Question & Answer Matrix
September 15, 2026 - City Council Meeting

Log #	AB No.	Received From	Question	Staff Response
1	6985	Reynolds	I have always licensed my cat with King County. Am I to understand that this was not required?	Correct. Under Mercer Island code, Mercer Island residents are not required to license cats, although it remains an option if pet owners choose to do so.
2	6985	Weinberg	Does RASKC have employees out "on patrol" at all times like our police, or do they wait at an off-island location to be dispatched when someone reports a problem?	RASKC animal control officers do not have permanent presence or facilities on Mercer Island but are primarily dispatched to service calls or at the request of MIPD. However, RASKC animal control officers occasionally patrol the Island, especially parks.
3	6985	Becker	Does the county provide any data on how our usage (that makes up 80% of our costs) compares to the other jurisdictions, relative to population?	RASKC provides monthly data on incidents, response time, pet licenses, and shelter intake. Additionally, RASKC provides general systemwide data publicly on their website. However, these data do not include comparisons to other jurisdictions weighted by population. Staff will reach out RASKC to see if this data is available ahead of the City Council meeting, otherwise we can share at a later date.
4	6985	Becker	I assume the "King County Pet Licenses" revenue includes people who voluntarily licensed their cats? Is there data on how much of this revenue was dogs (required) vs cats (voluntary)?	Yes, this data includes residents who voluntarily licensed their cats. Data available to staff on pet license revenue does not distinguish between dog vs cat licenses, although we understand the majority of license revenues from Mercer Island is attributed to dogs. Staff will reach out to RASKC to see if the breakdown on license types is available ahead of the CC meeting, otherwise we can share that at a later date.
5	6985	Becker	Can you confirm that in the city's opinion, the leash laws are materially unchanged between what we have on the books now and what is being proposed?	The proposed changes to the animal control code do not materially affect leash laws in the opinion of staff, even though the two are written differently. Under the ILA with RASKC the City retains exclusive control over the leash law policies. The proposed alignment of City Code with the County Code definition of "under control" is meant to make it easier for RASKC animal control officers to effectively enforce animal conduct rules on Mercer Island.

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6	6990	Becker	Does this include the 12.5% passthrough on the KC Transportation District that goes into effect Jan 1, 2027? Which fund would that go into?	The King County Transportation District (KCTD) Board of Supervisors approved a new 0.1% sales tax for King County. The tax was passed primarily to support King County's unincorporated road and bridge network. The 12.5% pass-through for cities (estimated at $12.5M/yr.) are restricted to local municipal street, sidewalk, and transportation-related projects. Pass-through revenues to the City will be receipted in the Street Fund, beginning January 1, 2027.
7	6990	Becker	For the MICEC HVEC capital grant, doesn't the state keep 30,000 of the $1,030,000 to administer the grant? If we are on cash basis why would we record that 30,000 as revenue?	The Department of Commerce retains a 3% fee to "administer the project." Staff included this cost in the project budget. For accounting purposes, both the grantor and grantee (City) account for the full award being disbursed ($1,030,000) so the City shows the full amount as revenue and the $30,000 as a program expense when its remitted back to the state as an administrative fee.
8	6991	Becker	I know federal law limits us, but is there anything more we could theoretically restrict/require from franchisees on future franchise agreements? If so, how would we go about looking at our options before the next one comes up and we have to keep it the same again?	As each franchise is renegotiated the City examines the provisions contained in the agreement to determine if changes/updates are needed. Insurance levels, for example, is an area that is reviewed. Another trigger for a potential change would be a change to law – if the franchise covers a topic where the state/federal law has changed, then the City would adjust the corresponding franchise language. Generally speaking, other areas would remain generally consistent.
9	6991	Becker	Do we have any cost recovery from the Franchisee for our expenses (paid to outside counsel etc) for the process of adopting these franchise agreements?	Yes, the franchise application requires payment of a $7,500 fee deposit which Ezee paid. Under state law, the franchisee is required to pay the actual administrative expenses (including attorney costs) incurred by a city that are directly related to receiving and approving a franchise.

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10	6991	Reynolds	We received a community comment on this asking that: ***1. The city oversees installation, and represents the neighbors during installation.*** ***2. The franchisee designates a contact person for the city and neighbors to contact re: poor installation and requires poor or abusive installation to be remedied.*** ***3. The approval be conditioned on the franchisee using the least intrusive installation as possible.*** I understand the potential discrimination issues in the AB. If we, for discussion purposes, ignored those, what would be the feasibility and practical issues related to incorporating similar ideas into the lease agreement.	1. The city does not "oversee" (if "oversee" means actively engaged in oversight at the construction site) any permitted construction work in the City. However, the City does have code enforcement authority and permit compliance/inspection authority to utilize if anything is not completed per the terms of the issued permit or in violation of the code/public works standards. For example, see general right of way permit requirements and procedures in MICC 19.09.060. See also, right of way permit inspection authority outlined in MICC 19.09.060(Y) as well as restoration requirements in MICC 19.09.0606(Q). 2. All work would be completed per an approved permit, and the permit application would include the information sought here – responsible person and contact information. That would be a point of contact for the City but would not be someone that residents would call because the work is being completed in the ROW. Residents could certainly contact the City and make a complaint, and the City could evaluate the complaint to see whether there is an issue with the permitted work or if there is a code violation. Remedies for poor work, or work in violation of the permit or code, may come from that process. The code already includes an option for the City to require a performance guarantee – The City may "establish an annual assignment of funds under MICC 19.01.060 which shall remain in force for at least one year, and which shall be funded in an amount sufficient to ensure performance of the permitted activity during the term of the assignment." See MIMC 19.06.060(B)(2). Another example is the code allows the City to complete surface restoration if the permittee does not complete it and the permittee pays cost plus 25% and the City can use the set-aside account to ensure the permittee makes payment. See MIMC 19.09.060(R).

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				3. Installations must be consistent with code. Staff does not recommend adding new/additional requirements beyond what is prescribed in code as those could be viewed as arbitrary. And, as noted, if the City starts to impose new conditions on one entrant, it may be viewed as discriminatory. The code, though, does already include the following which is applicable to right of way permits – “The city engineer may attach conditions to a right-of-way permit, consistent with the provisions of this section, to ensure the public health, safety and welfare.” See MIMC 19.09.060(A)(3). The Telecommunications Act states that "No State or local statute or regulation or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate telecommunications service." So, the City Engineer would assess and balance potential needs.
11	6996	Reynolds	What is the rationale for the AMOUNT of the grant application (1.046 million).	The $1.046 million grant request represents 50% of the $2.093 million preliminary project cost estimate, consistent with the grant program’s 50% funding limit. Table 2 outlines the preliminary project costs and demonstrates how the total project cost and corresponding grant request were determined. The resulting 50% share of $1,046,500 is rounded to the nearest $1,000 ($1,046,000) in accordance with the grant application requirements.
12	6997	Reynolds	Why does the “Net Operating - Over/(Under)” in Figure 1 not match the change in the unassigned fund balance in Figure 2? Is it because the change in the assigned fund balance fills the rest of that gap?	“Net Operating - Over/(Under)” in Figure 1 of AB 6997x1 shows the difference between revenues and expenditures within each fiscal year. It does not include fund balance. Figure 2 illustrates how available fund balance changes based on: 1. Net operating over/ (under), 2. Projected changes in reserves which include resources that are restricted, non-spendable, and committed per state law and local policy, 3. And the subsequent draw down of available fund balance to keep General Fund operations whole.

Log #	AB No.	Received From	Question	Staff Response
13	6997	Reynolds	I have not checked my utility bills recently, but I would expect if I did it would show material inflationary impacts on electricity and gas rates. Would that not tend to drive up utility tax revenue as well?	Yes, inflation-driven rate increases for Puget Sound Energy (PSE) electricity and natural gas services generally increase utility tax revenues, but this growth is offset by declines in other utility types. The City's local utility tax is a percentage applied to gross billings. Higher PSE rates increase the total dollar amount collected on power and natural gas bills. Because PSE is an investor-owned utility regulated by the Washington Utilities and Transportation Commission (UTC), inflation does not cause automatic price shifts. Per PSE's FAQ page, any rate modification must undergo formal review and approval through the UTC. Over time, inflationary impacts build up across operating and capital costs that drive rate increases PSE requests during formal regulatory filings. However, shrinking demand for other utilities (e.g., landline telephone and cable TV) drag down aggregate utility tax collections. See the response to question #17 for additional information on how different utilities are projected to perform in 2027 and beyond.
14	6997	Reynolds	I seem to recall the last time we discussed the budget that B&O tax revenues were unexplainedly volatile YOY. Can you share B&O tax revenue amounts by quarter on a cash basis for the last 3 years and offer commentary or analysis to explain any volatility and how it informs the revenue forecast?	Staff is unable to provide this level of analysis prior to the September 15 City Council meeting. If the majority of the City Council would like this analysis performed, please provide that direction by motion at the meeting and the staff will return with that information. The current forecast is based on the past 18 months of business and occupation tax revenues, the percent of total revenues (receipted between January through June this year) that tie to taxpayers who file annual (21%) versus quarterly (79%) returns, and the seasonality throughout the year. For additional context, please review the response to question #18 in the matrix.

Log #	AB No.	Received From	Question	Staff Response
15	6997	Reynolds	Your forecast assumes a 0.25% cut in the fed funds rate. When do you assume that rate cut occurs?	The federal funds rate cut is projected in the first half of 2027. Should the rate cut not occur, and the 2026 LGIP earnings rate holds through the first half of 2027, the projected additional interest earnings revenue to the General Fund would amount to \$20,000-\$30,000.
16	6997	Weinberg	**Re: General Fund Sales Tax Revenues** The chart in figure 3 shows sales tax revenues increasing from \$5.25M to \$7.86M between 2018 and 2026. That amounts to a 5.9% average annual increase over 8 years. I realize that our overall financial forecasting philosophy is to estimate on the fiscally conservative side. So the 3.9% increases predicted from 26 to 27 and again from 27 to 28, which reflect about 2/3 of the historical average growth rate, makes sense. From 2029 onwards, however, the projection drops to 2.75%, which is just under half of the historical growth rate. Is there a reason for this decrease?	The sales tax projection is informed by regional economic activity and an in-depth assessment of the City's recent sales tax data. Emphasis is placed on projections for 2026 through 2028. For the outyears of 2029-2032, year-over-year growth ties to historical CPI.
17	6997	Weinberg	**Re: General Fund Utility Revenues** I would expect utility revenue to grow at a steady rate throughout the 6-year forecast. Why does the projection show utility revenue increasing by 3.2%/year through 2028 but then dropping to 2.7%/year 2029 – 2032?	Total utility tax revenue growth slows from 3.2% annually (through 2028) to 2.7%/year in the outyears (2029–2032) because increases in utilities are partially offset by declines in landlines and cable TV. • City utilities (water, sewer, stormwater) are projected to grow 4%/yr. Energy (electricity and natural gas) and solid waste remain steady performers, projected to grow 3%/yr in the outyears. • Landline telephone tax revenues remain static. • Cable TV tax revenues continue to decline, projected to decrease 1.8%/yr in the outyears. Combined, the drop in cable and flat telephone revenues drag down the overall growth rate in the outyears. This is based on the most recent economic activity for the City's utility tax revenues.

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<tr><td>18</td><td>6997</td><td>Weinberg</td><td>Re: General Fund Business & Occupation Tax
I would expect B&O revenue to keep pace with inflation. According to Friday’s Seattle Times, core inflation in the Seattle-Bellevue-Tacoma area has been 3.3% in the past 12 months. According to the Bureau of Labor Statistics the 10-year average inflation rate is between 3.1 and 3.2%. The B&O tax projections are appropriately around 3% per year from 2029 through 2032, but they’re projected as zero growth between now and 2029. What is the reasoning behind the projection showing zero B&O revenue increase until 2029?</td><td>Historically, B&O tax revenue does not track with regional inflation. See the table below.
<table>
<tr><th>B&O Tax</th><th>Revenue</th><th>YOY%Chg</th><th>Annual CPI-W</th></tr>
<tr><td>2021</td><td>$ 766,667</td><td>-3.3%</td><td>3.3%</td></tr>
<tr><td>2022</td><td>468,826</td><td>-38.8%</td><td>8.6%</td></tr>
<tr><td>2023</td><td>935,727</td><td>99.6%</td><td>6.5%</td></tr>
<tr><td>2024</td><td>1,001,829</td><td>7.1%</td><td>4.2%</td></tr>
<tr><td>2025</td><td>1,388,644</td><td>38.6%</td><td>2.3%</td></tr>
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* 2020 revenue amounted to $793,117

The past five years have shown significant volatility in the City’s B&O tax revenue, which makes it difficult to project.

The revenue is based on top-line gross receipts, making it sensitive to economic shifts, local commercial activity, and changing work patterns. Mercer Island’s business base is compact, meaning collections are concentrated among a small number of top service providers and construction projects, where a single change in corporate activity or a completed construction project can cause significant swings. This volatility is compounded by state multi-city apportionment rules and annual filing thresholds, which create reporting lags and make forecasting less predictable.

To remove volatility from the forecast, staff hold the 2026-2028 revenue estimates and increase the revenue 3% annually in 2029-2032.</td></tr>
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Log #	AB No.	Received From	Question	Staff Response
19	6997	Weinberg	**Re: General Fund Parks and Rec Programs Revenue** I would expect P&R revenue to keep pace with 3.3% inflation. Would you please describe the reasoning behind the projection showing P&R revenue increasing by 3.7% between 2026 and 2027 but then increasing by only 1.2% between 27 & 28 and then 0% between 28 and 29 and showing no change at all after 2030?	Finance and Parks & Recreation staff collaborated on the revenue forecast. Emphasis is placed on 2027 and 2028. Growth of 3.7% in 2027 ties to the rollout of new online booking software and "rental stacking" – a scheduling technique that maximizes facility capacity by booking concurrent rentals within the same room or field. Revenue growth plateaus (1.2% in 2028 and 0.0% thereafter) due to operational capacity limits. Because the City is not adding new fields or community center rental spaces, and staffing levels remain fixed, room inventory and booking availability reach maximum use, capping further revenue growth.
20	6997	Weinberg	**Re: General Fund Overhead Allocation Charges** I would expect the growth of Overhead Allocation to keep pace with 3.3% inflation. I'm noticing that it's projected to grow between 4.0 and 4.6% each year. Is there a particular reason you expect it to run a third higher than inflation?	The primary drivers of the cost increase include the anticipated increases in salary and benefit expenses. The salary cost of living adjustment (COLA) is 4.1% in 2027 and 3.6% projected in 2028. Benefit costs are estimated to increase in the range of 3% to 9% in each year of the 2027-2028 biennium.
21	6997	Weinberg	**Re: General Fund Interest Income** I would expect our interest rate prediction would reflect the general consensus among reputable news organizations about the likely future moves by the Federal Reserve. The Wall Street Journal, CNBC, CBS News, Forbes, and 3 other reputable news organizations are all predicting a quarter-point hike in interest rates before the end of the year. One reputable news organization, Newsweek, is predicting either the fed to either hold or increase the rate. No reputable news organization is predicting a rate decrease. I'm curious as to the basis for our predicting a 0.25% cut in interest rates.	Please see the response to question #15. The contradicting signals, policy announcements, and threats of announcements at the federal level add greater uncertainty regarding future changes to the federal funds rate. The forecast represents a conservative position regarding interest rate revenues to the City's General Fund.

Log #	AB No.	Received From	Question	Staff Response
22	6997	Weinberg	**Re: General Fund Supplies Expenditures** I would expect supplies costs to keep pace with 3.3% inflation. Why does the projection show supply costs rising 5% in 27, then rising only 0.5% in 28, and then a near constant 1.8% (just over half the inflation rate) from that point onwards?	Supply costs fluctuate based on specific operational requirements rather than a fixed annual inflation rate. The initial jump in 2027 is tied to specific work plans and one-time operational needs as outlined in the work plan in the preliminary budget. Growth in 2028 slows because one-time purchases in 2027 do not occur in 2028. Projections return to a baseline annual escalation rate of 1.8%. This reflects historical year-over-year cost trends for City supplies, providing a less volatile, more locally informed estimate until work plans are formally updated for the next biennial budget cycle.
23	6997	Weinberg	**Re: YFS Fund HYI Grants** As we have not yet applied for a continuation of our Healthy Youth Initiative grant beyond 2027, it is appropriate that the forecast show it as sunsetting in 2027. That said, how many times have we applied for and received a renewal of this grant? Is there any reasonable chance of us not applying for or not receiving another extension beyond 2027?	This was the City's first application to the Best Starts for Kids (BSK) grant. Staff plan to reapply for the BSK grant should the opportunity arise. However, whether the City successfully receiving funds beyond 2027 depends on King County voters renewing the BSK property tax levy after 2027, and the City successfully applying. Funding is competitive. There is no indication whether King County will renew the levy. In this instance, staff is not projecting additional BSK funding after 2027 and do not assume this funding will be renewed.
24	6997	Weinberg	**Re: YFS Fund Thrift Shop Revenues** Why do we expect the thrift shop's revenue to grow by 10% in 27, then just 5% in 28, 2% in 29 & 30, and then no growth at all in 31 and 32? Shouldn't the thrift shop growth eventually align to inflation?	Thrift Shop net revenue is driven by operational capacity and retail turnover strategies, not regional inflation. Sales are projected to grow initially and then will plateau due to staffing limitations and physical space restrictions.

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<tr><td>25</td><td>6997</td><td>Weinberg</td><td>Re: Capital Improvement Fund: Property Tax Revenue
Not sure I understand what all goes into this fund and which parts are slated to grow by how much each ear. Figure 7 shows $1,178,000 of revenue in the “Property Tax” row. The text below it then says there’s a King County Levy which grows 3-4% per year and a 2022 Mercer Island Parks Levy.
1. At the end of this section is a sentence which says, “These funds increase by a maximum of 1% each year, subject to City Council approval.” Which funds are limited to 1% per year? The MI Parks levy? The KC and MI Parks levies combined?
2. Isn’t the amount collected each year by the MI Parks levy defined in the language of the levy that the voters approved? About how much of the $1.178M comes from the KC vs MI levy?
3. Do the two levies make up 100% of the Property Tax Revenue component of the Capital Improvement Fund, or does some of the property tax revenue come from the General Fund?</td><td>1. The Mercer Island Parks levy lid lift is statutorily limited to increase 1% per year.

2. Yes.
<table>
<tr><th>Property Tax
$ in thousands</th><th>2026</th><th>2027</th><th>2028</th></tr>
<tr><td>King County Parks Levy</td><td>$ 257</td><td>$ 265</td><td>$ 272</td></tr>
<tr><td>MI Parks Levy</td><td>921</td><td>930</td><td>940</td></tr>
<tr><td>Total</td><td>$ 1,178</td><td>$ 1,195</td><td>$ 1,212</td></tr>
</table>
3. The two levies make up 100% of the Property Tax revenue component of the Capital Improvement Fund.</td></tr>
<tr><td>26</td><td>6997</td><td>Weinberg</td><td>Re: Capital Improvement Fund: Grants
Will the city be applying again for grants to install high-speed chargers in the Primavera parking lot?</td><td>A project has not been currently identified to install high-speed chargers at this location. Should a project develop, including necessary funding, identifying and applying for applicable grants would be considered.</td></tr>
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