



City of Mercer Island Financial Challenges Community Advisory Group February 5, 2018 meeting notes

City Staffing and Service Levels Small Group Discussion

The CAG had small group discussions regarding the two video explainers and accompanying PPT distributed by the City prior to the meeting as “homework”. **The Topics were 1) City Staffing Levels and 2) City Services – Mandatory, Discretionary and Essential.** This allowed more time for the CAG to share their thoughts on the following questions:

1. What was most important/compelling to you?
2. What questions did you have?

What the groups discussed:

1. We talked a lot of about the staffing levels; the ratio comparisons with other cities, the change over time and why.
2. We discussed who pays for school counselors – yes, the funds all come out of the same pockets (ie. city residents), but should it be the school district or City?
3. Parks and Recreation – we talked about why staffing went up. Probably MICEC (the community center) played a big role, because it has ongoing operational costs beyond the initial investment.
4. Question for thought: what’s the best way to make comparisons? Is per capita the right way? By park acres? For DSG, is it by permits issued in comparison to other cities? Metrics, measuring across may need other metrics. Were staffing increases since 2012 based on need?
5. Should we be looking for new revenue stream instead of a levy lid lift; if it’s not sustainable to rely on levy model, identify other revenue streams. We wondered if for-profit organizations use our parks (yes), and if so, do they pay full or reduced fees?
6. Parks & Rec – need new revenues; grants, fees, other?; What services do we really, really need? Beautification/flowers are nice to have, but are they really necessary?
7. We wondered about the forecast for employee levels going forward; will staffing go up in line with needs? Should it be linear?
8. Are we comparing MI to the right towns? Why are we using the ones we use? (Don’t like Bellevue very much); ARCH - why do we fund this?
9. Looked at a couple years before the recession hit, wondering why staffing went up; what were new gaps and needs that needed to be filled? management heads

and overhead go up with increased staffing, important to look at whole costs of additional staffing.

10. Talked about the details in the budget; concluded that the City has been well run over the past years; problem not because of how City run but because of law limiting tax to 1%; want to look at how to address revenues; want to shift the CAG conversation to bigger conversations; budget is expression of City's values; want to start with what are our values; what makes us MI vs being Renton or Bellevue; if people don't want flowers in hanging baskets, how does that reflect the community? Want to pay for things that make MI special; Want to SHIFT the conversation to City and community values.

City Staffing and Service Levels Facilitated Discussion

The facilitator asked CAG members to discuss the key themes that came out of the small group discussion. The discussion was far ranging.

Big group discussion:

1. We need to have a conversation about *values*; if a few bucks a year pays for the things we love, is it worth it? Such as quality of life, our intergenerational profile, having a nicer place to live, the reasons we chose MI in the first place, the sense of community, and not pricing people out of living here.
2. Remember conversation where we all talked about why we moved here to MI and why do we stay here – it's the Sense of Community!; we should look at new revenue sources so that people don't get priced out of our community/forced out.
3. It's very important that we look both to the past, as we are doing when we look at budgets and previous decisions, but also to the *future*; what do we want MI to be, looking forward? We should be looking forward at our population growth projections, transportation growth, etc.
4. We should ask "what are the priorities of the community?" What will MI value above all? School counselors? Public Safety? Sustainability? Transportation around the City?; I don't know what the common priorities are; and what are the gaps that are new, that have resulted or will result in new staff?
5. We should be asking "what are the complaints that we are hearing?" so we can act on those. At this summer's Quality of Life Partners meeting we spoke to the aging of the community, the value of our elders; they are often asset rich and cash poor, and need services; will we make it a value and priority to maintain services for these people?
6. From what I am hearing, that the people of MI aren't interested in slashing services; they want to keep services where they are. They want to look at how to sustain services in a prudent way, not slash and burn.

7. Yes, people don't want to cut, but we should look at how to cut costs; look at justification if we don't pass the levy, what do we lose, what gets cut; look at what it will cost to keep things we like.
8. We need more information to make these decisions/find a solution. We can't get there (solution) from here. I want to scrub department budgets, go to that level.
9. Looking at numbers of people that are moving to our region; what happens if we do or don't spend money in certain ways; we need to use data; but we will make decisions based on imperfect data.
10. Agreement that we need to look at values and goals, and ask for information as needed.
11. There's a timeline challenge. It's a great idea to talk about new revenue sources, but that's not on our CAG timeline; don't get too hung up on additional revenue sources because it's not a near term solution; it's OK to look at raising fees for field use or similar (but it won't solve the problem).
12. Let's look at KCLS, claw back the revenues into our community. But the challenge is the timing because that will take time; we need more immediate solutions.
13. We give money to invest in the community; how do we invest to get services.
14. How do we solve the revenue problem in keeping with our values, and what role does a levy lid lift play? A thought experiment; we could auction off a park to solve our revenue problem, but it would conflict with our values; a lid lift, by contrast, is fast and appears to solve the problem.
15. We don't know what the values in community are...I agree with the concept, but we are being asked to raise revenue that maintain the lights and water; but without knowing the city residents' values.
16. *Julie: Wants to ask the community about the city's finances; wants to do (new) survey to get info on satisfaction with services and their importance to the community.*
17. Agreement that a survey would help find out if the community wants services that are not currently provided, or if they're satisfied that services are fine the way they are, or could be reduced. If they are satisfied...that's the metric.
18. *Julie: we are hearing that the community wants more but we cannot meet additional needs with current revenues.*
19. We all want more, and will ask for more, until we are told there is no more.
20. The levy lid lift should be permanent, rather than having to come back every 6 years to ask for more. An opposing viewpoint is that a 6 year levy is practically permanent since voters are unlikely (or less likely?) to vote no to renew it.
21. Let's give the community a choice about selling assets or paying more in taxes; recommends that residents face a choice.

Subgroup Presentation

A Subgroup was provided 20 minutes for a presentation. A copy of the PPT was provided in advance of the meeting. Discussion was held until after the next staff presentation.

Presentation: Operating Budget Balancing Options

Staff presented information on Operating Budget balancing options including:

- Alternative Service Delivery Options (Police, Fire/EMS, and Library)
- Projected Deficits and Service Level Reductions 2019-2024 (no levy lid lift)

The Group discussed the following:

1. Discussion about pulling back from KCLS and repurposing those funds to help meet the City's financial challenges; several pros and cons from the group; discussion about county, regional and state school funding redistributes wealth away from MI and to the broader community.
2. Paying more for the greater community is something we can be proud of.

Presentation: 10% Across the Board Cuts by Department

The CAG subgroup had requested the City provide information about: Impact of a 10% Reduction in Dept. Budgets. Department Directors provided the information with the following discussion.

Discussion by CAG:

1. It's a little alarming; I don't think anyone in the room would advocate for across the board cuts; in 15 years, the lines haven't crossed, staff has grown by 20 FTEs and why is this? Why more staff and how does this jive with staff presentation.
2. The 10% cuts was a good exercise, but I believe in directed/targeted cuts.
3. I don't see a lot of flexibility. I don't want to cut any of these; if some departments remain uncut, others will just lose more.
4. In looking at Parks Maintenance, can we get by with less water, less plantings, let the grass go brown in summer; we still need to look at opportunities to cut.
5. If Julie had to slow down her quantity of work due to short-staffing, that might be OK, it might be a way to focus on things that really matter, not do so much.
6. Maybe instead of 10% cuts we should look at something more realistic like 2% cuts which would offer different solutions.
7. Technology could replace some staff needs, in the future. It would take thought and effort to look at these issues; it's not as simplistic as staff presented.
8. The 10% cuts don't change the fact that we have and will still have a revenue/expenditure imbalance. Hearing the laundry list of necessary 10% cuts from staff, I didn't hear anything from staff that I would really want to cut. Maybe do something to alter the slope of the line (expenditure growth); we can cut, but we can't cut our way out of the deficit.
9. Most of the solutions discussed are long-term solutions; can we raise revenue for a short-term solution and work on long-term cost cutting solutions in the long term?
10. Proposal to form a subgroup to discuss values as a work product that would live beyond a biennial value.

11. I like both approaches: finding opportunities for revenue growth, also looking at cost reductions. What is the ROI for taxes; I'm concerned about public safety, drug issues in surrounding communities, transportation, Light Rail will be in place in 5 years which will change things in the community; invest and look at returns on those investments.
12. We need to ask "Who do we want to be as a City?" Tradeoffs, wants organized communications; lots of different communications from different groups, such as MICA, CCMIP, private interests, tradeoffs, school district, City.
13. We've had that conversation when there is a hot issue or when there is an election, otherwise have not had a collective conversation about values.
14. Look at the total picture, not just City; there are 9 different taxing authorities; residents will be shocked when they get their next tax bill.
15. It's important for MI to have a variety of different residents, not tax some people out.
16. This is a \$65 million organization. Any organization that size has efficiencies that could be found. Without a little pressure, won't get the cuts.
17. The City found efficiencies in 2005-2006 so it didn't have to rely entirely on new taxes to fix shortage. We can do it again.
18. Counterpoint to we can't cut our way out of this. We may be in situation where even if CAG recommends a Levy, it may not pass; cuts should be on the table.
19. Creative ways to solve this; like KC's "Lean" program to find inefficiencies; I'm not one to say that we need to cut; I want to look at everything else first.
20. We should do the efficiencies first before a levy lid lift; reduce expenses first; we can get through '19-'20 before needing a levy lid lift.
21. Do the exercise that builds trusts before asking community for taxes; look for efficiencies first.
22. Ask the City to embrace tools for accountability/efficiency to demonstrate its commitment.
23. Look at your own checkbook at home, costs go up, income not necessarily matching the costs; you make decisions about what you don't do.
24. We the CAG are doing the exercise that the community is talking about, part of the process of demonstrating efficiency.
25. Do efficiencies, AND tell the community that more funds are needed; do both, not just one.
26. *Julie: City values are defined in the Comp Plan-Value statements; staff will provide it to CAG via email.*

Not attending Feb. 5:

Jason Baumgarten
Donna Colowsky
Jonathan Harrington

Attachments from Feb.5 meeting:

City Staff Slide presentations

Subgroup Mercer Island Financial Challenges presentation
2007-2016 General Fund and YFS Actuals Spreadsheets
2010 – 2018 Property Tax per Capita table

Next CAG Meeting:

Saturday, March 3
9:00 am-12:30pm
Slater Room, MICEC