



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND, WA**

**AB 4581  
November 4, 2010  
Public Hearing**

**2011-2012 PRELIMINARY BUDGET REVIEW:  
OTHER OPERATING FUNDS & GENERAL FUND**

**Proposed Council Action:**

Conduct public hearing, receive staff presentation, and provide feedback and direction to staff.

**DEPARTMENT OF**

Finance (Chip Corder)

**COUNCIL LIAISON**

n/a

**EXHIBITS**

1. 2011-2012 Police Budget Analysis: Criminal Justice Fund
2. 2011-2012 Police Budget Analysis: General Fund
3. 2011-2012 City Attorney's Office Budget Analysis: General Fund
4. 2011-2012 City Council Budget Analysis: General Fund
5. 2011-2012 City Manager's Office Budget Analysis: General Fund
6. 2011-2012 Finance Budget Analysis: General Fund
7. 2011-2012 Human Resources Budget Analysis: General Fund
8. 2011-2012 Municipal Court Budget Analysis: General Fund
9. 2011-2012 Non-Departmental Budget Analysis: General Fund
10. 2011-2012 Maintenance Budget Analysis: General Fund
11. 2011-2012 Fire Budget Analysis: General Fund
12. Memo from Fire Chief Chris Tubbs: Ambulance Transport Fee Proposal

**APPROVED BY CITY MANAGER**

<b>AMOUNT OF EXPENDITURE</b>	\$	n/a
<b>AMOUNT BUDGETED</b>	\$	n/a
<b>APPROPRIATION REQUIRED</b>	\$	n/a

**SUMMARY**

As directed by the Council at its October 4, 2010 meeting, staff has organized the Council's planned review of the 2011-2012 Preliminary Budget according to fund and moved the review of the General Fund to after the November 2<sup>nd</sup> election. Below is the summarized budget review calendar:

- Oct 18 Review Capital Improvement Program (REET forecast, project management, summary of changes from Preview to Preliminary CIP, project highlights, partially funded and unfunded projects, and 6 year fund statements)
  - Review Utility Funds (Water, Sewer, and Stormwater)
- Nov 1 Review Other Operating Funds (Street, Beautification, Contingency, 1% for the Arts, Youth & Family Services, Equipment Rental, Computer Equipment, and Firemen's Pension)

**Nov 4 Review Other Operating Funds (Criminal Justice)**

**Provide Overview of General Fund (revenue forecast and expenditure summary)**

**Review General Fund by Department (Police, City Attorney's Office, City Council, City Manager's Office, Finance, Human Resources, Municipal Court, Non-Departmental, Maintenance, and Fire)**

Nov 15 Review General Fund by Department (DSG and Parks & Recreation)

Follow-up items (Capital Improvement Program and Operating Budget)

Adopt 2011 NORCOM budget resolution

Adopt 2011 property tax levy

Adopt 2011 utility rates (water, sewer, stormwater, and EMS)

Adopt 2011 development fee changes

**At the November 4<sup>th</sup> meeting, staff will review the Fund Recap (in Section I) and the Fund Balance composition (in Section D) for the Criminal Justice Fund and the General Fund, the major revenues budgeted in the General Fund (in Section E), and each department's budget within each operating fund, focusing the Council's attention on the 2011-2012 Budget Analysis (in Section G), the proposed service reductions (in Section K), the requested service enhancements (in Section K), and the new/enhanced revenues (in Sections B & C).** During the budget presentation, staff will solicit Council questions and feedback relative to each department's proposed budget within each operating fund. If there's a majority interest in restoring a proposed service reduction or in revisiting an issue before the final budget is adopted, staff will add it to the "follow-up items" list and bring it back for a final Council decision at the November 15<sup>th</sup> meeting.

Regarding the 2011-2012 Budget Analysis for each department, which is located in Section G of the 2011-2012 budget document, it should be noted that many departments have budgets in multiple operating funds and that a consolidated 2011-2012 Budget Analysis across two or more funds is typically presented. For example, DSG has a 2011-2012 Budget Analysis for the General, Street, and Beautification Funds combined on pages G-33 to G-34 as well as a 2011-2012 Budget Analysis for the Water, Sewer, and Stormwater Funds combined on page G-35. To facilitate the Council's budget review on November 4<sup>th</sup>, these consolidated 2011-2012 Budget Analyses for each department have been broken out by operating fund and attached as Exhibits 1-11. Please note that the following exhibits are already reflected in the budget document:

- Exhibit 3: 2011-2012 City Attorney's Office Budget Analysis for the General Fund
- Exhibit 5: 2011-2012 City Manager's Office Budget Analysis for the General Fund
- Exhibit 7: 2011-2012 Human Resources Budget Analysis for the General Fund
- Exhibit 8: 2011-2012 Municipal Court Budget Analysis for the General Fund
- Exhibit 11: 2011-2012 Fire Budget Analysis for the General Fund

Finally, a memo from Fire Chief Chris Tubbs is attached as Exhibit 12, providing the Council with background information regarding the ambulance transport fee proposal.

## **RECOMMENDATION**

*Finance Director*

**MOVE TO:** Conduct public hearing, receive staff presentation, and provide feedback and direction to staff.

**Police Department**  
**2011-2012 Budget Analysis**  
*Criminal Justice Fund*

<b>2011 Analysis</b>	<b>Budget</b>	<b>% Change 2010-2011</b>
<b>2010 Approved Budget</b>	<b>641,625</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Prior year one-time costs & carryovers:		
- ARRA vehicle grant	(9,999)	
Travel, tuition & registrations	(5,320)	
Other operating costs	2,534	
<b>Subtotal</b>	<b>(12,785)</b>	<b>-2.0%</b>
<b>2011 Base Budget</b>	<b>628,840</b>	<b>-2.0%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
Hire Ahead Patrol Officer (1.0 FTE reduction)	(89,614)	
<b>Subtotal</b>	<b>(89,614)</b>	
<b>2011 Final Budget</b>	<b>539,226</b>	<b>-16.0%</b>

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>539,226</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>18,536</b>	<b>3.4%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>557,762</b>	<b>3.4%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2012 Final Budget</b>	<b>557,762</b>	<b>3.4%</b>

**Police Department**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2011 Analysis</b>	<b>Budget</b>	<b>% Change 2010-2011</b>
<b>2010 Approved Budget</b>	<b>5,436,722</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Jail cost savings (Yakima & Issaquah contracts)	(119,015)	
NORCOM fees	(80,151)	
Marine Patrol program	(39,174)	
Other operating costs	(213)	
Patrol overtime (driven mostly by Hire Ahead reduction)	32,355	
<b>Subtotal</b>	<b>(206,198)</b>	<b>-3.8%</b>
<b>2011 Base Budget</b>	<b>5,230,524</b>	<b>-3.8%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
Police Records Clerk (0.5 FTE reduction)	(38,755)	
<b>Subtotal</b>	<b>(38,755)</b>	
<b>2011 Final Budget</b>	<b>5,191,769</b>	<b>-4.5%</b>
<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>5,191,769</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>143,200</b>	<b>2.8%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>5,334,969</b>	<b>2.8%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	-	
<b>2012 Final Budget</b>	<b>5,334,969</b>	<b>2.8%</b>

**City Attorney's Office**  
**2011-2012 Budget Analysis**  
*General Fund*

2011 Analysis	Budget	% Change 2010-2011
<b>2010 Approved Budget</b>	517,222	
<b>Plus 2011 General Inflationary Increases</b>	-	0.0%
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Salary & benefit savings (relative to 2010 budget)	(30,919)	
Backfill for Paralegal	(2,100)	
Dues & subscriptions	(800)	
Other operating costs	(426)	
Public defender costs	2,000	
<b>Subtotal</b>	<b>(32,245)</b>	<b>-6.2%</b>
<b>2011 Base Budget</b>	<b>484,977</b>	<b>-6.2%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	-	
<b>2011 Final Budget</b>	<b>484,977</b>	<b>-6.2%</b>

2012 Analysis	Budget	% Change 2011-2012
<b>2011 Final Budget</b>	484,977	
<b>Plus 2012 General Inflationary Increases</b>	14,440	3.0%
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>499,417</b>	<b>3.0%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	-	
<b>2012 Final Budget</b>	<b>499,417</b>	<b>3.0%</b>

**City Council**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2011 Analysis</b>	<b>Budget</b>	<b>% Change 2010-2011</b>
<b>2010 Approved Budget</b>	<b>57,165</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Contract services (Council retreat)	(12,000)	
Sister City travel & supplies	(3,400)	
Travel, tuition & registrations	(2,750)	
Other operating costs	220	
<b>Subtotal</b>	<b>(17,930)</b>	<b>-31.4%</b>
<b>2011 Base Budget</b>	<b>39,235</b>	<b>-31.4%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2011 Final Budget</b>	<b>39,235</b>	<b>-31.4%</b>

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>39,235</b>	
<b>Plus 2012 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>39,235</b>	<b>0.0%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2012 Final Budget</b>	<b>39,235</b>	<b>0.0%</b>

**City Manager's Office**  
**2011-2012 Budget Analysis**  
*General Fund*

2011 Analysis	Budget	% Change 2010-2011
<b>2010 Approved Budget</b>	<b>787,048</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Supplies	(11,500)	
Professional services & special projects	(10,000)	
Salary & benefit savings (relative to 2010 budget)	(6,967)	
Travel, tuition & registrations	(4,600)	
Other operating savings	(4,056)	
Election expenses	4,000	
<b>Subtotal</b>	<b>(33,123)</b>	<b>-4.2%</b>
<b>2011 Base Budget</b>	<b>753,925</b>	<b>-4.2%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
Communications Coordinator (0.4 FTE reduction)	(50,319)	
<b>Subtotal</b>	<b>(50,319)</b>	
<b>2011 Final Budget</b>	<b>703,606</b>	<b>-10.6%</b>

2012 Analysis	Budget	% Change 2011-2012
<b>2011 Final Budget</b>	<b>703,606</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>25,102</b>	<b>3.6%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
Professional services & special projects	5,000	
<b>Subtotal</b>	<b>5,000</b>	<b>0.7%</b>
<b>2012 Base Budget</b>	<b>733,708</b>	<b>4.3%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	-	
<b>2012 Final Budget</b>	<b>733,708</b>	<b>4.3%</b>

**Finance Department**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2011 Analysis</b>	<b>Budget</b>	<b>% Change 2010-2011</b>
<b>2010 Approved Budget</b>	<b>856,557</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Direct charge utility billing positions to Utility Funds	(141,616)	
Financial system hardware support and consulting	(17,850)	
EMS rate study	(15,000)	
State audit costs	(10,000)	
Salary & benefit savings (relative to 2010 budget)	(9,560)	
Travel, tuition & registrations	(5,000)	
Other operating costs	(2,158)	
<b>Subtotal</b>	<b>(201,184)</b>	<b>-23.5%</b>
<b>2011 Base Budget</b>	<b>655,373</b>	<b>-23.5%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	-	
<b>2011 Final Budget</b>	<b>655,373</b>	<b>-23.5%</b>



**Finance Department**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>655,373</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>22,575</b>	<b>3.4%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
EMS rate study	15,000	
<b>Subtotal</b>	<b>15,000</b>	<b>2.3%</b>
<b>2012 Base Budget</b>	<b>692,948</b>	<b>5.7%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2012 Final Budget</b>	<b>692,948</b>	<b>5.7%</b>

**Human Resources Department**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2011 Analysis</b>	<b>Budget</b>	<b>% Change 2010-2011</b>
<b>2010 Approved Budget</b>	<b>491,575</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Salary & benefit savings (relative to 2010 budget)	(18,029)	
Advertising	(7,000)	
Tuition assistance program	(5,000)	
Travel, tuition & registrations	(4,700)	
Other operating costs	(453)	
<b>Subtotal</b>	<b>(35,182)</b>	<b>-7.2%</b>
<b>2011 Base Budget</b>	<b>456,393</b>	<b>-7.2%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2011 Final Budget</b>	<b>456,393</b>	<b>-7.2%</b>

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>456,393</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>12,883</b>	<b>2.8%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>469,276</b>	<b>2.8%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2012 Final Budget</b>	<b>469,276</b>	<b>2.8%</b>

**Municipal Court**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2011 Analysis</b>	<b>Budget</b>	<b>% Change 2010-2011</b>
<b>2010 Approved Budget</b>	<b>433,134</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Salary & benefit savings (relative to 2010 budget)	(27,189)	
Travel, tuition & registrations	(1,375)	
Other operating costs	1,185	
Interpreter services	3,000	
<b>Subtotal</b>	<b>(24,379)</b>	<b>-5.6%</b>
<b>2011 Base Budget</b>	<b>408,755</b>	<b>-5.6%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
Court Administrator (0.5 FTE reduction)	(45,885)	
<b>Subtotal</b>	<b>(45,885)</b>	
<b>2011 Final Budget</b>	<b>362,870</b>	<b>-16.2%</b>

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>362,870</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>12,346</b>	<b>3.4%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>375,216</b>	<b>3.4%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2012 Final Budget</b>	<b>375,216</b>	<b>3.4%</b>

**Non-Departmental (GIS, Intergov't'l & Other General Gov't Services)**  
**2011-2012 Budget Analysis**  
*General Fund*

2011 Analysis	Budget	% Change 2010-2011
<b>2010 Approved Budget</b>	<b>2,893,659</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Salary savings (no COLA for City employees in 2011)	(127,000)	
Prior year one-time costs & carryovers:		
- Temporary YFS School Counselor funding	(81,507)	
- ARCH Trust Fund contribution	(45,078)	
General Fund contribution to YFS	(105,000)	
Interfund transfer to Technology CIP	(75,000)	
Computer Support Tech (move to IT rental rates)	(73,986)	
Community survey (conducted biennially)	(25,000)	
Technology consulting	(10,000)	
Travel, dues, subscriptions, tuition and registrations	(6,500)	
Other operating costs	(3,512)	
Software maintenance & support	(3,000)	
LEOFF I retiree disability & medical costs	19,670	
Professional services	30,845	
Liability & property insurance	122,531	
<b>Subtotal</b>	<u><b>(382,537)</b></u>	<u><b>-13.2%</b></u>
<b>2011 Base Budget</b>	<b>2,511,122</b>	<b>-13.2%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<u>-</u>	<u><b>0.0%</b></u>
<b>Less 2011 Service Reduction Proposals:</b>		
2011-2012 reduction of General Fund contribution to YFS	(40,000)	
Voluntary intergovernmental contributions	(24,500)	
<b>Subtotal</b>	<u><b>(24,500)</b></u>	
<b>2011 Final Budget</b>	<u><u><b>2,486,622</b></u></u>	<u><u><b>-14.1%</b></u></u>

**Non-Departmental (GIS, Intergov't'l & Other General Gov't Services)**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>2,486,622</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>6,034</b>	<b>0.2%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
Community survey (conducted biennially)	25,000	
Liability & property insurance	33,955	
LEOFF I retiree disability & medical costs	60,125	
<b>Subtotal</b>	<b>119,080</b>	<b>4.8%</b>
<b>2012 Base Budget</b>	<b>2,611,736</b>	<b>5.0%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	<b>-</b>	
<b>2012 Final Budget</b>	<b>2,611,736</b>	<b>5.0%</b>

**Maintenance Department**  
**2011-2012 Budget Analysis**  
*General Fund*

2011 Analysis	Budget	% Change 2010-2011
<b>2010 Approved Budget</b>	<b>1,918,333</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Utility costs (shift Town Center PSE costs to Beautification)	(31,300)	
Prior year one-time costs & carryovers:		
- Resource Conservation Manager	(24,226)	
Salary & benefit savings (relative to 2010 budget)	(20,241)	
Contracted services, repair and maintenance	(5,950)	
Operating supplies	(2,800)	
Other operating costs	(2,572)	
Travel, tuition & registrations	(1,550)	
Utility costs (PSE, water, sewer, stormwater & dumping fees)	21,175	
<b>Subtotal</b>	<b>(67,464)</b>	<b>-3.5%</b>
<b>2011 Base Budget</b>	<b>1,850,869</b>	<b>-3.5%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
Retain contract Conservation Manager (0.25 FTE)	7,624	
<b>Subtotal</b>	<b>7,624</b>	<b>0.4%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
ROW Trail Maintenance position (1.0 FTE reduction)	(85,733)	
Facilities Maintenance Technician (0.5 FTE reduction)	(42,866)	
Reduce ROW casual labor	(12,150)	
Eliminate tree planting program	(10,000)	
<b>Subtotal</b>	<b>(150,749)</b>	
<b>2011 Final Budget</b>	<b>1,707,744</b>	<b>-11.0%</b>

**Maintenance Department**  
**2011-2012 Budget Analysis**  
*General Fund*

<b>2012 Analysis</b>	<b>Budget</b>	<b>% Change 2011-2012</b>
<b>2011 Final Budget</b>	<b>1,707,744</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>53,871</b>	<b>3.2%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
Prior year one-time costs & carryovers:		
- Contract Conservation Manager (0.25 FTE)	<u>(23,624)</u>	
<b>Subtotal</b>	<u><b>(23,624)</b></u>	<b>-1.4%</b>
<b>2012 Base Budget</b>	<b>1,737,991</b>	<b>1.8%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	<u>-</u>	
<b>Subtotal</b>	<u>-</u>	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	<u>-</u>	
<b>Subtotal</b>	<u>-</u>	
<b>2012 Final Budget</b>	<u><u><b>1,737,991</b></u></u>	<u><u><b>1.8%</b></u></u>

**Fire Department**  
**2011-2012 Budget Analysis**  
*General Fund*

2011 Analysis	Budget	% Change 2010-2011
<b>2010 Approved Budget</b>	<b>4,982,359</b>	
<b>Plus 2011 General Inflationary Increases</b>	-	<b>0.0%</b>
<b>Plus (Less) 2011 Other Significant Changes:</b>		
Cellular phone & pager costs	(15,806)	
Other operating costs	5,339	
Salary & benefit costs	11,618	
NORCOM dispatch services	20,858	
Firefighter overtime (correction to historical experience)	60,099	
<b>Subtotal</b>	<b>82,108</b>	<b>1.6%</b>
<b>2011 Base Budget</b>	<b>5,064,467</b>	<b>1.6%</b>
<b>Plus 2011 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2011 Service Reduction Proposals:</b>		
Fire Marshall (0.25 FTE reduction)	(25,475)	
<b>Subtotal</b>	<b>(25,475)</b>	
<b>2011 Final Budget</b>	<b>5,038,992</b>	<b>1.1%</b>

2012 Analysis	Budget	% Change 2011-2012
<b>2011 Final Budget</b>	<b>5,038,992</b>	
<b>Plus 2012 General Inflationary Increases</b>	<b>149,771</b>	<b>3.0%</b>
<b>Plus (Less) 2012 Other Significant Changes:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>2012 Base Budget</b>	<b>5,188,763</b>	<b>3.0%</b>
<b>Plus 2012 Service Enhancement Requests:</b>		
None	-	
<b>Subtotal</b>	-	<b>0.0%</b>
<b>Less 2012 Service Reduction Proposals:</b>		
None	-	
<b>Subtotal</b>	-	
<b>2012 Final Budget</b>	<b>5,188,763</b>	<b>3.0%</b>





# MERCER ISLAND FIRE DEPARTMENT

## MEMORANDUM

### ADMINISTRATION

**To:** Rich Conrad, City Manager  
**From:** Chief Tubbs  
**RE:** Ambulance Transport Fee Proposal  
**Date:** 10/28/2010  
**CC:** Chip Corder, Finance Director

Rich,

Please find attached a copy of the slide presentation for the discussion regarding the fee for transport proposal. Additionally, below is a narrative overview of the proposed program.

#### **Overview – EMS 101**

King County and municipal governments provide emergency medical service in what is termed a "Tiered Response System". The strategy behind this system is as follows: deploy quickly only that resource that is warranted within a system design that is the most cost effective model while providing excellent medical service. This system is designed with the objective, in part, that no matter where one lives in King County, we all receive the same level of EMS service.

When a citizen calls 9-1-1 they are connected to a dispatcher who determines what the problem is, categorizes that incident based on established criteria and subsequently dispatches the closest appropriate unit(s). The unit's capabilities are matched to the severity of the incident.

If the medical incident is categorized as a basic life support call (BLS), the closest aid unit will be dispatched. A broken bone is an example of a BLS call. If either during the initial 9-1-1 call or anytime after, information changes and the call is re-categorized as an immediate danger to life and requires advanced life support (ALS) intervention, the nearest paramedic unit (ALS) is dispatched in conjunction with the responding BLS unit. Cardiac arrest is an example of an ALS call.

Mercer Island Fire Department does not have any ALS units or paramedics. Mercer Island Fire Department has an aid unit at each fire station and all of our firefighters are certified Emergency Medical Technicians (EMT's). They are the first tier in this tiered

response system. Paramedic units that respond to Mercer Island come from either Bellevue or Seattle and they are the second tier in the tiered response system.

Emergency crews will assess the patient and make a determination on whether they require transportation to a local hospital for further treatment. There are essentially five options to choose from:

1. Leave the patient at the scene because the patient is stable and does not require seeing a physician immediately or as a result of this situation.
2. Have the person taken to the hospital by a family member or friend, because the injury is relatively minor but they must still be seen (i.e. for stitches).
3. Transport the patient using a private carrier such as AMR because the patient needs basic medical attention.
4. Transport the patient via a Mercer Island Fire Department aid unit, because the patient needs basic medical attention.
5. Transport the patient via a medic unit, because the patient requires advanced medical treatment while enroute to the hospital.

There are a number of things taken into consideration by the supervising fire officer in making the transportation decision: the patient's injuries, the severity of those injuries, the criticality that the patient be seen by an emergency room, the length of time it will take for the private carrier to arrive at the scene, and the impact on providing continued coverage for additional incidents on Mercer Island.

*Note: There are five ALS providers in King County: Seattle Fire Department; Bellevue Fire Department; Shoreline Fire Department; Redmond Fire Department and King County itself which covers the south part of the County.*

## **EMS Funding 101**

Funding for emergency medical services derives from several revenue sources. Funding sources for BLS are different than funding sources for ALS. They are as follows:

1. *General Purpose Revenues (Property Tax, Sales Tax & Utility Taxes).* Each municipal and district Fire Department primarily funds their M&O budget through the collection of taxes (primarily property tax). For Mercer Island, general purposes revenues will fund \$4.23 million, or about 85.0%, of the Fire Department's \$4.98 million budget in 2010.
2. *EMS Utility Charge for Service.* Mercer Island is one of ten cities in the state that have an EMS utility in which charges for service are established for each customer class (i.e. single family residential, multi-family, commercial, public, residential board & care, and 24 hour nursing). Mercer Island is unique, however, in that the EMS utility rate, beginning in 1998, is tied to the funding of 4 additional firefighters, thereby enabling the City to respond to simultaneous EMS calls. In 2010, EMS charges for service will generate \$315,000, or about 6.0%, of the Fire Department's \$4.98 million budget.
3. *King County EMS Levy.* King County has a 6 year levy that primarily funds the ALS regional program in King County. Mercer Island receives a small portion of

this levy from King County for BLS services, which currently amounts to \$394,000 per year.

## Proposal

The Fire Department is proposing the implementation of a \$500 flat fee for transporting a patient to a local hospital. It is estimated that this fee will generate approximately \$300,000 annually based on 900 transports per year, a 70% cost recovery ratio, and a contracted billing cost of \$20 per transport. To provide adequate time to set up the program and to educate Island residents, an April 1, 2011 implementation date is recommended. As a result, only \$225,000 ( $\$300,000 \times 9/12$ ) would be generated in net revenue in 2011.

Currently when Mercer Island Fire transports a patient there is no charge to the patient or their insurance carrier. If the patient is sent to the hospital via a private ambulance company such as AMR, the patient and their insurance company are billed. **Currently the base rate for AMR is \$832.00 plus a \$19.12 per mile fee<sup>1</sup>.** If the patient is transported via a paramedic unit, there is no fee, because ALS calls, including transportation, are covered by the King County EMS levy.

In this proposal, only the insurance carrier of the patient is billed for transportation to a local hospital. There is no intention to either directly bill the patient or require that he/she make any payment beyond what the insurance company covers. This proposal would eliminate the imbalance that currently exists in which those BLS patients that are transported by a private carrier are billed for the transport and those patients that are transported by a Mercer Island unit are not.

## Concerns

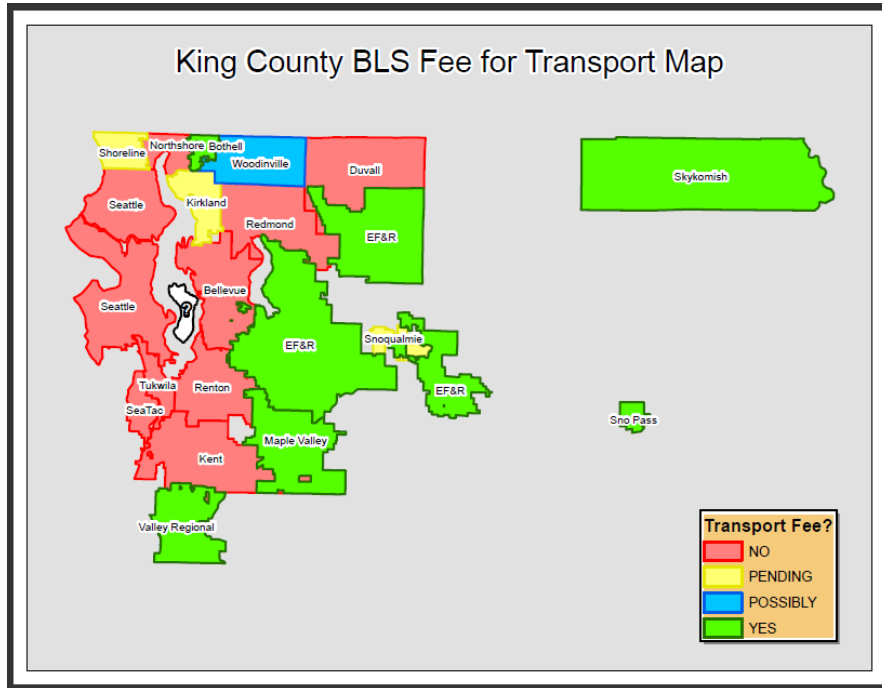
This program has been studied and implemented in many communities. As with any new program, there are a number of concerns that have been raised. These concerns are identified below along with the Fire Department's response to each concern, which is primarily based on the experience of other agencies that are currently billing for BLS transport services.

1. People will not call 9-1-1 for fear of being charged.
  - a. There is and will be no charge for calling and using 9-1-1 services. This proposal applies to those patients that require transportation to an area hospital.
  - b. There is no scientific or anecdotal evidence to support this claim.
  - c. Patients are already being charged 90% of the time for transports by private ambulance companies.
  - d. Our citizens will not be asked to pay directly. We will only bill their insurance carrier and not require that they pay any remaining balance.
  - e. The City of Mercer Island is proposing to bill at a significantly lower rate than private ambulance companies.

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<sup>1</sup> City of Kirkland EMS Fee Analysis, July 2010.

2. This will increase out of service times.
  - a. We do not believe it will necessarily increase out of service times.  
Currently the average private ambulance wait time for Mercer Island units is 15 minutes – roughly the same amount of time that it takes our units to arrive to Overlake Hospital.
  - b. About 100, or 11%, of the total annual transports are provided by Mercer Island firefighters due to excessive private ambulance wait times. Doing so often decreases out of service time.
  - c. Over 90% of the transports in 2009 were to Overlake Hospital.
  - d. If a patient requests transportation to a hospital and that would result in increased response times, a private ambulance will be called.
  - e. Our current policies allow the final decision of transportation to be made by the supervisor at the scene. We would expect that if our supervisors felt that MIFD transporting a patient unnecessarily increased out of service time that they would request a private ambulance.
  
3. The community will react negatively.
  - a. Our research has shown that this indeed can be an issue if the community is not properly informed. This can be very confusing for citizens. We are proposing implementing a proactive informational campaign.
  - b. In those communities who have developed a proactive informational program, the community has not reacted negatively.
  - c. From the patient's perspective there is no financial impact as their insurance carrier is billed, not them. This is currently not true with private carriers who will bill the patient for the difference between their fee and what the insurance carrier covers. We have on occasion had to deal with this issue because patients are confused as to who billed them.
  - d. Patient care is improved because the individuals who arrived at the scene, assessed the medical problem(s) and treated the patient will subsequently have direct contact with the ER staff to transfer this vital information. Additionally the ER staff provides vital feedback to the firefighters regarding assessment and treatment. Currently, we do not enjoy this benefit.
  
4. It will adversely affect our mutual aid agreements
  - a. Below is a map that illustrates which agencies are currently charging a BLS transport fee, who will be charging a BLS transport fee next year, and who is not.
  - b. I will be speaking directly with the Bellevue Fire Chief regarding this issue and will update the Council at its November 4, 2010 meeting.
  - c. The trending is that municipalities and fire districts are moving to this revenue source.



5. This is double dipping.
  - a. Citizens are currently required to pay a private ambulance company if they are transported by that carrier. If a patient is transported by a Mercer Island unit, there is no charge. Some would claim that this is an unfair practice.
  - b. The King County EMS Levy is primarily intended to fund ALS services, though it includes a small subsidy to BLS programs. ALS units could not charge a fee for transport because that would be a form of double dipping. BLS unit costs are not covered in the EMS levy.
  - c. Historically the concept behind the use of property tax for fire service was based on the fact that it provided a benefit to the community. The idea behind this type of user fee is that the service is not for the benefit of the community, but rather the individual.
  
6. This will cause additional work for firefighters and staff
  - a. Firefighters will be required to collect insurance information and a signature from the patient. This is not an unreasonable burden and takes a relatively small amount of time.
  - b. We are proposing contracting billing services. We are also evaluating a regional approach to billing with Eastside Fire & Rescue and Kirkland & Shoreline Fire Departments.

7. This will raise insurance rates

- a. "Ambulance bills are in the "hundreds" of dollars, compared to hospital, physician, surgeon, rehab, device and drug bills, which are typically in the "thousands and tens of thousands." Ambulance expenditures account for less than 1 percent of insurance expenditures. Since most insurance companies determine rates on a regional basis – ... most residents may already be paying for ambulance service as part of their premiums."<sup>2</sup>

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<sup>2</sup> Rockville Central News, available at <http://rockvillecentral.com/2010/10/both-sides-of-the-montgomery-county-ambulance-fee>