

**CITY OF ISSAQUAH
City Council Committee-of-the-Whole**

9:00 AM
February 3, 2024

MINUTES

Tibbetts Manor
750 17th Ave. NW

COUNCIL AND ADMINISTRATIVE PERSONNEL PRESENT

Councilmembers:

Barbara de Michele
Zach Hall
Victoria Hunt
Russell Joe
Tola Marts
Chris Reh (*Excused Absence*)
Lindsey Walsh

Administration/Staff:

Mary Lou Pauly, Mayor
Wally Bobkiewicz, City Administrator
Andrea Snyder, Deputy City Administrator
Dale Markey-Crimp, Assistant to the City Administrator
Tisha Gieser, City Clerk
Autumn Monahan, Administrative Services Director
Susie Monsell, Budget Manager
Nathan Hatia, Financial Analyst

CITY COUNCIL RETREAT

a) Public Comment and Opening Comments

The meeting was called to order by Council President Walsh at 9:15 AM.

Council President Walsh made opening comments and opened the meeting up for public comment.

The following public comment was provided:

- Connie Marsh, resident, spoke regarding the strategic plan expressing that the public's perspective is different and unique.

b) City Council Listening Session Discussion

*Facilitated by:
Council President Walsh*

Council President Walsh provided a brief presentation. Council discussion included:

- Our community input is stale – don't see a lot of public input
- Need to hear more from the SE Asian community and Hispanic community
- Past listening sessions have required a lot of staff time – is it possible to slim their role down?
- Need to determine what we are selling. This drives the message, staff and format of the sessions.
- Listening sessions are good, but they need to be more proactive.
- As Councilmembers, we need to be in the community, people want to give input.
- How do we increase the number of people we see so we have a bigger cross-section of voices?
- The Farmer's Market booth with the time capsule was useful – the time capsule provided a reason to engage.
- Virtual meetings may be an option.

- Councilmembers are made aware of many local events; ensuring representation at them by Councilmembers in a more formal way could be an option.
- Consider that Councilmembers and staff have time constraints.
- At times it is important for all Councilmembers to hear the same thing.
- If we ask for input at the Listening Sessions, we need to be sure it is done at the right phase before decisions are already made.
- Meet people where they are – what existing meetings can be leveraged?
- The City Council is interested in discussing issues at the policy level, but often people want to talk about operations.
- Consider targeted engagement work with particular communities.
- Consider Kirkland's model (TREK) which is a month's long journey from ideation to decision.
- How do we empower staff to be powerful communicators?
- How do we reach out to others who we don't regularly see, particularly impacted communities?
- Need to develop compelling topics – what are the compelling issues in specific communities?
- Need to close the loop, which requires contact information from participants.

The whiteboard notes from this section are attached to the minutes.

Council Leadership agreed to synthesize the discussion. Specific proposals will be brought forward at a later time.

c) **2025-26 Budget: Challenges & Opportunities**

Presented by:

Andrea Snyder, Interim Chief Financial Officer

Susie Monsell, Budget Manager

Autumn Monahan, Administrator Services Director

The following questions were posed to the City Council:

1. What is the Council's comfort with approaches to balancing the 2025-26 budget: decreased expenditures, new revenues, or a combination of both?
2. What are the Council's concerns with exploring a property tax increase?
3. What are the Council's concerns with reducing General Fund expenditures?

City Council feedback, included:

- Want to understand real dollars per capita and would expect that not to change significantly from year to year
- Costs are rising and may impact cost per capita
- Open to smart revenue increases dedicated to particular project or outcome
- Important to step back and look at:
 - what the City is doing well
 - where there are challenges or needs
 - where can savings be achieved through regional cost-sharing
 - where may harm be done if cuts are made
- With upcoming budget challenges, it may be important to be more focused with priorities, and updates to the strategic plan will be important to inform this
- Feel that upcoming capital and facility needs will require additional revenue
- Generally comfortable with cuts and revenue increases, but what that mix is is really important.
- Want to ensure that board/commissions have opportunities to provide input on budget discussion
- Other increases to property tax regionally may make any City increases challenging; important to link this to public safety if needed

- Need to evaluate small revenue increases - may have big impact on customer and minimal impact on City
- Concern about undesignated ending fund balance
- Interest in exploring revenue increases; the community has high expectations
- Concern if we lose ballot measure, could lose credibility
- Cutting expenditures may impact people negatively while having a relatively minimal impact on the budget
- Need to think deeply about long-term budget impacts
- Interested to know, what does it take to not dip below 10% in the out years?
- Cost of labor increasing more than revenue is unsustainable
- Deficit not concerning given the size of City budget
- Advocate for more state revenue; state revenue is up
- Community engagement is key
- Need to stay a competitive employer

The whiteboard notes from this section are attached to the minutes.

****Lunch Break****

The City Council recessed for lunch at 11:28 AM.

Council President Walsh called the meeting back to order at 12:03 PM.

e) **2025-26 Budget Strategy Discussion Activity: Breakout Groups & Priority Setting**

Introduced by:

Deputy Council President de Michele

The City Council broke into three small breakout groups to provide feedback on proposed revenue options, specifically property tax, and proposed budget reductions. The City Councilmembers indicated preferences for and confidence levels regarding these options. The feedback is attached to these minutes.

Following the small group sessions, the City Council came back together and summarized their discussions. This feedback included:

- Don't necessarily support reducing operating costs to fund facility needs
- Should revenue source follow need, or should revenue source be pursued to offset costs?
- Questions about how much of a cut would be required for operational costs
- Concerns that operational cuts would impact the community
- Impacts of property taxes are challenging; important to look at other types of revenue
- Want to dedicate new revenue to a particular issue; feel there is strong community support for public safety
- Important to communicate to residents that the City does not have a lot of discretionary spending
- Bond measure is a big risk

f) **2025-26 Budget Strategy Discussion**

Facilitated by:

Council President Walsh

The City Council feedback included:

- Start the conversation with identified needs – premature to have a revenue package in March

- Focus on what is compelling to the community re: additional revenue. Possibilities are:
 - police facilities
 - park facilities / park district
- Continue discussion to March with benchmarks
- Following March, community outreach to test some of these ideas
- Other funding issues are:
 - general government (likely not compelling to community)
- City’s needs and community needs may not be the same – how to address this?

Information requested re: Revenue Options:

- What is required for passage for each option?
 - Who has to approve it?
 - What is the vote required for each option?
- Per capita spending by function: general fund, police (comparison with neighboring cities could be useful), EFR
- Parks District vs. Public Safety – what is more compelling for community?
- Overview of other bonds/levies in the region and their outcomes (particularly Kirkland, Redmond)
- List of 2025 special elections – which one would be most strategic
 - Outside resources may be needed to assist in determining which election date to pursue
- Fire Station 71 relocation status

Operating Reductions:

- Interest in whether some operating costs could be considered in context of revenue sources for Parks/Police
- Where do we move the needle to make the greatest impact in reducing expenditures?

The topic of revenue options will be brought back to the City Council at a Committee of the Whole meeting in March. [Note: This discussion will now be returning in April 2024.]

g) Public Comment

The following individuals provided public comment:

- Connie Marsh, resident, made comments regarding the City’s history of needing more facility space and the importance of demonstrating to the community what the result of a tax increase will be.
- Ann Fletcher, resident, shared that it had been a learning opportunity attending the retreat and learning the budget process would be beginning earlier this year.

ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 1:52 PM.

Lindsey Walsh, Council President

Tisha Gieser, City Clerk

Mayor * need to engage organically

1. - people that aren't at table
2. - big decisions
3. - organic → would put more structure on it

Our community input - stale Don't see a lot of public

SE Asian community
Hispanic community) need to hear more

No controversial topics -

Great presence of staff - helpful.

Problem - lots of staff time - can we slim down?

What are we selling?? - Drives message, staff, format

Listening sessions are good - need to be more proactive

As council members we need to be in the community -
people want to give input

Problems - increase # of people we see / bigger cross section of voices

Booths - one had a "time capsule" reason to talk with us

• virtual meetings, attendance optional

• CMs make sure there is representation at meetings, optional

• Time constraints on council + staff

• Record who is going to which events

• Sometimes important for all of us to hear same thing

• if we ask for feedback needs to be at right phase

* Meet people where they are - existing meetings

Most people get info online / WhatsApp / not in person at city hall

• electronic meeting listening examples

Let people know we are accessible
use technology to help us be in listening role

Value of being out - even for one person. Thanks to staff!!

Problems - Council wanting more people at policy level
BUT people want to talk operations

targeted engagement work - particular communities

* Kirkland model - TREK - months-long journey. Select topic -
Identification → decision

Themed Resident Engagement for Kirkland

How do we empower staff to be powerful communicators??

How do we reach out to others who we don't regularly see? Impacted
by policy
communities?

Topics - existing mtgs + council listening session

Compelling topics - What are the compelling issues in specific
communities

People need a compelling reason to attend mtg.

• Find out what are main issues for communities
we aren't hearing from.

* Need to close loop, responses to community
need contact info to do this

Think deeply about long term budget impacts.

Course corrections done annually are critical.

Starts w/ what we want to spend.

Real \$ / capita - track overtime. Should not grow

What does it take to not dip below 10% in the out years?

Cost of labor increasing more than revenues is unsustainable. Not sure how this impacts

\$ / capita.

May need to throttle back on growth of labor if it is getting too expensive. Can't always raise revenue.

Concerns over CST decreasing.

Interested in smart increases to property or sales tax if tied to specific project. Open to discussion.

Advocate / Explore more revenue share from state's existing taxes.

\$ / capita may not be appropriate metric b/c of significant changes to needs. Step back + look at what we're doing well, improvements, needs. +

Cost sharing? Matching state / local - consider this if budget cuts.

Must examine where is the potential to do harm if cutting expenditures?

Combination of cuts + increases to revenue.

May need more time to discuss priorities.

Comfortable looking at cuts to expenditures

When it comes to capital / infrastructure, don't think we can reduce expenditures enough. Should look at new revenues. But consider timeliness.

Not concerned about \$30K deficit in a budget of our size

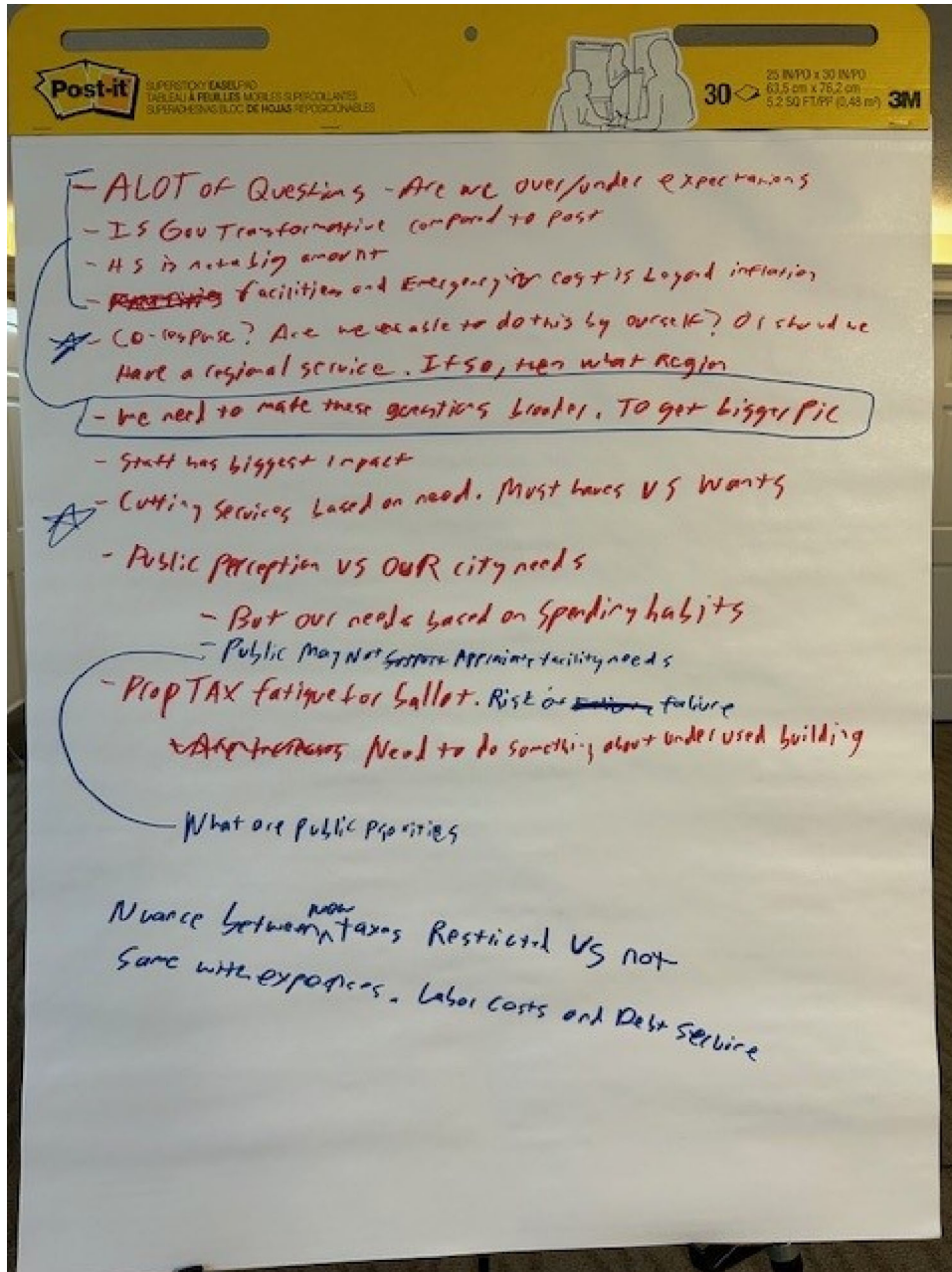
Generally comfortable w/ cuts + revenue increases. But what that mix is, is really important.

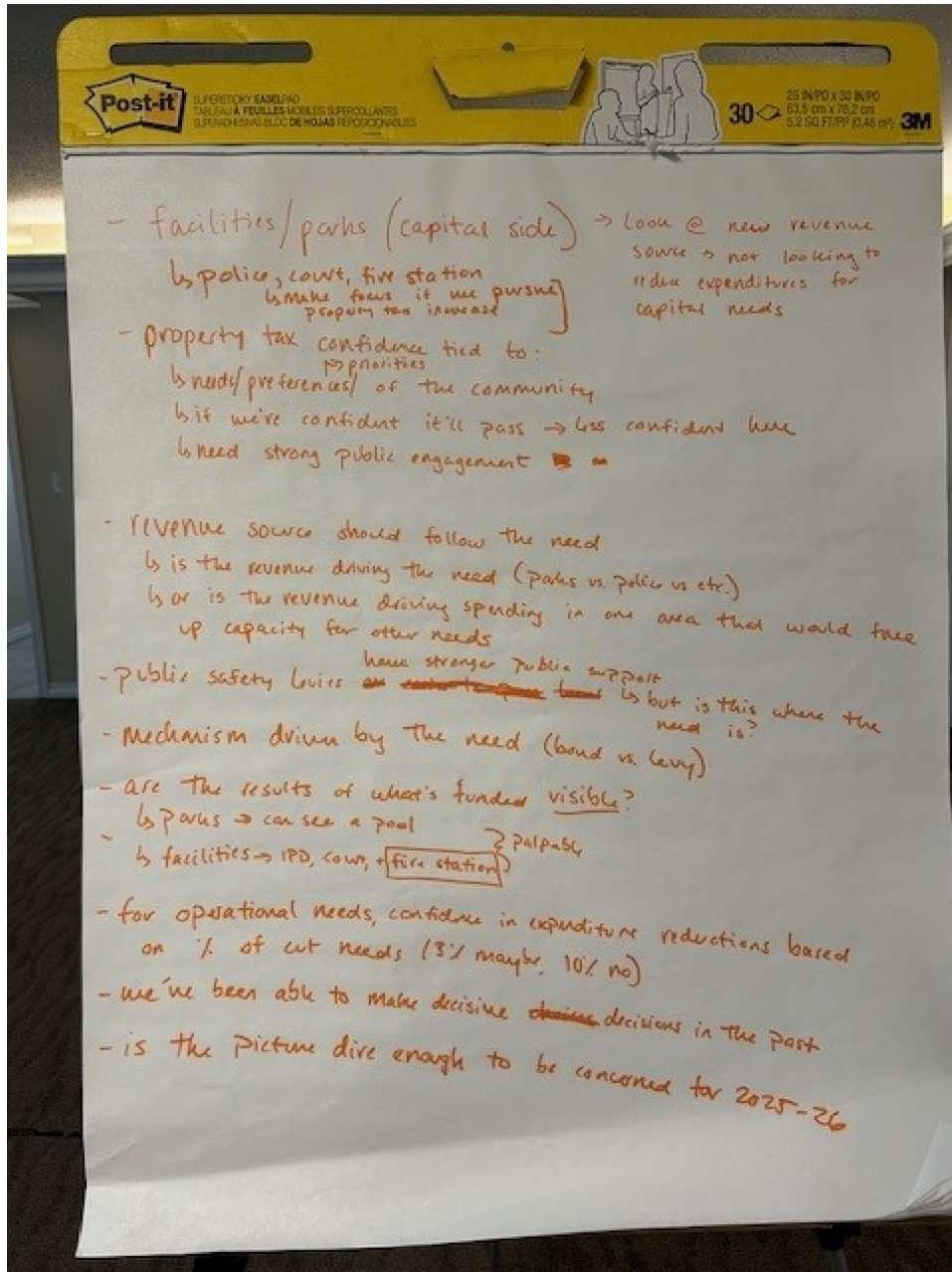
x) Boards should be involved in budget process.

x) Property tax - concerns that people are feeling the increases from other jurisdictions. Needs to resonate w/ people. Public safety resonates. + Public safety facilities ~~also~~ may resonate too.

Concerns if we lose ballot measure, lose credibility cutting expenditures - concerns over impacts to people while minimally impacting budget.

x) Concerns over Ending Fund Balance - not enough. Support for exploring tax increases. Community has high expectations. Desire to explore this further - what the % should ideally be. Community engagement is key. Need to stay a competitive employer.





- facilities/parks (capital side) → look @ new revenue source → not looking to reduce expenditures for capital needs
 - ↳ police, courts, fire station
 - ↳ make focus if we pursue property tax increase
- property tax confidence tied to:
 - ↳ needs/preferences/priorities of the community
 - ↳ if we're confident it'll pass → less confident here
 - ↳ need strong public engagement
- revenue source should follow the need
 - ↳ is the revenue driving the need (parks vs police vs etc.)
 - ↳ or is the revenue driving spending in one area that would free up capacity for other needs
- public safety levies ~~are~~ ~~not~~ ~~driven~~ ~~by~~ ~~the~~ ~~need~~ ~~itself~~
 - ↳ have stronger public support
 - ↳ but is this where the need is?
- mechanism driven by the need (bond vs levy)
- are the results of what's funded visible?
 - ↳ parks → can see a pool
 - ↳ facilities → IPD, courts, fire station } palpable
- for operational needs, confidence in expenditure reductions based on % of cut needs (3% maybe, 10% no)
- we've been able to make decisive ~~choices~~ decisions in the past
- is the picture dire enough to be concerned for 2025-26

Concerns there are not a lot of "extras" to cut. Would like more information on what pilots we could assess that maybe didn't work? Or are there no such places to look for cuts?

Concerns cuts would be noticed by community, negatively impacting Quality of Life. ~~2025-2026~~ 2025-2026 budget should not include many cuts to programs + personnel.

Property taxes are tough - ppl feeling cumulative impacts. Look to everything else - other Revenue options (like State Revenue Share) before examining Property Tax / taxes.

Property taxes are appropriate if dedicated to specific project + communicated to community. They need to experience the benefit.

Yes, like Public Safety. #1 ^{concern} on minds. Ppl think Parks are already great + won't want to be taxed more. would be good to learn more about recent work that has been done in region

Maybe Parks could be a compelling investment to the community as they see what other communities have.

Desire to ^{to} message Community about budget + level of cuts. Amount of discretionary funding may not be as large as public thinks.

What is your confidence level in pursuing this budget strategy?

Property Tax Revenue



No Confidence

High Confidence

What is your confidence level in pursuing this budget strategy?

Reducing Expenditures



No Confidence

High Confidence