously:

- Approved the final schematic design for the PSM Facility.
- Approved the PSM Facility project budget in the amount not to exceed \$103,900,000.
- Direct the City Manager to prepare a bond ordinance for first reading at the City Council meeting on July 1, 2025.
- Directed staff to solicit community members to serve on the Pro and Con Committees to prepare respective statements (and rebuttals) for inclusion in the election guidebook. The City Council will review and appoint potential applicants at the July 15, 2025 Council meeting.

During the June 17, 2025, City Council meeting staff also reviewed the 1% for the Arts program requirements for the PSM Facility, which would entail a \$739,633 contribution to the Fund. Under the current City code, there is not an option for an exemption for this project or other projects. Consequently, an exemption for this project would require a change to the city code.

The City Council directed the City Manager to prepare an ordinance modifying the 1% for the Arts code to allow the City Council to fully or partially exempt projects from the 1% for the Arts requirements. That ordinance was scheduled for first reading and adoption on July 1, 2025 ([AB 6725](#)).

COUNCIL FIRST READING OF BOND ORDINANCE

At the July 1, 2025 City Council meeting, Ordinance No. 25-13 related to the Public Safety and Maintenance Facility Bonds was presented to the City Council for first reading. Staff provided an overview of the elements of City bond ordinances and the current status of City debt. Staff received City Council feedback on draft Ordinance No. 25-13, which includes the ballot title, ballot description, and the length of the repayments scheduled for the Bonds ([AB 6715](#)).

The City Council formed an ad-hoc working group comprised of Mayor Nice, Deputy Mayor Rosenbaum, and Councilmember Reynolds to work with staff and legal counsel to review the ballot language and Explanatory Statement and provide a final recommendation to the City Council for consideration at the July 15, 2025 Council meeting.

With the passage of the 1% for Art in Public Places Fund Code Amendments ([AB 6725](#)) earlier in the meeting, the City Council directed staff to fully exempt the PSM Facility from the 1% for Art contribution requirement. This reduces the project budget by an estimated \$740,000 from \$103,900,000 to a total project budget of \$103,160,000.

City Council approved unanimously a motion to schedule Ordinance No. 25-13 for second reading at the July 15, 2025, Council meeting. The City Council will also appoint members to the Pro and Con Committees to prepare materials for the voters' pamphlet at the July 15, 2025 meeting.

ISSUE/DISCUSSION

BALLOT MEASURE ORDINANCE/BALLOT TITLE

Ordinance No. 25-13 (Exhibit 1) includes the PSM Facility Bonds ballot title, which consists of three elements: ballot caption (name of jurisdiction and a statement of the subject matter), a concise description of the measure, and a question. The concise description must not exceed seventy-five words. The ad-hoc working group met with staff and legal counsel to finalize the recommendation on the ballot title language.

Ordinance No. 25-13 further establishes the not-to-exceed amount of the Bonds and the length of the repayment schedule based on the following parameters:

- Aggregate principal (face) amount not-to-exceed \$103,160,000.
- The final repayment schedule of the Bonds may not exceed 25 years in length.

Staff have prepared an updated financial impact table below reflecting the selection of a not-to-exceed 25-year repayment schedule and the updated not-to-exceed principal amount, which adheres to the City Council direction provided at the July 1, 2025 Council meeting. Figure 1 illustrates the approximate financial impacts resulting from the Bonds.

Figure 1: Length of Bond Issue (years)	25
Final Maturity	12/1/2050
All-In True Interest Cost (TIC) ¹	4.52%
Total Debt	\$174,185,543
Average Annual Debt Service	\$7,011,830
Household Financial Impact per Month²	\$55

¹ Market conditions as of July 8, 2025.

² Assumes a home with a \$2,000,000 assessed value.

EXPLANATORY STATEMENT

The ad-hoc working group also finalized the Explanatory Statement (Exhibit 2). It will be included in the voters' pamphlet for the November 4, 2025 General Election and states the anticipated effect of the measure if it passes. The statement must not be an argument in favor of or in opposition to the measure. An explanatory statement is limited to 250 words and no more than five paragraphs.

The Explanatory Statement must be prepared by the jurisdiction, signed off by the jurisdiction's attorney, and submitted by 4:30 p.m. on August 8, 2025 to King County Elections.

NEXT STEPS

SUBMISSION OF BOND ORDINANCE AND EXPLANATORY STATEMENT TO KING COUNTY ELECTIONS

Upon council approval of Ordinance No. 25-13, the City Clerk will submit the Ordinance and the Explanatory Statement to King County Elections by the August 5, 2025 deadline for inclusion on the November 4, 2025 General Election ballot.

CREATION OF A BALLOT MEASURE FACT SHEET

City staff will develop a fact sheet related to the PSM Facility Bonds ballot measure later this summer. The Washington State Public Disclosure Commission, which has jurisdiction over local election and campaign matters, has routinely advised and held that with respect to election-related publications, one jurisdiction-wide objective and fair presentation of the facts per ballot measure may be distributed. This information will be distributed through normal City communication channels.

RECOMMENDED ACTION

Adopt Ordinance No. 25-13, providing for the submission on the November 4, 2025 election, a ballot measure for the Public Safety and Maintenance Facility Bonds.