



2021 Budget Questions October 8

To: City Council
From: Mayor Gregerson and Department Directors
Date: October 8, 2020

Please find below information in response to questions raised by Councilmembers at the October 5, 2020 meeting as well as by phone and email on October 6, 2020.

REVENUE QUESTIONS

WSF Sales Tax

Councilmember Marine and Council Vice President Kneller asked to identify sales tax received by the City from Washington State Ferries for the Mukilteo Terminal.

As noted in the September 28, 2020 memo, the City is waiting to hear from Washington State Ferries on the breakdown of sales tax that has been remitted to the City.

Natural Gas

Councilmember Champion asked why this item was showing an increase from the 2020 Budget. Natural Gas taxes are a consumption tax (as asked by Council Vice President Kneller).

	2019 Actuals	2020 Budget	2020 Estimated Actuals	2021 Budget
Natural Gas Tax	356,464	350,000	355,000	360,000

The City's natural gas utility tax is currently at 6 percent, which is the maximum tax rate allowed by State law, unless a higher rate is approved by the voters.

Puget Sound Energy (PSE) recently filed requests with the state Utilities and Transportation Commission (UTC) to adjust natural gas rates. Their proposal would increase rates for natural gas customers by an overall average 8.92 percent, effective Nov. 1, 2020. If approved by the UTC, the City revenue from natural gas tax should increase, all things being equal. Of course, all things being equal includes the weather – which is never the same; so, a warmer or colder winter will influence revenue.

I reached out to PSE staff to learn about any insights they might have. They pointed to a general rise in residential usage over multiple years as a driver that would make an anticipated increase logical for the City of Mukilteo, in addition to the proposed rate increase described above.

Recreation Revenues

Councilmember Champion requested recreation revenue estimates for April, May, and June. Based on an analysis by Dowell Consulting of the 2018-2019 revenues, the estimates below represent recreation revenues for these months:

		AVERAGE 2018-2019, EXCLUDED 2020 FROM ANALYSIS											
2021 Budget		January	February	March	April	May	June	July	August	September	October	November	December
465,400.00	\$	6,875	\$ 9,750	\$ 10,875	\$ 37,800	\$ 48,300	\$ 58,900	\$ 58,100	\$ 67,700	\$ 52,900	\$ 44,900	\$ 36,400	\$ 32,900

January-March reflect the 75% reduction in estimates that is included in the 2021 Budget.

All revenues found on page 81 were included, except for Commuter Parking (\$14,500) and Intergovernmental Revenue (\$63,700, an LTAC Grant and the Mukilteo Seniors Association grant).

EXPENDITURE QUESTIONS

Cell Phones

Councilmember Champion asked if there are cell phone lines that could be reduced.

This is an item that might be possible, but still needs to be evaluated. Part of the reason for higher cell phone costs was the need to equip employees with cell phones to work from home and still respond to customers via phone rather than by email or some form of video application like Teams or Zoom (which not all customers may have comfort using).

Implementation of the new phone system, which is in progress, will provide opportunities to look at reducing cell phone costs in the future. Some experience with the system is required first to allow for an assessment of those reductions.

In Public Safety, about half of Cell Phone Expenditures consist of charges for computer data (air cards). These are mostly for the computers in police and fire vehicles and a few mobile air cards for Special Operations. Therefore, the bill may appear higher than one would expect. Patrol shares phones and specialty units are assigned a phone. Several are equipped with hotspots to allow them to access the internet in the field for those who don't have air cards in their laptops.

Equity Training

Council President Emery asked about the possibility for equity training for City staff. A local firm called [Racing to Equity](#) recently conducted such training for a nonprofit. The cost for the program was \$20,000 per year for a two-year program (a total commitment of \$40,000).

Equipment R&M Cuts

Council President Emery asked about the various cuts to equipment repair lines. Below you can see a summary that reflects not just the cuts, but also the 2021 budgeted amount. All of this information is available in the budget document on each relevant line item. The total cut from the entire budget is \$31,000, leaving \$249,300 for vehicle, equipment, and playground maintenance city-wide.

	2019 Actuals	2020 Budget	2020 Estimated Actuals	2021 Budget	Increase/ (Decrease)
Parks (General Fund)					
EQUIPMENT R&M	\$ 3,873	\$ 10,000	\$ 3,000	\$ 5,000	\$ (5,000)
OTHER R&M	\$ 282	\$ 2,000	\$ 500	\$ 1,500	\$ (500)
PLAYGROUND EQUIPMENT R&M	\$ 1,879	\$ 5,000	\$ 2,000	\$ 5,000	\$ -
Recreation & Cultural Development (General Fund)					
OFFICE EQUIPMENT R&M	\$ 563	\$ 7,000	\$ 200	\$ 5,000	\$ (2,000)
OTHER R&M	\$ 9,787	\$ 2,000	\$ 550	\$ 2,000	\$ -
VEHICLE R&M	\$ -	\$ 300	\$ -	\$ 300	\$ -
Other Government Services (General Fund)					
OFFICE EQUIPMENT R&M	\$ 24,650	\$ 12,000	\$ 6,000	\$ 6,000	\$ (6,000)
VEHICLE R&M	\$ 161,422	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Parks Division (Waterfront Parking Fund)					
EQUIPMENT R&M	\$ 3,873	\$ 10,000	\$ 3,000	\$ 5,000	\$ (5,000)
OTHER R&M	\$ 282	\$ 2,000	\$ 500	\$ 1,500	\$ (500)
PLAYGROUND EQUIPMENT R&M	\$ 1,879	\$ 5,000	\$ 2,000	\$ 5,000	\$ -
Streets Division (Streets Fund)					
EQUIPMENT R&M	\$ 4,253	\$ 20,000	\$ 15,000	\$ 20,000	\$ -
VEHICLE R&M	\$ 2,601	\$ 12,000	\$ 8,000	\$ 12,000	\$ -
Patrol (General Fund)					
EQUIPMENT R&M	\$ 4,460	\$ 12,000	\$ 12,000	\$ 10,000	\$ (2,000)
Police Administration (General Fund)					
EQUIPMENT R&M	\$ 993	\$ 2,000	\$ 1,000	\$ 2,000	\$ -
Fire Operations (General Fund)					
EQUIPMENT R&M	\$ 8,877	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Fire EMS Fund					
EQUIPMENT R&M	\$ 1,146	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
VEHICLE R&M	\$ 16,478	\$ 15,000	\$ 23,000	\$ 20,000	\$ 5,000
Stormwater Fund					
VEHICLE R&M TOOLS/EQ	\$ 90	\$ 1,250	\$ 1,250	\$ 1,250	
EQUIPMENT R&M	\$ 3,649	\$ 21,250	\$ 7,500	\$ 11,250	\$ (10,000)
VEHICLE R&M	\$ 14,047	\$ 32,000	\$ 25,000	\$ 27,000	\$ (5,000)
Facilities Maintenance Fund					
VEHICLE R&M	\$ 39	\$ 2,000	\$ 500	\$ 2,000	\$ -
TOTAL R&M, ALL FUNDS	\$ 265,123	\$ 280,300	\$ 218,500	\$ 249,300	\$ (31,000)

Surface Water Dump Truck and Trailer Equipment

Councilmember Champion asked about the full list of equipment that is included with the new budget item on page 132.

Staff requested an updated quote for the purchase of a 10-Yard Dump Truck and Trailer. The costs have increased since the last estimate and are summarized below:

Item	Description	Vendor	Contract	Amount incl. tax
Chassis and Cab	Kenworth T880 6x4 with MX-13 engine and Allison transmission	Pape KWNW	Sourcewell	\$156,841.00
Body	Everest dump body and sander. Henke 10' plow with frame. NTE hydraulics and fabrication	North End Truck Equipment(NTE)	Washington State	\$122,535.55
Trailer	3 axle pony trailer	OSW Equipment	SnoCo Piggyback	\$76,317.30
TOTAL :				\$355,693.85

Based on the increase in cost, the amount needed to purchase the truck and trailer would exceed the New Budget Item request of \$325,000. Therefore, Staff is recommending the purchase of the trailer be deferred to a future year. The elimination of the trailer from this New Budget Item, would lower the total amount requested to \$310,000 and would include a 10% contingency.

This reduction in the New Budget Item will be added to the list of proposed changes needed in the Final Budget for adoption.

Item	Description	Vendor	Contract	Amount incl. tax
Chassis and Cab	Kenworth T880 6x4 with MX-13 engine and Allison transmission	Pape KWNW	Sourcewell	\$156,841.00
Body	Everest dump body and sander. Henke 10' plow with frame. NTE hydraulics and fabrication	North End Truck Equipment(NTE)	Washington State	\$122,535.55
TOTAL :				\$279,376.55
10% Contingency:				\$27,937.66
Revised NBI Request:				\$310,000.00

Quotes of each piece of equipment are attached for more detail.

Councilmember Champion also asked about the possibility of renting a dump truck in advance of snow events, in case the dump truck experienced a maintenance issue, as an alternative to a new purchase. Staff considered this concept and decided it would not be a feasible solution. Availability of this type of equipment is usually limited during weather events and many forecasts for snow events do not provide sufficient notice to facilitate a pre-emptive rental.

Rosehill Reopening

Councilmember Champion submitted a series of questions about City operations and procedures related to reopening of Rosehill.

- What is the guest capacity?
 - The City will follow the current guidelines for different types of events. [See the current state guidance here](#). Most relevant guidance includes: [Miscellaneous Venues](#) and [Wedding Ceremonies, Wedding Receptions and Funerals](#).
 - As of October 6, for miscellaneous venues, indoor capacity in each room or separate building is limited to 30% capacity (per fire marshal code) or 200 people, whichever is less, as long as six feet of physical distance can be maintained by all attendees. Outdoor capacity is limited to 200 people. This excludes venue staff.
 - For weddings and funerals: indoor and outdoor occupancy is limited to 30 guests or 25% of maximum building capacity whichever is less, excluding vendors and their staff working at the wedding service or funeral.
- Who is responsible for face covering requirement assurance?
 - The City is responsible. To ensure this, renters and recreation participants will be required to sign waivers that they comply with the guidelines and rules for the facility.
 - Staff will continue to use our focus on educational reminders and signage, as we have done throughout our parks.
- Who is responsible for ensuring physical distancing?
 - The City is responsible. To ensure this, renters and recreation participants will be required to sign waivers that they comply with the guidelines and rules for the facility.
- What is the cost of facility event readiness?
 - Staff time
- What is the cost of facility cleanliness?
 - This will be accomplished using our staff custodians
- Is there labor available to support each event?
 - Director Price will work to ensure staffing can support any scheduled events.
- Is overtime required?
 - It is possible that overtime is required if events begin and staffing does not cover evening and weekend hours. Overtime usage will be limited to the greatest extent possible. Employees in the labor group always have the option to choose comp time or overtime.
- Will the renters be allowed to have catered events?
 - As of October 5, Alcohol service, delivery, and consumption requirements changed to mirror the current restaurant restrictions.
 - Any person, vendor or host providing the service of food or beverages at a wedding reception or funeral must either offer table service or must have protocols in place to ensure adequate social distancing at food and/or drink pick-up stations.
 - Buffets and salad bars are permitted and must follow Department of Health guidance
 - See the [Wedding Ceremonies, Wedding Receptions and Funerals](#) guidance for additional details.
- Who is liable in the event of an outbreak?
 - The City will ask the City Attorney to review the waivers that participants will be required to sign to ensure city liability is limited.

- In the event of an outbreak, what is the impact to operations?
 - An outbreak, defined as when two or more diagnosed cases who are not household members become ill with COVID within a 14-day period, could require full or limited closure. A full closure may not be necessary if cleaning and disinfecting can be accomplished outside of normal operating hours, for instance. The Health District would provide guidance on the appropriate steps to take. This might include screening employees, cleaning and disinfecting, or providing additional personal protective equipment.
- In the event of an outbreak, will contract tracing be required? / achievable?
 - Public Health officials are responsible for contact tracing investigations. They will work with city staff, which may require some staff time. [Learn more about the Health District process here.](#)
- If contact tracing is required, who bears those costs?
 - See above, the Health District, with costs of staff time answering questions and providing participant lists.

Recreation Expenses in 2020

Councilmember Crawford asked why our 2020 Recreation and Cultural Services expenses were not lower in 2020. Approximately 47% of discretionary expenses (supplies and other services and charges) were cut from 2020. Salaries, wages and benefits only reflect the Customer Service Clerk reductions. Three half-time FTEs are in a laid off status, one position is vacant, and one is now on 0.25 time (10 hours per week). The decision was made to layoff these employees in mid-July and took effect on August 10.

Throughout the pandemic, the City Administration approached these staffing issues with several priorities in mind. First, we wanted to ensure that staff could complete event cancelations, refunds and new reservation for dates through 2022. Next, we worked to continue virtual recreation programming and support for recreation users and customers of all ages. We also continued to monitor state announcements and phase changes. As late as mid-May, it seemed that a path towards Phase 2, 3, and later 4 were possible for the summer and early fall. Phase 3 includes reopening of government and would include a broader reopening of the Center. Finally, we worked to keep our employees actively employed.

At least one line item on the next page does stand out. Contractual services are 10% higher than budgeted for 2020 year-end (\$40,000 was budgeted but we expect to end the year at \$44,000). This includes refund processing fees through ActiveNet this year. Since the Department completed so many refunds, the costs, according to the contract, went up. We are re-negotiating the contract with ActiveNet to get a reduction on these fees starting in 2021.

	2020 Budget	2020 Estimated Actuals
Expenditures and transfers-out		
Salaries and wages	\$ 516,750	\$ 487,500
Benefits	225,500	220,600
OFFICE SUPPLIES	4,000	950
OPERATING SUPPLIES	11,000	150
CLOTHING/BOOTS	300	-
MOTOR FUEL	600	250
SMALL ITEMS OF EQUIPMENT	5,500	2,150
PARK BENCH	-	1,000
Supplies	21,400	4,500
SENIOR CENTER SUBRECIPIENT GRANTS	1,000	300
OTHER PROFESSIONAL SVCS.	6,750	750
INSTRUCTORS PROFESSIONAL SERVICES	43,000	6,200
WSU BEACH WATCHERS - OTHER PROF SERVICES	7,500	6,000
ADVERTISING	13,000	5,250
COMMUNITY ADVERTISING - RECREATION GUIDE	22,000	8,100
TELEPHONE	4,000	4,200
POSTAGE	500	50
CELL PHONE	500	750
COMCAST	8,300	8,000
TRAVEL & SUBSISTENCE	1,500	250
MEALS	400	150
WORK EQUIP & MACHINE RENTAL	550	550
SHORT-TERM FACILITY/FIELD RENTAL	2,300	-
OFFICE EQUIPMENT R&M	7,000	200
OTHER R&M	2,000	550
VEHICLE R&M	300	-
ASSOC. DUES & MEMBERSHIPS	700	650
LICENSES & SUBSCRIPTIONS	-	250
PRINTING AND BINDING	1,000	-
CONTRACTUAL SERVICES	40,000	44,350
TRAINING & REGISTRATION	2,500	250
BANKING FEES	-	300
PUBLIC ART FUNDING (PER CAPITA)	5,350	
Other services and charges	170,150	87,100
Total Recreation expenditures	\$ 933,800	\$ 799,700