



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

**AB 6892  
March 3, 2026  
Consent Agenda**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 6892: Facilities Planning Appropriation Request	<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>	Appropriate \$253,000 from the Capital Improvement Fund to the City Facilities Planning Project to support ongoing facility planning efforts, including revisiting renovation cost estimates for the City Hall and Public Works buildings; completing the Public Safety and Maintenance (PSM) Facility project review; advancing additional space planning for the 9655 Building; and supporting associated environmental, geotechnical, and project management services.	

<b>DEPARTMENT:</b>	Public Works
<b>STAFF:</b>	Jessi Bon, City Manager Jason Kintner, Chief of Operations Kellye Hilde, Public Works Deputy Director
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	n/a
<b>CITY COUNCIL PRIORITY:</b>	3. Make once-in-a-generation investments to update and modernize aging infrastructure, capital facilities, and parks.

<b>AMOUNT OF EXPENDITURE</b>	\$ 533,000
<b>AMOUNT BUDGETED</b>	\$ 717,594
<b>APPROPRIATION REQUIRED</b>	\$ 253,000

**EXECUTIVE SUMMARY**

The purpose of this agenda item is to appropriate \$253,000 from the Capital Improvement Fund to the City Facilities Planning Project (90.05.0021) to support ongoing facility planning efforts, including revisiting renovation cost estimates for the City Hall and Public Works buildings; completing the Public Safety and Maintenance (PSM) Facility project review; advancing additional space planning for the 9655 Building; and supporting associated environmental, geotechnical, and project management services.

- Proposition No. 1, included on the November 4, 2025, General Election ballot to fund the PSM Facility received 54.61% voter approval, which was short of the 60% required to pass a bond measure.
- In late 2025, staff began reassessing facility replacement strategies to inform future policy direction and City Council decision-making.
- During the January 16, 2026 City Council Planning Session, the City Council debriefed the November 2025 bond measure and provided initial feedback on the framework to guide the facility planning work anticipated this year ([AB 6840](#)).

- On January 20, 2026, the City Council appropriated funds to support the facility planning work in 2026 and set aside \$717,594 from existing resources ([AB 6850](#)).
- At the same meeting, the City Council approved \$130,000 from these funds to be used for site work and geotechnical assessment at the City Hall and Public Works Campus, and \$150,000 to be used for space planning at the 9655 Building and the Luther Burbank Administration Building.
- The City Council also directed staff to revisit the renovation and reuse analysis for City Hall and the Public Works Building, to complete the PSM Facility project review, and to return with findings and preliminary project alternatives. Staff have been working with the consultant team to fully scope the additional work items.
- An additional appropriation of \$253,000 is needed to fully fund this phase of planning work.

## BACKGROUND

### 9655 Building Acquisition

In early June 2025, the City announced the strategic acquisition of the 22,000-square-foot commercial office building located at 9655 SE 36th Street (“9655 Building”), adjacent to the City Hall Campus. The property was purchased for \$9.06 million, with closing completed in the summer of 2025. Following the expiration of the prior tenant’s lease at the end of September 2025, the City assumed full possession of the building.

Before opening the 9655 Building for City operations, several improvements will be necessary to ensure the space is functional and ready to support both staff and the community. The building’s near- and long-term occupancy strategy will be informed by space planning efforts currently underway. Anticipated occupants include the Community Planning and Development Department, Public Works Capital Projects and Engineering Teams, Youth and Family Services, the Customer Service Team, and other City services.

The acquisition was funded primarily through available City funds, with \$1.5 million financed externally. No new taxes were used to purchase the building. The available funds reflect years of conservative budgeting, disciplined spending, and prior-year savings.

### November 2025 Bond Measure for PSM Facility

During the November 4, 2025, General Election, voters considered Proposition No. 1 related to the proposed PSM Facility. The measure received 54.61% voter approval, which did not meet the 60% threshold required to authorize a bond measure.

### Post-Bond Measure Evaluation

In late 2025, staff began reassessing facility replacement strategies to inform future policy direction and City Council decision-making. To support this effort, the City Manager recommended a discussion at the City Council Planning Session in early January 2026 to allow adequate time to evaluate options and consider a potential second bond measure. The earliest feasible ballot date for reconsideration would be November 2026.

At the January 16, 2026 Planning Session, the City Council debriefed the prior bond measure and provided initial feedback on the framework to guide facility planning work in 2026 ([AB 6840](#)). Based on this feedback, the staff began to develop a scope of work and prepare cost estimates to complete the work.

On January 20, 2026, the City Council appropriated funds to support the facility planning work in 2026 and set aside \$717,594 from existing resources. This included carrying forward \$130,000 in unspent 2025 PSM Facility Project funds, originally budgeted under [Ordinance No. 24-13 \(AB 6542\)](#). In addition, the City Council also approved the transfer of \$587,594 from the Street Fund to the Capital Improvement Fund. Finally, the City Council allocated \$130,000 from these funds to be used for site work and geotechnical assessment at the City

Hall and Public Works Campus and \$150,000 for space planning at the 9655 Building and the Luther Burbank Administration Building.

Additionally, the City Council directed staff to revisit the renovation and reuse analysis for City Hall and the Public Works Building, to complete the PSM Facility project review, and to return with findings and preliminary project alternatives ([AB 6850](#)). Staff have been working with the consultant team to fully scope the additional work items, while ensuring that the other assessment work continues to move forward. An additional appropriation will be needed to fully fund this phase of planning work.

## ISSUE/DISCUSSION

The City Council requested the staff team revisit the renovation and reuse analysis for the City Hall and Public Works Buildings following the failure of the bond measure in November 2025. The work will be approached in phases, to allow for progress check-ins with the City Council at the end of March/early April to present the analysis. Should the City Council wish to continue pursuing the reuse/renovation strategy, additional funds will be needed.

Staff are requesting the City Council appropriate \$253,000 to fund this initial phase of work. Of the \$717,594 the City Council set aside on January 20, 2026, for facility planning work, \$437,594 remains unappropriated. Table 1 outlines the estimated project expenses and appropriation request:

<b>Table 1: Project Budget and Funding Requirements</b>	
<b>Available Funding</b> (per AB 6850)	\$ 717,594
<b>Project Management and Consultant Services</b>	
Staff Project Management	79,000
Geotechnical Investigation	119,000
Critical Area Review	21,000
Project Management & Owner Advisory Services	30,000
Existing Facilities & PSM Building Comprehensive Review	155,000
9655 Building Space Planning	129,000
<b>Subtotal Project Management and Consultant Services</b>	<b>\$ 533,000</b>
Less Previous Appropriations (AB 6850)	(280,000)
<b>Total Requested Appropriation</b>	<b>\$ 253,000</b>
<b>Remaining Available Funding</b>	<b>\$ 184,594</b>

These contracts collectively support validation of building renovation cost estimates, environmental and geotechnical analysis, integrated campus feasibility review, PSM project evaluation and scope reduction, and additional space planning for the 9655 Building.

## NEXT STEPS

Staff will return to City Council with initial findings and preliminary project alternatives once the work is completed. This is currently anticipated for the end of March/ early April.

## RECOMMENDED ACTION

Appropriate \$253,000 from the Capital Improvement Fund to the City Facilities Planning Project to support ongoing facility planning efforts, including revisiting renovation cost estimates for the City Hall and Public Works buildings; completing the PSM Facility project review; advancing additional space planning for the 9655 Building; and supporting associated environmental, geotechnical, and project management services.