

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Ten Year Financial Sustainability Update #2		
DEPARTMENT:	Administrative Services		
PRESENTED BY:	Bob Hartwig, Administrative Services Director		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

Staff provided the City Council with an update of the first three Subcommittee meetings covering the Ten Year Financial Sustainability Plan on February 24th. This Plan ultimately will meet part of Council Goal No.1, Strengthen Shoreline’s Economic Base.

The Subcommittee began its consideration of the Plan in January of this year. At the first meeting, staff and the Subcommittee discussed the Base Scenario and underlying assumptions. Economic development and revenue strategies were discussed at the second meeting, and at the third meeting, the subcommittee reviewed expenditure strategies.

The Subcommittee met two more times after the last update on the 24th. This report provides the City Council with a final update on the progress of the Subcommittee meetings prior to presenting the Preferred Alternative in April. We are also seeking City Council input to the Subcommittee prior to finalizing a preferred alternative. As this is a discussion item only, no formal action is expected at tonight’s meeting.

RESOURCE/FINANCIAL IMPACT:

Ultimately, a preferred alternative for the 10-year Financial Sustainability Plan is expected to assist the City in its annual budgeting process. The intent is to close any potential budget gaps that might occur in future years. The main financial impact is intended to keep the City’s budget balanced in future years and maintain reserves in accordance with the City’s adopted financial policies.

RECOMMENDATION

The City Council should discuss the progress of the Subcommittee’s work to date and provide input for the Subcommittee’s use before it finalizes a preferred alternative.

Approved By: City Manager **DT** City Attorney **IS**

BACKGROUND

As discussed previously the City is engaged in an internal discussion about the ongoing financial sustainability of City operations. The Administrative Services Department has developed an extensive financial model to forecast future revenues, expenditures, and fund balances. This model shows that there is a possibility that, based on projection assumptions, the City could have annual operational expenditures in excess of revenues in future years (2019 and later). One of the primary factors is that after 2016, property taxes, which represent 28.5% of the City's operating revenues, would be limited to 1% annual increases plus any new taxes related to new construction.

The City has a long history of responsible fiscal management and accountability. This emphasis is highlighted by City Council Goal No. 1 (Strengthen Shoreline's Economic Base). The 10-year Financial Sustainability Plan (10 YFSP) is an action item intended to address this Council Goal. As part of developing the 10 YFSP a City Council Subcommittee (Mayor Winstead, Deputy Mayor Eggen and Councilmember Salomon) is meeting to evaluate potential strategies and develop a preferred alternative for Council's consideration.

DISCUSSION

The Subcommittee held three meetings prior to the first City Council update. The fourth and fifth meetings took place on February 24th and March 1st respectively. This staff report covers the fourth and fifth Subcommittee meetings. Please note that the City Council and public have previously been provided access to the staff reports and attachments associated with the Subcommittee meetings. Thus, those documents are not duplicated as part of this staff report.

Fourth Subcommittee Meeting – February 24, 2014

The fourth Subcommittee meeting was focused on reviewing City services, finalizing the selection of strategies, and beginning the discussion of a preferred alternative.

The Subcommittee reviewed a list of approximately 125 City services identified as part of the 10 YFSP process. These services were categorized as either Core or Quality of Life services (see Attachments A and B). The cost of each service was listed, along with any offsetting revenues. The discussion appeared to focus primarily on Parks, Recreation, and Cultural Services (PRCS). The Subcommittee was pleased that these services recover nearly 50% of the associated costs.

The Subcommittee appeared to be particularly interested in PRCS services provided to the School District, but also recognized that the relationship between the City and the School District is a complex arrangement of many overlapping agreements. It appeared to staff that the best approach might be a study of these interrelationships along with the potential to recover a higher portion of other services. Ultimately the results of that study would be used as part of the 2016 Budget process.

The Subcommittee has discussed a wide array of potential strategies for addressing the possibility of future gaps. A list of the various options appears in the Table below:

Table 1: Options Studied to Close Potential Budget Gaps

Option Type	Option Strategy
Economic Development	Increasing economic development results by an average of 160 additional multi-family units and 7,500 square feet of additional retail redevelopment each year
Expenditure	Reduce the projected rate of expenditure increases of various operating costs
Expenditure	Replace the General Fund Contribution for Road / Transportation Capital Funding with a dedicated revenue source such as Transportation Benefit District revenues
Revenue	Potential renewal of property tax levy lid lift
Revenue	Possibly increasing fees to recover more operating costs
Revenue	Potential implementation of a Business and Occupation tax in the future
Revenue	Potential increase in the utility tax rate and franchise fees/contract payments
Revenue	Potential increase in the gambling tax rate on card rooms
Revenue	Potential implementation of a revenue-generating business license fee
Revenue	Potential formation of a Public Facilities District

Ultimately it appeared to staff that six options were higher priorities for the Subcommittee. These include:

- Reduce the rate of projected expenditure increases
- Review fees and the City’s fee recovery policies that could result in higher cost recovery
- Increasing economic development results by an average of 160 additional multi-family units and 7,500 square feet of additional retail redevelopment each year
- Identify a dedicated revenue source to fund the current operating budget \$290,000 capital transportation contribution
- Future renewal of the City’s property tax levy lid lift
- Explore future implementation of a Business and Occupation tax

Each of these potential future strategies was modeled individually and as part of a multifaceted solution. In staff’s opinion, if all six of these options are put into place, the potential for future deficits could be virtually eliminated (see Attachment C).

Fifth Subcommittee Meeting – March 1, 2014

This meeting was a three hour Saturday morning meeting. The additional time offered the Subcommittee a better chance to have a thorough discussion regarding overarching principles, available strategy alternatives and targets, prioritization and timing of future efforts, long-term strategies, integrating the Plan into the City’s annual processes (especially the budget process), and communication alternatives.

Overarching Principles

The Subcommittee settled on several overarching principles before moving into discussions. These included:

- A sustained commitment to seeking efficiencies and providing cost effective service delivery.
- Maintaining services desired by Shoreline residents and businesses.
- Establish an equitable tax balance between property owners, businesses, residents, and fee-based customers.
- If future service level reductions are required, incorporate the recommendations from the Citizen's Committee on Long-Range Financial Planning.

Put more simply, the Subcommittee would like staff to continue to look for cost effective ways to provide services. It wants the City to keep existing services when possible because residents and businesses have repeatedly said this is important to them. It wants to make sure that no single group (residents, businesses, and people who use City services) pays too large a proportion of the costs of services. It wants to follow the recommendations of the previous Citizens' Committee if service levels have to be reduced.

Strategy Alternatives and Targets

The Subcommittee believed that it would be appropriate to present one economic development strategy, four revenue strategies, and two expenditure strategies to the full City Council. These strategies include:

Economic Development Target

- Target 160 additional units of multi-family housing and 7,500 square feet of additional retail space development each year. Added to existing targets, this would result in a total of 320 multi-family units and 19,300 square feet of additional retail square footage annually.

Revenue Targets

- Target additional revenue to be derived from higher cost recoveries from fee based programs.
- Support a renewal of the City's property tax levy lid lift at an appropriate date in the future.
- Target development of a strategy that will increase returns on City investments.
- Explore implementation of a Business and Occupation tax if needed at an appropriate date in the future.

Expenditure Targets

- Target an additional 0.2% reduction in the rate of projected expenditure increases.
- Identify an alternate funding source for the \$290,000 annual transfer out of the General Fund to the Roads Capital Fund.

The Subcommittee discussed that each of these alternatives should be considered as different tools available to the City in a “sustainability tool belt”. Using each tool in the tool belt should come only after discussion with those affected by that particular strategy.

Prioritization and Timing

The Subcommittee is recommending the following priorities and timing for each of the targets listed in the previous section:

- 1) Begin working towards the higher economic development goals immediately. Due to existing property tax exemption programs for multi-family housing in multiple locations in Shoreline and due to the natural lag between project proposals, permitting, development construction and revenue generation, expect the revenue benefit to begin in 2019.
- 2) Target a 0.2% reduction from the average increase of projected expenditures as part of the 2015 and succeeding budget processes.
- 3) In 2014, research ways to potentially improve investment returns.
- 4) Perform a study in 2015 for the 2016 Budget to recommend ways to establish higher cost recovery targets for various fee based programs.
- 5) Begin working in 2014 to find ways to replace the \$290,000 annual contribution from the General Fund to the Roads Capital Fund with another dedicated funding source.
- 6) In future years, engage the business community in a discussion regarding the possible future implementation of a Business and Occupation tax.
- 7) Monitor progress against the financial sustainability model to determine if or when the City’s property tax levy lid lift might need to be renewed.

It should be noted that this prioritization should be considered flexible. Work on each of these strategies may occur earlier or later than targeted. Strategies may be implemented earlier or later than planned, and may not need to be implemented at all as long as financial sustainability targets are met. As discussed earlier, the Subcommittee believes that it is important to have these tools available in a financial sustainability tool belt to be used only if deemed necessary.

Long-Term Strategies

The Subcommittee also discussed longer term strategies to manage potential future budget gaps.

One strategy relates to the ongoing structural problems inherent with the current tax structure in Washington. State laws often restrict revenue growth to amounts that are far lower than inflationary pressures on government expenditures. Seeking financial sustainability over a ten year time period is very different from seeking this same goal over a longer time period.

Some interest was expressed in coming up with ways to make State law more progressive in this area. The main difficulty with this idea is that progressive taxes generally translate into income taxes with increasing tax rates imposed at higher income levels. Although income taxes are levied in 43 states (41 if you exclude the limited

income taxes in NH and TN), Washington has a long history of steering away from this revenue source.

There appeared to be more agreement from the Subcommittee on a long-term strategy to lobby the State Legislature for changes in property, sales, gas, and “sin” taxes that would permit Shoreline’s revenues to grow more in line with inflationary pressures. Another long-term strategy would allow Shoreline to raise revenue through an increased range of State-permitted local option taxes.

Other ideas include State legislation eliminating hidden state taxes by exempting governmental transactions from sales and use taxes, decoupling things like fire hydrant costs from governmental operations, and general simplifications that make it easier to calculate and administer Businesses and Occupation taxes.

The Subcommittee also agreed that it might be the appropriate time for the City to undertake a comprehensive review of the City’s compensation policy. Once the City’s new Human Resources Director is hired, staff will explore alternatives, including cost, of a compensation policy review. This will then be brought to Council for consideration and discussion at a future meeting. Staff will also use this discussion with Council to identify Council’s goals for the review.

Finally, the Subcommittee also believed that it is important to continue exploring ways to achieve efficiencies and cost savings through creative solutions.

Integrating the Plan into Annual Processes

The Subcommittee discussion also covered how the Ten Year Financial Sustainability Plan would work as part of the City’s annual processes. As discussed in the meeting, staff is proposing that each year’s budget will be compared against the final sustainability model. Progress will be assessed in comparison to the model and discussed during the budget process.

Depending on the success of actual experience in comparison with the model, staff will make recommendations regarding the timing and/or amount targets for each of the sustainability strategies discussed earlier in this report. Ultimately the City Council would then be able to decide whether one of the sustainability strategies should be put into use or whether services might need to be cut in order to remain financially sustainable.

As well, future policy and program decisions with significant financial impacts can be integrated into the model to determine what the long-term impacts of the decisions will be. This will help staff and Council make informed decisions about implementation of these policies and programs.

Communications

The meeting concluded with a discussion about the process for communicating the financial sustainability plan. The current staff recommendation in this area, based on that discussion, is for a variety of communication methods.

Staff believes that the best way to roll out the Ten Year Financial Sustainability Plan is to hold an open house for the public in advance of the initial presentation of the Plan to the City Council. Comments from the open house would be shared with the City Council.

The Plan would be introduced to the City Council at a Public Hearing during a regular City Council meeting, possibly on April 21st. Based on the public and Council discussions at that meeting, staff would make any necessary revisions. A final Plan would be presented to the City Council at a subsequent meeting, possibly on May 12th.

It should be noted that Shoreline's approach to financial sustainability appears to be unique from our research. As a result, staff believes it would be important to communicate this project to other governments through national publications such as *Government Finance Review* (GFOA) and *Public Management* (ICMA).

Future Subcommittee Meetings

One additional Subcommittee meeting is scheduled for March 31st. We are currently planning to discuss recommendations for what will happen in the event of surpluses and unanticipated savings. We also hope to review a draft of the final presentation to the City Council and our citizens. Finally, we hope to discuss a recommended process for communicating this information moving forward.

The final recommendation will be considered by the City Council in late April and/or early May, depending on progress between now and March 31st.

ATTACHMENTS

Attachment A – Operating Budget Core Services Cost Matrix

Attachment B – Operating Budget Quality of Life Services Cost Matrix

Attachment C – Sustainability Scenario Graph with Six Options In Place

Operating Budget Core Services Cost Matrix

February 24, 2014

Administrative Services Department

Program	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
FINANCE	Cash Receipting	0.725	0	\$41,636	\$0	\$24,804	\$0	\$800	\$300	\$67,540	\$0
	Payroll	1.100	0	\$97,139	\$0	\$1,000	\$0	\$955	\$3,430	\$102,524	\$0
	Accounts Payable	0.900	0	\$70,848	\$0	\$0	\$0	\$1,595	\$5,460	\$77,903	\$0
	Pay Taxes and Submit Shared Revenues	0.125	0	\$11,925	\$0	\$0	\$0	\$0	\$0	\$11,925	\$0
	Grants Development	0.450	0	\$46,854	\$0	\$0	\$0	\$150	\$1,564	\$48,568	\$0
	Grant Administration	0.250	0	\$26,030	\$0	\$0	\$0	\$0	\$100	\$26,130	\$0
	Accounts Receivable	0.400	0	\$19,807	\$0	\$0	\$0	\$100	\$1,200	\$21,107	\$0
	Cash Management/Investment	0.125	0	\$11,925	\$0	\$0	\$0	\$0	\$0	\$11,925	\$0
	Financial Reporting/Annual Audit	0.925	0	\$97,777	\$0	\$50,160	\$0	\$250	\$2,845	\$151,032	\$0
	Financial Planning and Monitoring	2.500	0	\$255,236	\$0	\$49,220	\$0	\$840	\$9,490	\$314,786	\$0
IT	Telecom Management	0.500	0	\$57,573	\$0	\$0	\$139,875	\$4,600	\$24,335	\$226,383	\$0
	Hardware Management	0.750	0	\$93,609	\$0	\$0	\$0	\$23,650	\$17,794	\$135,053	\$0
	Data Management, IT support (from GIS)	0.500	0	\$63,007	\$0	\$0	\$0	\$0	\$0	\$63,007	\$0
	Software Mgmt. and Maintenance (IFAS)	0.750	0	\$106,619	\$0	\$0	\$0	\$6,000	\$0	\$112,619	\$0
	Network Administration	0.750	0	\$90,823	\$0	\$0	\$0	\$115,561	\$95,760	\$302,144	\$0
	IT Customer Service and Response	0.500	0	\$55,907	\$0	\$0	\$0	\$0	\$0	\$55,907	\$0
	Technical Solution Analysis, Planning	0.250	0	\$31,240	\$0	\$0	\$0	\$0	\$90,000	\$121,240	\$0
PURCHASING	Purchasing	1.600	0	\$176,972	\$0	\$6,100	\$0	\$1,260	\$6,340	\$190,672	\$0
	Citywide Supplies	0.150	0	\$13,326	\$0	\$40,550	\$0	\$25,530	\$200	\$79,606	\$0
FLEET & FACILITIES	Facilities Maint. Svcs. And Cap. Proj. Mgmt.	3.000	0	\$316,307	\$0	\$233,291	\$4,473	\$0	\$147,163	\$701,234	\$0
	Fleet Maintenance Services	1.000	0	\$105,436	\$0	\$0	\$3,659	\$0	\$565	\$109,660	\$0
Administrative Services Department Total		17.250	0	\$1,789,996	\$0	\$405,125	\$148,007	\$181,291	\$406,546	\$2,930,965	\$0

City Manager's Office

Program	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
CITY MANAGER'S OFFICE	Council Relations/Mgt	1.830	0	\$245,081	\$0	\$0	\$0	\$0	\$0	\$245,081	\$0
	External Agency Coordination	0.450	0	\$48,760	\$0	\$0	\$0	\$0	\$0	\$48,760	\$0
	Organizational Leadership	0.620	0	\$94,598	\$0	\$5,500	\$0	\$0	\$1,000	\$101,098	\$0
	Citizen/Customer Relations	0.330	0	\$38,995	\$0	\$12,500	\$0	\$0	\$0	\$51,495	\$0
GOVERNMENT RELATIONS	Intergovernmental Relations	1.000	0	\$135,646	\$0	\$67,937	\$0	\$150	\$13,500	\$217,233	\$0
ECONOMIC DEVELOPMENT	Real Estate Services	0.125	0	\$18,066	\$0	\$98,500	\$0	\$0	\$39,660	\$156,226	\$0
CITY CLERK	City Council - Clerk's Office	1.000	0	\$105,248	\$0	\$0	\$0	\$750	\$6,400	\$112,398	\$0
	Hearing Examiner	0.100	0	\$8,758	\$0	\$4,000	\$0	\$75	\$0	\$12,833	\$1,000
	Records Management	2.200	0	\$211,522	\$0	\$9,350	\$500	\$1,650	\$1,500	\$224,522	\$0
CRIMINAL JUSTICE	Jail Facilities Management	0.100	0	\$10,836	\$0	\$1,130,000	\$0	\$0	\$0	\$1,140,836	\$0
	Public Defense Management	0.150	0	\$16,253	\$0	\$219,743	\$0	\$0	\$0	\$235,996	\$0
	Municipal Court Management	0.100	0	\$10,836	\$0	\$750,000	\$0	\$0	\$0	\$760,836	\$0
	Jail Transport ¹	0.800	0	\$143,292	\$0	\$0	\$10,225	\$0	\$400	\$153,917	\$0
City Manager's Office Total		8.805	0	\$1,087,891	\$0	\$2,297,530	\$10,725	\$2,625	\$62,460	\$3,461,231	\$1,000

Operating Budget Core Services Cost Matrix

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Community Services

Program	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
CUSTOMER RESPONSE TEAM	Phone and Front Desk Intake	0.800	0	\$63,802	\$0	\$0	\$0	\$300	\$200	\$64,302	\$0
	Customer Response	0.980	0	\$102,007	\$0	\$0	\$5,020	\$2,650	\$41,625	\$151,302	\$0
	Code Enforcement	1.520	0	\$161,945	\$0	\$250	\$7,787	\$858	\$1,200	\$172,040	\$0
	Right of Way Cleanup	0.250	0	\$25,062	\$0	\$0	\$1,280	\$0	\$500	\$26,842	\$0
EMERGENCY MANAGEMENT	Readiness for Emergency Response	0.800	0	\$78,287	\$0	\$350	\$0	\$2,900	\$8,939	\$90,476	\$35,720
Community Services Total		4.350	0	\$431,103	\$0	\$600	\$14,087	\$6,708	\$52,464	\$504,962	\$35,720

Planning and Community Development

Program	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
P&CD	Permit Process	13.660	20	\$1,416,629	\$1,026	\$54,660	\$7,817	\$6,221	\$41,683	\$1,528,036	\$874,055
	Code Development	1.310	0	\$156,206	\$0	\$0	\$0	\$0	\$3,150	\$159,356	\$0
	Plan Development	2.140	0	\$237,277	\$0	\$250,000	\$0	\$2,200	\$14,531	\$504,008	\$0
	Code Enforcement	1.360	0	\$136,898	\$0	\$102,768	\$0	\$250	\$3,865	\$243,781	\$100,000
Planning and Community Development Total		18.470	20	\$1,947,010	\$1,026	\$407,428	\$7,817	\$8,671	\$63,229	\$2,435,181	\$974,055

Public Works Department

Program	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Service Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
GIS	Geographic Information System	1.000	0	\$119,897	\$0	\$36,475	\$0	\$1,200	\$6,715	\$164,287	\$0
RIGHT OF WAY	Sidewalk and curb ramp inventory	0.018	0	\$1,945	\$0	\$0	\$0	\$250	\$0	\$2,195	\$0
	Issue ROW Permits, Inspections	0.806	0	\$78,713	\$0	\$0	\$5,552	\$100	\$0	\$84,365	\$230,000
TRAFFIC SERVICES	Traffic Engineering	0.770	550	\$87,483	\$9,458	\$26,000	\$2,350	\$6,343	\$8,855	\$140,489	\$0
	Management of Traffic Facilities	0.700	185	\$71,556	\$2,586	\$26,000	\$2,350	\$6,343	\$6,355	\$115,190	\$0
STREET OPERATIONS	Street Maintenance	4.310	1,000	\$395,565	\$0	\$150,000	\$0	\$118,788	\$778,993	\$1,443,346	\$1,104,493
	Traffic Safety	0.880	0	\$72,165	\$0	\$313,106	\$0	\$0	\$0	\$385,271	\$0
	ROW - Vegetation Management	0.880	0	\$72,165	\$0	\$64,941	\$16,000	\$0	\$0	\$153,106	\$0
	Weather Event Response	0.500	0	\$42,521	\$0	\$0	\$106,486	\$0	\$12,770	\$161,777	\$0
ENGINEERING	Engineering Services	1.050	0	\$154,027	\$0	\$0	\$0	\$0	\$1,700	\$155,727	\$0
	Permit Services	2.000	0	\$236,017	\$0	\$0	\$0	\$0	\$1,000	\$237,017	\$0
Public Works Department Total		12.914	1,735	\$1,332,054	\$12,044	\$616,522	\$132,738	\$133,024	\$816,388	\$3,042,770	\$1,334,493

Operating Budget Core Services Cost Matrix

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Parks, Recreation and Cultural Services

Program	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Service Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
PARK OPERATIONS	Park Restroom, Shelters and Facilities	0.290	621	\$25,245	\$8,525	\$55,037	\$2,147	\$86,810	\$6,000	\$183,764	\$0
	Athletic Field Maintenance	1.090	1,587	\$93,134	\$21,784	\$7,500	\$9,111	\$19,850	\$28,800	\$180,179	\$0
	Maintenance Of parks, parking lots, hard surfaces and trails	3.940	4,505	\$364,378	\$61,559	\$243,955	\$87,093	\$188,950	\$25,585	\$971,520	\$90,360
	CIP Projects Support - Parks Operations	0.730	0	\$73,598	\$0	\$0	\$359	\$3,000	\$0	\$76,957	\$0
PRCS ADMINISTRATION	Park Urban Forestry	0.050	0	\$5,208	\$0	\$0	\$0	\$0	\$200	\$5,408	\$0
	Parks Capital Project Coordination	0.500	0	\$52,084	\$0	\$0	\$0	\$0	\$641	\$52,725	\$0
Parks, Recreation and Cultural Services Total		6.600	6,713	\$613,647	\$91,868	\$306,492	\$98,710	\$298,610	\$61,226	\$1,470,553	\$90,360

Other Departments

Department	Core Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Service Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
CITY ATTORNEY	Legal Advisory Services	1.900	0	\$250,275	\$0	\$0	\$0	\$517	\$5,844	\$256,636	\$0
	Civil Litigation	0.900	0	\$118,335	\$0	\$23,060	\$0	\$517	\$4,218	\$146,130	\$0
	Prosecution	Contract	0	0	\$0	\$0	\$155,111	\$0	\$0	\$0	\$155,111
HUMAN RESOURCES	Onboarding/Exiting	0.580	0	\$50,571	\$0	\$0	\$0	\$0	\$0	\$50,571	\$0
	Recruitment-Selection	0.480	0	\$50,973	\$0	\$5,980	\$0	\$0	\$6,831	\$63,784	\$0
	Benefits and Compensation	0.500	0	\$54,248	\$0	\$3,500	\$0	\$1,500	\$820	\$60,068	\$0
	Employee Relations	0.610	0	\$89,425	\$0	\$0	\$0	\$0	\$0	\$89,425	\$0
	Compliance	0.300	0	\$34,790	\$0	\$8,000	\$0	\$0	\$800	\$43,590	\$8,000
	Organizational Development	0.430	0	\$61,570	\$0	\$29,895	\$0	\$4,950	\$0	\$96,415	\$0
CITY COUNCIL	City Council	7.000	0	\$255,777	\$0	\$13,000	\$0	\$1,600	\$35,300	\$305,677	\$0
POLICE ADMINISTRATION	Criminal Investigations Unit ²	7.340	0	\$0	\$0	\$1,368,620	\$0	\$0	\$66,125	\$1,434,745	\$9,000
	Patrol ³	38.210	0	\$0	\$0	\$6,027,693	\$0	\$6,800	\$6,900	\$6,041,393	\$1,272,409
	Support Services ⁴	0.240	0	\$0	\$0	\$53,843	\$0	\$0	\$44,500	\$98,343	\$18,240
	Front Desk Services and Assistance	1.400	0	\$0	\$0	\$144,199	\$0	\$0	\$0	\$144,199	\$45,500
	Traffic Enforcement	4.200	0	\$0	\$0	\$752,283	\$0	\$0	\$1,600	\$753,883	\$27,428
	Street Crimes Investigations (Special Emphasis Team)	5.000	0	\$0	\$0	\$921,438	\$0	\$0	\$0	\$921,438	\$0
Other Departments Total ⁵		69.090	0	\$965,964	\$0	\$9,506,622	\$0	\$15,884	\$172,938	\$10,661,408	\$1,380,577

Grand Total ⁶	137.479	8,468	\$8,167,665	\$104,938	\$13,540,319	\$412,084	\$646,813	\$1,635,251	\$24,507,070	\$3,816,205
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Notes:

- Jail Transport FTE count reflects 0.8 contract employees (Police Department).
- Criminal Investigations Unit FTE count reflects 5.0 contract employees (Police Department) and 2.34 County staff indirect equivalents that provide support.
- Patrol FTE count reflects 29.2 contract employees (Police Department) and 9.01 County staff indirect equivalents (Communications) that provide support.
- Support Services FTE count reflects 0.24 County staff indirect equivalents that provide support.
- Other Departments Total FTE count reflects 12.7 City employees, 44.8 contract employees (Police Department) and 11.59 County staff indirect equivalents that support the Police Department.
- Grand Total FTE count reflects 80.289 City employees, 45.6 contract employees (Police Department) and 11.59 County staff indirect equivalents that support the Police Department.

Operating Budget Quality of Life Services Cost Matrix

February 24, 2014

Administrative Services Department

Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
IT	Web Development	0.700	0	\$74,494	\$0	\$62,770	\$0	\$500	\$67,520	\$205,284	\$0
	Audio/Video	0.200	208	\$21,284	\$9,621	\$0	\$0	\$0	\$0	\$30,905	\$0
	Government Access Channel	0.100	0	\$10,642	\$0	\$2,500	\$0	\$0	\$0	\$13,142	\$0
Administrative Services Department Total		1.000	208	\$106,420	\$9,621	\$65,270	\$0	\$500	\$67,520	\$249,331	\$0

City Manager's Office

Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
CITY MANAGER'S OFFICE	Regional Relationships and Leadership	0.000	0	\$0	\$0	\$0	\$0	\$0	\$23,460	\$23,460	\$0
COMMUNICATIONS	Communications	1.640	0	\$158,711	\$0	\$52,845	\$1,700	\$41,400	\$5,900	\$260,556	\$0
ECONOMIC DEVELOPMENT	Economic Development	0.875	0	\$126,462	\$0	\$98,500	\$0	\$10,475	\$20,995	\$256,432	\$0
CITY CLERK	Licensing	0.450	0	\$35,751	\$0	\$0	\$0	\$338	\$3,150	\$39,239	\$167,650
	Reception	0.250	0	\$20,065	\$0	\$0	\$0	\$188	\$0	\$20,253	\$0
City Manager's Office Total		3.215	0	\$340,989	\$0	\$151,345	\$1,700	\$52,401	\$53,505	\$599,940	\$167,650

Community Services

Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
NEIGHBORHOODS	Support Council of Neighborhoods	0.200	0	\$20,963	\$0	\$1,000	\$0	\$0	\$0	\$21,963	\$0
	Support Neighborhood Associations	0.800	0	\$80,093	\$0	\$2,160	\$0	\$12,200	\$26,060	\$120,513	\$0
	Volunteer Coordination	0.100	0	\$9,228	\$0	\$0	\$0	\$3,900	\$0	\$13,128	\$0
HUMAN SERVICES	Human Services	0.350	0	\$42,111	\$0	\$6,000	\$0	\$0	\$0	\$48,111	\$0
	Ensure access to services	0.996	0	\$112,794	\$0	\$484,819	\$0	\$1,100	\$11,100	\$609,813	\$157,375
EMERGENCY MANAGEMENT	Community Stakeholder Readiness	0.200	0	\$19,572	\$0	\$6,000	\$0	\$6,325	\$0	\$31,897	\$0
Community Services Total		2.646	0	\$284,761	\$0	\$499,979	\$0	\$23,525	\$37,160	\$845,425	\$157,375

Planning and Community Development

Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Total Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
P&CD	Implement Sustainability Strategy	0.230	0	\$23,424	\$0	\$0	\$0	\$0	\$1,560	\$24,984	\$0
Planning and Community Development Total		0.230	0	\$23,424	\$0	\$0	\$0	\$0	\$1,560	\$24,984	\$0

Operating Budget Quality of Life Services Cost Matrix

February 24, 2014

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Police

Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Service Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
POLICE ADMINISTRATION	Community Service Officer ¹	1.000	0	\$0	\$0	\$125,689	\$0	\$0	\$0	\$125,689	\$0
	Storefront Operations ²	1.000	0	\$0	\$0	\$179,116	\$0	\$1,810	\$32,142	\$213,068	\$0
	School Resource Officer ³	0.690	0	\$0	\$0	\$122,451	\$0	\$750	\$1,915	\$125,116	\$66,357
Police Total		2.690	0	\$0	\$0	\$427,256	\$0	\$2,560	\$34,057	\$463,873	\$66,357

Public Works Department

Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Service Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
STREET OPERATIONS	Customer Service Response	0.620	0	\$53,567	\$0	\$0	\$0	\$0	\$0	\$53,567	\$0
TRANSPORTATION	Manage and implement Transportation Master Plan	0.283	0	\$33,936	\$0	\$0	\$0	\$0	\$1,713	\$35,649	\$0
	Transportation Facility Planning	0.533	0	\$65,229	\$0	\$0	\$0	\$0	\$0	\$65,229	\$0
	Transit Planning	0.433	0	\$49,823	\$0	\$0	\$0	\$0	\$0	\$49,823	\$0
ENVIRONMENTAL SERVICES	Resource Conservation Services	0.550	0	\$45,651	\$0	\$51,080	\$5,247	\$20,569	\$49,596	\$172,143	\$172,143
	Environmental Services Special Projects	0.200	0	\$17,328	\$0	\$0	\$0	\$7,729	\$0	\$25,057	\$25,057
Public Works Department Total		2.619	0	\$265,534	\$0	\$51,080	\$5,247	\$28,298	\$51,309	\$401,468	\$197,200

Operating Budget Quality of Life Services Cost Matrix

February 24, 2014

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Parks, Recreation and Cultural Services

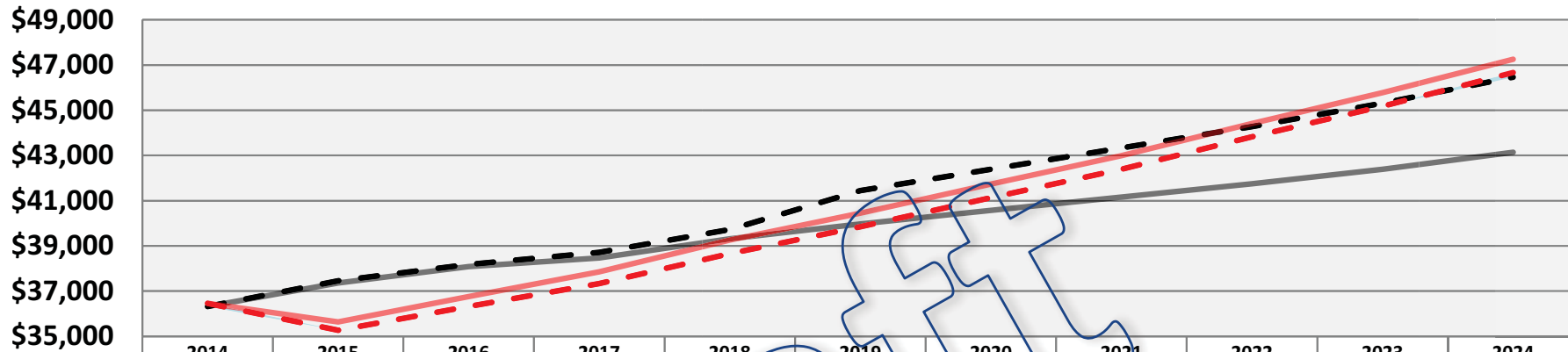
Program	Quality of Life Services	Workload Estimate		Salaries & Benefits		Contracted Services	Equipment	Supplies	Other	Service Expenditures	Service Revenue
		FTE	Extra Help Hours	Regular	Extra Help						
PARK OPERATIONS	Maintenance of Dog Parks	0.020	138	\$2,713	\$1,895	\$4,500	\$352	\$8,500	\$0	\$17,960	\$0
	Seasonal Events	0.400	0	\$36,134	\$0	\$0	\$48	\$958	\$0	\$37,140	\$0
PRCS ADMINISTRATION	Recreation Guide	0.350	0	\$28,668	\$0	\$31,000	\$0	\$0	\$16,000	\$75,668	\$0
	Communication-Marketing	0.150	0	\$12,286	\$0	\$0	\$0	\$0	\$0	\$12,286	\$0
	Library Board Administration	0.050	0	\$4,095	\$0	\$0	\$0	\$0	\$1,000	\$5,095	\$0
	Public Art Coordination	0.000	378	\$0	\$11,063	\$0	\$0	\$0	\$0	\$11,063	\$0
	Long Range Park Planning	0.350	0	\$36,458	\$0	\$0	\$0	\$0	\$500	\$36,958	\$0
	Park Stewardship Coordination	0.100	0	\$10,417	\$0	\$0	\$0	\$0	\$200	\$10,617	\$0
SPECIAL EVENTS	Special Events	1.080	596	\$87,988	\$7,998	\$21,930	\$0	\$8,456	\$12,520	\$138,892	\$23,700
	Healthy City Events	0.320	66	\$28,535	\$885	\$4,000	\$0	\$1,800	\$3,700	\$38,920	\$0
	City Grants to Other Agencies	0.000	0	\$0	\$0	\$0	\$0	\$0	\$121,300	\$121,300	\$0
AQUATICS	Water Safety	2.271	10,650	\$184,515	\$130,569	\$3,100	\$0	\$4,850	\$2,500	\$325,534	\$207,650
	Adult Programs	0.640	2,450	\$39,234	\$30,025	\$5,400	\$0	\$1,300	\$0	\$75,959	\$88,475
	Community Public Recreation Swims	0.518	2,900	\$34,844	\$35,525	\$0	\$0	\$0	\$0	\$70,369	\$17,175
	Shoreline School District	0.280	250	\$24,287	\$3,063	\$0	\$0	\$0	\$0	\$27,350	\$0
	Rentals	1.073	3,550	\$78,899	\$43,510	\$0	\$0	\$0	\$0	\$122,409	\$64,800
	Facility Operations	0.668	200	\$57,889	\$2,450	\$22,086	\$0	\$30,250	\$192,415	\$305,090	\$8,900
TEENS	Teens	3.401	4,166	\$276,658	\$59,361	\$48,400	\$0	\$20,504	\$5,590	\$410,513	\$16,731
	Youth	0.370	665	\$33,467	\$10,293	\$0	\$0	\$6,067	\$0	\$49,827	\$0
	Special Events - Teens	0.229	251	\$20,070	\$3,205	\$850	\$0	\$4,600	\$0	\$28,725	\$0
	Richmond Highlands Rec. Center	0.050	0	\$5,065	\$0	\$6,873	\$0	\$0	\$0	\$11,938	\$0
GENERAL PROGRAM	Preschool Programming	0.380	1,960	\$36,350	\$33,493	\$20,300	\$218	\$4,500	\$0	\$94,861	\$7,000
	Youth Programming	0.920	13,964	\$82,813	\$194,547	\$43,930	\$8,144	\$11,800	\$6,500	\$347,734	\$305,500
	Adult Programming	2.020	5,042	\$155,569	\$90,175	\$45,165	\$8,144	\$12,000	\$3,000	\$314,053	\$251,000
	SRC - facility operation	0.860	138	\$94,514	\$1,967	\$97,104	\$218	\$12,400	\$11,775	\$217,978	\$0
	Facilities/Rentals	1.330	2,074	\$121,490	\$28,405	\$0	\$0	\$6,300	\$300	\$156,495	\$435,300
	CLASS System administration	0.300	0	\$27,863	\$0	\$0	\$0	\$0	\$0	\$27,863	\$0
Parks, Recreation and Cultural Services Total		18.130	49,438	\$1,520,821	\$688,429	\$354,638	\$17,124	\$134,285	\$377,300	\$3,092,597	\$1,426,231
Grand Total ⁴		30.530	49,646	\$2,541,949	\$698,050	\$1,549,568	\$24,071	\$241,569	\$622,411	\$5,677,618	\$2,014,813

Notes:

1. Community Service Officer FTE count reflects 1.0 contract employee (Police Department).
2. Storefront Operations FTE count reflects 1.0 contract employee (Police Department).
3. School Resource Officer count reflects 0.69 contract employee (Police Department).
4. Grand Total FTE count reflects 27.84 City employees and 2.69 contract employees (Police Department).

SUSTAINABILITY SCENARIO

Attachment C



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ANNUAL SURP/(GAP)	(133)	2,183	1,865	1,376	1,057	1,604	1,257	939	461	127	(202)
CUMULATIVE (GAP)	(133)	-	-	-	-	-	-	-	-	-	(202)
VARIANCE BASE	36,450	35,269	36,314	37,335	38,663	39,842	41,128	42,391	43,818	45,181	46,662
BASE REVENUE	36,317	37,360	38,088	38,461	39,308	39,965	40,564	41,159	41,745	42,391	43,142
SCENARIO REVENUES	36,317	37,452	38,179	38,711	39,720	41,447	42,385	43,330	44,279	45,309	46,460
BASE EXPENDITURES	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253
SCENARIO EXPENDITURES	36,450	35,269	36,314	37,335	38,663	39,842	41,128	42,391	43,818	45,181	46,662

Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Expenditures grow at a rate 0.2% lower than the Base projection.
3. Possibly increasing fees to recover more operating costs starting in 2015.
4. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
5. Potential implementation of a Transportation Benefit District (TBD) fee / sales tax.
6. Property tax levy lid lifts in 2017 and 2023 that include annual escalators based upon the change in the June-to-June CPI-U.
7. Potential implementation of a Business & Occupation tax implemented in 2019.