



2021 Budget Questions October 14

To: City Council
From: Mayor Gregerson and Department Directors
Date: October 14, 2020

Please find below information in response to questions raised by Councilmembers at the October 12, 2020 meeting as well as by phone and email on October 9, 2020.

2020 QUESTIONS

WSF Sales Tax

Washington State Ferries provided this breakdown of sales tax that has been remitted to the City. It is estimated, based on the State's actual receipts and the City's portion which is 0.85% sales tax.

WSF Mukilteo Ferry Terminal Replacement Project					
State Contract ID #	Date Work Done Through	Total Payments	City Sales Tax Rate	Estimated Amount Received	Estimated Tax Year
Contract 008691	3/29/2016	\$ 8,013,731.82	0.85%	\$ 68,116.72	2016
Contract 009044	9/20/2017	\$ 1,158,340.00	0.85%	\$ 9,845.89	2016
Contract 009118	10/11/2018	\$ 7,473,973.95	0.85%	\$ 63,528.78	2018
Contract 009150	11/1/2018	\$ 3,027,935.87	0.85%	\$ 25,737.45	2018-2019
Contract 009338	9/21/2020	\$ 13,132,214.30	0.85%	\$ 111,623.82	2020

Recreation Expenses in 2020

Councilmember Crawford asked why our 2020 Recreation and Cultural Services expenses were not lower in 2020. Since the October 8 memo, we have more information about the salary savings in Recreation. The budget on page 82 shows \$29,250 in savings in 2020.

To document the October 12, 2020 discussion further: one Customer Service Clerk position became vacant in mid-March following a staff member resignation and remained vacant; three were laid off on August 10 and one was put on 0.25 time (10 hours per week) starting August 10. The full salary and benefits included in the 2020 Budget was \$85,000 for these five positions. The savings from these staff changes is \$29,250.

The remaining \$487,500 is comprised of these positions. The half-time custodian is funded and managed out of the Public Works Facility Maintenance budget.

Title	FTE	Job Function	2020 Current Status
Director	1.0	Administration	Filled
Administrative Support Coordinator	1.0	Administration	Filled
Office Technician (partial LTAC funding)	1.0	Administration	Filled
Office Technician	1.0	Administration	Filled
Recreation Programmer	0.8	Recreation	Filled
Recreation Coordinator	1.0	Recreation	Filled
Customer Service Clerk	0.5	Customer Service	August 10-December 31: 0.25
Customer Service Clerk	0.5	Customer Service	August 10-December 31: Laid Off
Customer Service Clerk	0.5	Customer Service	August 10-December 31: Laid Off
Customer Service Clerk	0.5	Customer Service	August 10-December 31: Laid Off
Customer Service Clerk	0.5	Customer Service	Mid-March-December 31: Vacant
Total	8.3		6.05

2021 QUESTIONS

Rosehill Operations

Councilmember Champion asked for a Rosehill operations plan that anticipated a worst case scenario.

Councilmember Khan asked about a reopening plan for July 1, and Council President Emery suggested a slow ramp-up starting on July 1.

The staff interpreted this as a very limited reopening in the third quarter (with no revenues forecast) and a full reopening in the 4th quarter of 2021, beginning October 1.

*As a [September 21, 2020 report from McKinsey](#) stated: "We estimate that the mostly likely time for this [transition to normalcy] to occur is the **first or second quarter of 2021** in the United States and other advanced economies."*

*As [reported in the Los Angeles Times](#) on October 9, 2020, Dr. Fauci has "warned that a sense of normality post-coronavirus may not come to the U.S. until late 2021, adding that the arrival of a vaccine will not suddenly bring the U.S. lurching back. Rather, it'll be a gradual transition over a long period of time." He continued, "I would imagine that if we get a good vaccine now, that we could **have some degree of normality in the third quarter to the fourth quarter of 2021.**"*

Staff is working to prepare two scenarios:

- A. Reopening July 1 with 25% operations and revenue until October 1, then full operations
- B. Reopening October 1 with 25% operations through December 31.

I expect this work to be completed for a Friday October 16 memo at the latest.

Gap Between Expenditures and Revenue

Councilmember Marine asked about the percentage gap between 2021 revenues and expenditures in the General Fund. If only the \$135,000 in sales tax reduction was implemented without any other changes to the 2021 Preliminary Budget, that gap changes from 1.7% to 2.6%. See Exhibits 2 and 3 in the budget for source numbers.

Surface Water Dump Truck Rental

Councilmember Champion asked about options for pro-active dump truck rental before weather events, as an insurance for potential maintenance issues. Staff reviewed this option but has determined it is not a feasible alternative. The additional attachments of the plow and sanding functions are specific to municipal and DOT vehicles and are not widely available for rental.

Holding Vacancies Open

Councilmember Champion asked about the savings that would be possible from holding all currently vacant positions open through December 31, 2021. The chart below does not include the Finance Director. Recruitment is underway, with a hire date goal of January 1, 2021.

Maintenance Worker I: Streets Vacancy	STREETS FUND
Assume 6 additional months of vacancy for this position through December 31	
Impact: (\$30,924) savings	
Service Impact Considerations:	
<ol style="list-style-type: none"> 1. Crew size reduced by 25% resulting in: <ol style="list-style-type: none"> a. Slower response to service requests and maintenance needs b. Fewer crosswalk/stop bars repainted c. Fewer sidewalk and street repairs d. Delay on implementation of ROW Sight Distance program e. Increased need of borrowing staff from other crews to compete bigger projects or work that requires traffic control 	

Assistant Planner Vacancy	GENERAL FUND
Assume 9 additional months of vacancy for this position through December 31	
Impact: (\$65,412) savings	
Service Impact Considerations:	
<ol style="list-style-type: none"> 1. Damage to Department morale given position vacant since Nov. 2019 2. Lower timeliness on primary position duties including code enforcement, basic permit review, business license review, tree inspections and responding to customer land use inquiries. 3. Reduced code enforcement service response unless immediate health, life safety issue 4. More complex permit review and timelines remain extended, as position duties are assumed by other staff 5. Code amendment/docket work timelines prolonged, as position duties are assumed by other staff 6. Service levels highly vulnerable to any additional staff turnover or leaves of absence 	

Police Officers: 3 Vacancies	GENERAL FUND
Assume 12 months of vacancy for these 3 positions through December 31	
Impact: (\$314,445) savings	
Service Impact Considerations:	
<ol style="list-style-type: none"> 1. No longer investigate misdemeanor property crimes or identify theft cases where banks have reimbursed the victim 2. No dedicated traffic/motor officer: decreased traffic emphasis provided 3. Overall increase in the time it takes officers to respond to non-priority calls for service 	

Fire Marshal Vacancy	GENERAL FUND
Assume 12 months of vacancy for this position through December 31	
Impact: (\$98,257) savings	
Service Impact Considerations:	
<ol style="list-style-type: none"> 1. Service impacts to the community for follow-up on inquiries and complaints. 2. Impacts to the community development process unless a contractor is hired for plan review and on-site inspections, with additional cost impacts. <ol style="list-style-type: none"> a. As an option, BHC Consultants charges \$250/hour for plan review, \$125/hour for a Fire Marshal and \$100/hour for a fire inspector. BHC had 1 person available locally who is available for 1 day a week alternating Monday and Friday. 	

Firefighter EMT Vacancy	GENERAL FUND/EMS
Assume 8 months of vacancy for this position through December 31. This vacancy will be created following an announced retirement on April 15, 2021.	
Impact: (\$66,537) savings split in both funds, but a net savings to GF	
Service Impact Considerations:	
<ol style="list-style-type: none"> 1. Staffing impacts as one shift would carry a vacancy. 2. Increased overtime expenditures 	

Budget Areas of Concern

Council Vice President Kneller asked Chief Alexander and Chief Kang whether there are any line items that cause more worry about being tight than others. Their responses are below:

Fire Chief Alexander:

My biggest concern with our reductions is being able to replace broken equipment so we maintain our operational capability. We are trying to budget anticipating the unknown with that Small Items of Equipment specifically.

Should it come up, maintaining the staffing will be key to both meeting our expenditure targets and maintaining our service to the community. We currently have the fire marshal vacancy with plans to fill Q1 2021. A fire captain has announced plans to retire in April 2021. The promotion of his successor will create a fire fighter vacancy to be filled in Q2 2021.

Police Chief Kang:

In a nutshell, my biggest priority is to keep the overall 2021 budget request for PD intact. There aren't very many requests we have for 2021, understanding we are doing our part to not negatively impact any other department's needs, as we all work together as a team to reach our goal as a city.

Some overall highlights to be aware of would be:

- Vehicle requests: The two patrol SUVs we're asking to replace were removed from last year's budget. These vehicles have exceeded the normal life cycle for a patrol vehicle (pushing 7 years now) and are starting to show their wear through increased maintenance costs. The special ops vehicle is well beyond its life cycle (17 year old Toyota) and is questionable whether it will last another year.
- Training: In light of all the police reform movement, the underlying factor the public needs to be aware of is that there needs to be more meaningful and realistic training for our officers. In a stressful situation, most officers will revert to the lowest level of their training. Our goal is to integrate practical, and real-life scenarios that better simulate dynamic situations. This has been a priority for us and unfortunately highlighted by incidents across the country.