

# 2013-14 Budget Advisory Committee Recommendations for a Sustainable City Operation

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## Introduction

Renton is one of the fastest growing cities in our region known for strong business growth, a vibrant and livable community, and high quality programs and services for our residents and businesses. However, despite our careful planning and disciplined spending, we continue to face budget challenges due to the slow rate of economic recovery. We need to continue to refocus government on the results that matter to citizens, prioritize and improve levels of service, and find cost effective and innovative options for service delivery.

Given this important goal and the City's commitment to garner public confidence and trust in government, Mayor Denis Law reconvened the Budget Advisory Committee. The Committee consists of a broad spectrum of community leaders giving their time to help shape the City's service priorities and budget decisions that will build a sustainable operation beyond the current biennium.

## Purpose

Understand City services and provide advice/input for a sustainable city government operation.

## Members

**Ray Barilleaux**, Firemen's Pension Board  
**Lisa Berreth**, Neighborhood/Renton Hill  
**Glenn Garrett**, Library Steering Committee  
**Peter Hartley**, Arts Commission  
**Don Jacobson**, VMC Governance Board  
**David Kroeger**, Local business  
**Joann Lee**, Local business  
**Howard McComber**, Community Representative  
**Catherine Ploue-Smith**, Library Advisory Board  
**Jim Poff**, Renton Foundation Board  
**Tom Rowley**, Liberty Ridge neighborhood  
**Kimberly Searing**, Community Representative  
**Linda Smith**, Human Service Committee  
**Jim Sullivan**, Local business  
**Colin Walker**, Community Representative  
**Troy Wigestrund**, Parks Commission

The Budget Advisory Committee (BAC) met throughout the months of July and August and has compiled the following findings and recommendations.

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### Our goals for this process have been to:

- 1) **Build an understanding** of the City's purpose and future, the City's demographics and trends as related to various planning efforts and service demands, Community survey feedback, the City's revenue sources and limitations as well as the City's services and associated costs.
- 2) **Provide insight and recommendations** on City Service priorities and how effectiveness is measured; revenue and cost control strategies to balance the 2013-14 budget gap as well as long term solutions to create a financial structure that is sustainable.

### We learned about the City's purpose and future.

City staff provided an overview of the City's **Comprehensive Plan**, which is the established long term vision for the community. It shows how the City addresses the growth impacts to housing, capital facilities, utilities, transportation, and land use over a twenty year period.

The current Plan assumes 14,835 new households and 28,700 new jobs over the twenty year time frame based on statewide and Puget Sound area projections. The Plan is required to be updated every eight years to align actual data with the projections. *We commented* that 14,538 households equates to *fifteen* more developments of the size of the Landing and asked for information about how Renton has measured up in comparison to prior year forecasts.

The planned growth targets for 2007-2011 were 1,930 housing units or 4,440 in population; the actual population growth (excluding annexations) totaled 10,409 (including annexations, population increased by 32,300). The number of jobs in Renton grew by 2,108 during the same period. There are 932 housing units and approximately 600 full time equivalent jobs added at the Landing development project.

City staff also presented the Council's **Business Plan**, which encompasses the City's mission, vision and goals/priorities for the city over the next six years (2013-2018). In order to meet these goals, the city administration is developing Business Plan Action Items which will steer the City toward achieving its goals.

*We asked* whether the City reviews the Business Plan Action items and identifies items that were achieved or not achieved. City staff provided a list that shows items completed from the 2011-2016 plan.

### We learned about the City's Demographic trends and Survey Results.

City staff presented the results of the 2011 **Community Survey** – a random, statistically validated survey (within a 4% variance) of 379 residents and 100 businesses. The survey was conducted to measure the satisfaction with living and/or working in the City, the direction the City is headed and the level and value of services provided by the City.

Overall, the respondents were "*mostly satisfied*" with the areas measured. The survey also highlighted services with a gap between the relative importance and quality of the service. The largest gaps were in the areas of recruiting/retaining businesses and in the ease of traveling in and through the City.

*We challenged* some of the survey questions as the results may not provide actionable information for the City. For example, survey respondents were asked to rate the City's appeal for raising families. In this case, we suspect the answers may be skewed if respondents are also taking into consideration their satisfaction with the school district. Similarly, answers may be skewed if respondents were taking into

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consideration their satisfaction with their *employer* versus the employment climate of the City, in general. We also suspect that there may be other over-arching influences, outside of the City's control, that effect an individual's response.

City staff also shared the results of the **2011 employee survey**. We learned that employees are *generally* satisfied with working for the City. The lowest satisfaction ratings were in the areas of cross-departmental communication, feeling like their ideas are heard and considered, as well as understanding senior leadership's vision for the City.

We observed that despite a 15% reduction in FTE positions since 2009, 75% of employees "*strongly agreed*" or "*mostly agreed*" that their workload was appropriate.

We asked to see the City's turnover rate and a comparison of City salaries to private industry salaries.

Staff reported that the City's turnover rate is 5.36% (2011) which is comparable with surrounding jurisdictions (Redmond: 5.8%, Bellevue: 5.3%, Kent: 6.6%). Staff provided a comparison of eight positions identified as having similarities with positions in the private sector. This comparison indicated that while the City offers a higher salary (ranging from 3% to 39% higher) at the bottom of a pay range, the City's salaries are beneath the private sector at the top end of the salary range (from 1% to 23% below) with the exceptions of Information Technology Help Desk Support and Secretarial staff which are higher at both ends.

### We learned what the City has done with 2010 Committee Recommendations

City staff provided a complete listing of recommendations from the 2010 Budget Advisory Committee with progress or status noted for each. Several items were highlighted in our discussion. For example:

- *Identify and prioritize legal, regulatory, or contractual requirements.* In response to the recommendation programs with legal or contractual requirements were identified in the program summaries.
- *Communicate in clear and transparent ways the services that the City provides and their relative value to the community.* In response to the recommendation, the City created a Budget in Brief document for the 2011/2012 budget based on this recommendation. We were asked to provide feedback on this document in order to make improvements for the 2013/2014 Budget in Brief.
- *Collect comparative information from other cities' programs and compare Renton to those results.* As a result of this recommendation, the Renton Results program was refined and the City has begun collecting the data that will better indicate the programs' effectiveness. There are some challenges here as every city is different and identifying comparative information will be difficult.
- *Focus on reductions in administrative functions first. It is unclear how much of the total budget is internal support. Keep overhead costs as low as possible in all service areas.* As a result of this recommendation, the City reduced a number of support positions in the 2010 and 2011/2012 budgets and continues to scrutinize all administrative positions as they become vacant.

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We asked if FTE's can easily be scaled back (and or increased) based on the fluctuations of the workload. The City is attempting to be flexible by using limited term positions. For example, Development Services has hired several limited term Construction Inspectors, to work specifically on the Rainier Ave project.

We asked if the City is able to attract quality applicants for limited term positions. Due to the current economy, especially in the construction sector, the City is able to easily find quality applicants. This is likely to change as the economy improves.

We asked about the cost of value-engineering, who pays for decorative features on major projects and whether reduction of those would be a cost saving area for the City when capital resources are limited. For example, the Rainier Avenue South project contains substantial "decorative" features. City staff provided information indicating that the cost of these features represents about 2.5% of the Rainier project construction cost nearly all of which is paid for by grants. In addition, such features are part of the City's overall goal to improve the aesthetics of major arterials and gateway points in the City. This is also consistent with the City's Urban Center Design Standards for private developments.

### We learned about the City's program and services.

We were given a **matrix of City Programs** reflecting current service levels by Service Area and Department. The FTE count and budget as well as the mandatory or discretionary status of each program were also provided. We were asked to review this matrix in order to support our prioritization and to facilitate the discussion of performance indicators.

The Matrix indicates the total service costs of \$157 million allocated as follows:

- (a) Safety and Health with 342.5 FTE's and 38% of budget
- (b) Utilities and Environment with 99.8 FTE's and 34% of budget
- (c) Livable Community with 64.9 FTE's and 9% of budget
- (d) Mobility with 58.7 FTE's and 7% of budget
- (e) Representative Government with 38.7 FTE's and 4% of budget
- (f) Internal Support with 85.7 FTE's and 8% of budget

It was noted that the 8% for internal support is exclusive of centrally provided services whose costs are considered an integral part of - and are already included in - department and program budgets.

This is different from how we were presented the information during the last budget cycle. In 2010, the Internal Support costs were shown as 26% of the budget, consisting of:

- (a) 19% for centrally provided services (employee benefits, operating and maintenance of equipment, maintenance of public and operational facilities)
- (b) 4% for debt service and LEOFF1 retiree benefit costs
- (c) 3% for traditional overhead expenses (legal, accounting, human resources, etc.)

Therefore, the 8% in the 2013/2014 budget is comparable to 7% in the 2010/2011 budget. The change is due to an increase in debt service.

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City staff presented an overview of the **Renton Results** performance improvement effort and how it has evolved since 2007. In 2010, Programs were established to work towards the identified strategies for each Service Area. In 2011, staff worked to refine how efforts are measured. This served to connect staff to their programs' outcome and their impact to the community.

In 2012, the City is centralizing data collection and measuring results against the targets set by the individual programs with a goal of assessing effectiveness and comparing results with other entities, where appropriate.

*We asked* how employees responded to the process and whether it is understood that the idea behind the Renton Results program is to improve the City's level of effectiveness in delivering services to citizens. City staff reported that the performance matrix refinement project engaged all levels of the organization and there were concerns about jobs and diminishing resources. It was noted, however, that until data is collected and results are reported internally and externally and the results are used to manage performance, the full benefit of the process will not be achieved. The City regards this as a long-term process improvement project.

*We asked* if analysis had been done to measure how incremental changes in resources effect service delivery (e.g., three minute versus five minute response time to a 911 call). This analysis is not possible at this time with available data; however, it is expected that when multiple years of data is gathered, trends will become evident and impacts of both internal and external forces will be identifiable.

### We learned about the City's Revenue Sources and limitations.

Of the \$157 million total operating budget, about \$104 million is for General Governmental Services. *General Government Services* or Funds (where the bulk of the budget gap resides) receives its revenue primarily from taxes: Property Taxes (33%), Utility Taxes (17%), Sales Taxes (18%), with the remaining 32% coming from licenses fees, intergovernmental revenues, and only a small portion from user fees. These revenues are used to support basic city services such as police, fire, roads, parks, etc services.

*The remaining \$53 million is primarily in Enterprise Funds, which are those business units that receive revenue primarily from user fees associated with their specific business activities such as the Airport, Golf Course and Utilities. General Fund operations can receive reimbursement for overhead and can have arms-length (mutually beneficial transactions at a fair market value) transactions with, but cannot be subsidized by Enterprise Funds.*

Our past budget gaps and persistent future challenges are with the tax funded General Governmental Funds. Part of the reason for the budget gap in the General Fund is due to the expected decline in property tax which is reflected in the 2013-14 budget.

Property Taxes (again, 33% of the General Fund Budget) are expected to decline at a rate of 4.5% in 2013. This is because Renton's tax rate is currently at the maximum of \$3.10 per \$1,000 assessed value while property tax valuations are declining.

That "cap" combined with the decline of 2011 housing value in King County (the basis for assessed value in 2012 and property taxes in 2013) translates into lower tax revenue available in 2013.

The 2013-14 budget assumes a 4.5% decline in 2013 (versus the 7.5% decline in residential value in south King County) because *commercial properties* are holding their valuations better than residential properties. A 3.5% increase is expected in 2014. The partial recovery in 2014 is based on the improved real estate market and permitting activity within the City this year.

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Due to this decline in property tax and the expiration of grant revenues we are expecting a 2.2% decline in 2013 revenue.

### We learned about the City's costs and obligations.

In addition to anticipated revenue decline, the projected General Fund operating costs will continue to grow even with no general wage increase assumed in the biennium. As mentioned above, the \$104 million General Fund pays for most basic city services.

The breakdown of *General Fund* costs by Service Area is as follows:

- \$60 million (58%) for Safety & Health services;
- \$14 million (13%) for Livable Community services;
- \$13 million (13%) in Internal Support services (incl. debt service and LEOFF 1 benefit);
- \$9 million (9%) for Mobility Services;
- \$6 million (6%) in Representative Government Services; and
- \$2 million (2%) in Utilities and Environment Services.

These services are primarily delivered by city staff, therefore **salaries and benefits** are the largest share of the General Fund operating cost. Combined they represent \$68 million or 66% of the City's General Fund budget. In addition, about 50% of the centralized services cost is also pay and benefits; therefore, nearly 72% of the General Fund costs are attributable to personnel.

We asked if this includes compensated absence liability and learned that it does not; this figure only includes money paid to or on behalf of employees.

We asked about Employee Benefits (\$19.5 million) as they are 19% of the General Fund budget and nearly 40% of wages which seems high compared to the private sector.

We learned that a portion of the benefits are required by law or are otherwise not determined locally and are not negotiable (State pension fund contributions [PERS and LEOFF for current and past employees]; FICA and Medicare; Worker's Compensation; Unemployment, etc.). The negotiable benefits (such as Longevity pay, Deferred Compensation, Medical, Dental, Life and Long Term Death Insurance premiums) are negotiated, some many decades ago, with the City's Unions.

We also learned that the City is self-insured for a number of the benefits. For example, for medical and dental care the City and employee *both* contribute a premium into the Employee Healthcare Fund to pay the actual health costs incurred by covered employees. Over the past few years, the premiums collected have exceeded the costs incurred by employees creating a large balance in the City's insurance fund. The city has negotiated with the unions to reset the premium calculation method (including employee-contribution) and to take back some of the excess contributions as part of the 2013-14 budget balancing strategies.

**Operating Supplies and Equipment** are \$1.9 million or 2% of the City's General Fund Budget. This includes equipment purchases for police and fire. For example, the fire department just replaced all of their SCBA (self-contained breathing apparatus) in 2012 costing over \$400k.

**Utilities and Other Services** are \$6.3 million or 6% of the City's General Fund Budget. Of this, approximately \$1 million is electricity costs for the 4,000 plus streetlights and traffic signals in the City.

We asked whether the City has considered any conservation programs to help realize savings. City staff reported that the City is moving forward in replacing streetlights with LED lights with new and

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reconstruction projects which will save energy costs. In addition, the City Council has approved an inter-local agreement with the State Department of Enterprise Services for a study of converting existing lights to LED. Participating in this study will allow the City to be eligible for energy conservation grant funding available in December 2012. It was noted that replacing existing streetlights to LED lights is expensive (a five to seven year pay-back period) but with potential State and PSE grants the payback period can be as short as three years.

*We asked* if the utility costs include payments to the City's Utility Funds for the water/sewer/storm related costs. In other words, can the General Fund save money by not paying the Utility Funds for those services? We learned that there have been a number of court cases that have established that a city's General Fund should bear the burden of providing general governmental services such as streetlights and fire hydrants. If the Utility Fund no longer receives service revenue from the General Fund, the utility fund would have to increase rates to cover those costs and the burden is then shifted to the City's other utility customers who may not be the City's tax payers. It was also noted that while the General Fund is paying for utility services, the Utility Funds are reimbursing the General Fund for the services that the General Fund provides (i.e. internal support, staffing, etc) and must pay taxes like non-city utility companies would.

**Inter-government costs** are \$7.6 million or 7% of the General Fund's operating budget. These costs include contracted payments to inter-local agencies such as the Valley Communications Center and SCORE jail costs.

**Debt Service** is \$6.5 million or 6% of the General Fund's operating budget.

**Centralized Services** (Communications, Fleet, Facilities, and IT Internal Service Fund) is \$13.1 million or 13% of the General Fund's budget.

**Key expenditure drivers** are pay and benefits (66% of the General Fund budget); however, even without wage increases, costs are expected to grow by 2.4% per year during the 2013-14 biennium. **This, when combined with decline in General Fund revenue, is the reason for the \$5 million operating gap in General Fund each year.**

We also learned how the recession has impacted the City's general government **Capital budget**. Revenue for capital projects has decreased by nearly 15% to \$16.5 million from the 1994-2008 average of \$19.4 million.

Sources for the capital budget are the General Fund (to support debt payments) as well as sources *restricted* for capital use such as real estate excise tax, business license revenue, grant funding, and mitigation fees. To a large degree, transportation projects have been able to continue with grant funding while other general government funding became increasingly limited and almost entirely consumed by debt service for prior projects.

Due to resource limitations, the City has deferred normal preservation and maintenance work on existing properties and facilities where possible and has not had means of adding capacity to accommodate growth which is required by the State's Growth Management Act. *The City is not currently meeting this requirement.*

To preserve and maintain existing properties and facilities we estimate an additional \$500k to \$1 million per year of *capital* funding will be needed. **This adds to the \$5 million projected operating deficit for a \$5.6 million funding gap for General Governmental services.**

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### We learned about the City financial capacity's "new normal".

We learned that while revenue is projected to resume growth after 2013, the rate of growth is expected to be around 2.5% per year, well below past recovery periods. Some of these revenue sources are not expected to fully recover until 2017 or beyond. The City's costs, until systemic corrections can be made, are expected to grow by 3% to 5% when some wage adjustment is considered.

We also learned that the **cost per capita** for the City's General Fund services has actually *decreased* since 2007 both in current dollars (without adjusting for inflation) from \$1,300 per capita to about \$1,000 per capita in 2012 and in constant dollars (adjusted for inflation, 1994 =100) from about \$900 per resident per year to a little over \$600 per resident. This *decrease* is due to a combination of the population increase from the Benson Hill annexation and the significant budget cuts made since mid-2008. These budget cuts generated savings of \$23 million through a reduction/freeze of 113 FTE positions, furloughs, and temporary pay/benefit reductions.

***Despite these cuts, with flat future revenue growth and continued cost increase pressure, a long-term sustainable budget solution is needed.***

### We learned about some revenue options available to Washington cities.

City staff presented the options below while emphasizing that the City is striving to raise revenue that is predictable, sustainable, and not complex to administer while being mindful of how the tax burden may be shifted.

For example, as residential property values decline and commercial property values remains steady, a larger relative portion of the property tax burden is shifted to commercial property owners. Likewise, increasing other taxes and fees that impact business (permitting, business license fees) could stifle Renton's competitiveness for attracting business if too much of the tax/fee burden is shifted towards business.

Another example, the utility tax requires the City to assess the *fairness of imposed taxes*. A utility tax is typically considered a regressive tax because it is applied to utilities that people at *all income levels* rely on; therefore, low income users to high income users carry a similar utility tax burden .

That said, the revenue options below are allowed by the State for municipalities to increase revenue:

- 1) **Increasing utility taxes by 1%** across the board (electric, gas, phone, cell, cable and City utilities) would generate approximately \$2.4 million; \$600k of this would be generated from City utilities.

Currently, all utility tax rates in the City are at 6%. This is the rate authorized by the State for natural gas, electricity, and telephone without voter approval. Utility taxes on water, sewer, storm, and garbage are not restricted and the City's rates are currently lower than the State average. The City could adjust them by council action.

We commented that because of its regressive nature, the detriments caused by imposing an increase in utility tax would outweigh any revenue generation benefit. Staff provided information on the City's utility tax rebate program which is currently used to mitigate the impact on low-income seniors.

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- 2) **Creating a Transportation Benefit District (TBD)** could raise up to \$1 million per year with Council approval to impose a \$20 per vehicle/year fee (or impose a TBD sales tax); voters can raise this higher.
- 3) **Establish special taxing districts such as Fire Authority/District or a Parks District** by voter approval. This will allow the City to access additional tax capacity beyond the \$3.10 cap.
- 4) **Increasing and changing Impact Fees** to be more predictable for development, putting burden of impact of growth on development; however, this is dependent on development activity.
- 5) **Imposing a Business and Occupation Tax (B&O)** of up to 0.2% of gross receipts could generate up to \$4.8 million; however, this is counter to our business-friendly approach to economic development. (Few jurisdictions utilize this tax.)

### We considered the City's 2013-14 budget balancing ideas.

City staff presented a three-pronged approach to bridging the 2013-14 budget gap which attempts to minimize impact to service delivery. The City is considering:

- 1) The reduction of about 20 positions through attrition with minimal layoffs. (*estimated savings: \$2.6 million/year*)  
We asked if the proposal for position reduction will involve holding positions vacant (temporary savings) or eliminating the positions permanently (long-term cost saving). The City's intent is to eliminate these positions in time; Council approval is required to restore the funding and/or positions so the effect is the same.  
We also asked if the "right" positions are being eliminated.
- 2) Negotiating with unions for a reduction in medical premium contributions. (*estimated savings: \$1.3 million/one-time; \$1 million/year*)
- 3) Increasing revenue through new or increased fees and taxes within three revenue sources. (*estimated increase in revenue: \$1.3 million/year*):
  - a) A Basic Life Support (BLS) transport fee charged to patients transported by Renton Fire and Emergency Services. Currently, one third of all BLS transports are done by the City. The other two thirds of patients are transported by private ambulance service companies and are charged a fee.

City staff shared with the committee some concerns raised by various sources and sought specific recommendation from the Committee. We discussed such things as: Will the charge inhibit people to call 911 when needed? What would happen when patients cannot afford to pay for the service? What hospitals are patients transported to currently? How does transport affect response time? How many transports has the City performed this year? How much revenue might be raised?

Staff reported that Fire and Emergency Services always responds to the scene regardless of who may ultimately perform the transport. The transport decision is determined at the scene by the Fire Department based on a number of factors, with the fundamental goal that the decision will not compromise the patient's well being (for example, the speed of transport and the continuity of care from incident to emergency room). Staff

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also noted that, in practice, this fee is typically covered by insurance and cities that have implemented the fee typically have a soft-touch collection policy for patients who are not covered by insurance and waive fees for low income patients who cannot afford to pay.

Based on the discussion and information received, the Committee agreed unanimously in support of this revenue option.

- b) An increase in business licensing fees to include a minimum fee of \$110 (from \$55) and an additional increase per FTE of \$10 would generate approximately \$500k per year. The current fee has not been revised since the initial establishment of business license fees in 1988. This fee was initially implemented for transportation improvements; the *additional* business license revenue would be used to support the City's general government *capital* needs.

The committee commented that while the dollar amount for small businesses will be manageable (e.g., a \$95 increase for a business with 5 FTE's), the cost to larger employers could be substantial.

- c) An increase in inter-fund utility tax paid by the Utility Funds to the General Fund. The utilities will make up for the additional tax with savings in other areas which would prevent this tax from being transferred to the rate payers.

**Overall, the revenue ideas are expected to provide around \$1.3 million in new/increased resources per year while the planned cost reductions will provide over \$3.6 million a year savings in 2014 and beyond.**

### We recommended solutions for long-term sustainability

Combined, we identified *nineteen* revenue and cost control recommendations we believe the City should consider in order to build a sustainable budget for the future.

#### **Revenue Recommendations:**

- 1) We recommend continued efforts in attracting businesses to Renton for increased economic development as well as changes in zoning (example: building height restrictions) and tax breaks to help recruit new businesses and increase available office space in Renton.
  - a. Staff commented that there are several properties in the area that have height and zoning restrictions due to their proximity to the airport and the high power tension lines. There are also some high profile pieces of property that sit vacant because current land owners have higher expectations of property value than the market holds. The City has been diligently working with these land owners to reduce the amount of valuable land sitting vacant.
  - b. Because the City cannot grant tax breaks other than the limited situation prescribed by State law (e.g. multi-family tax exemption) its primary leverage/tool is to waive fees and provide public infrastructure to facilitate private development. This could require large up front City investment for long-term economic development returns (example, The Landing.)

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- c. Lastly, staff mentioned that, at one time, the City of Renton was one of the few cities in the region to operate an economic development department, giving the City a competitive edge for attracting and/or retaining businesses. Now most cities have economic development departments which create more competition to attract and retain businesses.
- 2) We recommend renting out vacant or under-utilized City facilities for events to generate revenue.
  - 3) We recommend that the City continue improving the appearance and/or livability to attract more people and businesses to downtown; however, there was also general agreement of the Committee that the Downtown businesses need to step up (e.g. via Business Improvement District) to help fund enhancements.
  - 4) We recommend increasing fines and penalties on code enforcement activities to help cover cost of enforcement.
    - a. City staff commented on the time-consuming nature of code enforcement actions and that it would not be possible to recoup even a small portion of the actual cost through violation fees. More stringent code enforcement would have to be viewed as a long term investment providing a benefit in time but it will come at a cost.
  - 5) We recommend generating advertisement revenue, similar to the current Landing advertisement on the exterior of the City Hall building or on the City's website.
    - a. Staff noted that this could be done if the City were to be careful where the ads are placed (i.e. public forums, free speech zones, etc). The City might have more flexibility if the City collected "sponsorship" revenue instead of "advertisement" revenue from businesses.
  - 6) We recommend aggressive donation solicitation.
    - a. Staff provided a list of donors in 2011 and discussed the City's donor solicitation efforts, commenting that Renton has a high percentage of "giving" businesses and receives more support than most other cities.
  - 7) We recommend creating a metropolitan park district to levy taxes in support of our park operations.
    - a. Staff indicated this voter-approved action could generate revenue in support of parks development and operations but will further increase the City's reliance on property taxes. It does not impact the \$3.10 tax rate cap that the City is currently facing; however, being a junior taxing district and subject to compression this has a potential risk of being reduced / eliminated if property values continuing to decline. Currently, there is a 47¢ capacity for this levy. (1¢=\$107,000; 47¢= \$5 million)
  - 8) We recommend identifying opportunities for increased citizen contributions.

### **Cost Control Recommendations:**

- 1) We recommend controlling and reducing employee benefits.

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- a. We noted that the City's cost for employee medical benefits is very high. It was suggested that deductibles and co-pays should be evaluated and adjusted to help control cost.
  - b. City staff stated that a multi-year plan to increase employee contribution towards medical benefit costs has been agreed to by the Unions. It is also true that we don't believe the level of benefits is sustainable and that ongoing efforts will be needed to contain these increases over time through negotiations with the Unions.
- 2) We recommend the City look at the total cost of compensation and include private sector jobs as comparables where applicable.
  - 3) We recommend increasing partnerships and volunteer efforts.
    - a. We recognize this will require the City to invest in coordinating staff to help organize the efforts but believe there are additional resources in the community that can be harnessed. City staff reported that the City currently engages over 6,000 volunteer hours annually, which is valued at \$1.2 million.
  - 4) We recommend the City assure that overtime costs are in line with comparable jurisdictions.
  - 5) We recommend that the City promote employee wellness, including incentives to induce healthy behavior, which in turn will reduce long term medical costs.
  - 6) We recommend that the City reduce or eliminate services that are least-used or poorly-performing. Some examples are:
    - a. Carco Theater costs over \$220k a year but only generates \$60k a year in revenue. City staff commented that they are currently considering various options about this facility.
    - b. Neighborhood Program: the attendance at the picnics seems to be lower, should the city continue or eliminate (or combine them?). City staff clarified for us that each neighborhood must conduct a service activity to "earn" the neighborhood picnic. The cost of the neighborhood program includes a Neighborhood Improvement Grant program, as well, and only a portion of the costs is attributable to the picnics.
  - 7) We recommend looking at job enrichments via a review of job classifications and expanding responsibilities as well as providing professional development and cross training.
  - 8) We recommend investing in conservation efforts to reduce the impact of utility rates.
  - 9) We recommend improving the coordination of overlapping efforts to minimize cost/maximize and leverage volunteer efforts.
  - 10) We recommend delaying large/costly discretionary items such as West Hill annexation, the Library, and Green River sandbag removal.
    - a. Staff clarified that not all these items are discretionary. State law mandates the City will take over services should the annexation vote be successful; however, what is within the City's control is the effective date of the annexation. The construction of the library is a contractual requirement.
  - 11) We recommend utilizing more volunteers and interns.

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**We prioritized our recommendations to help City focus on high priority items.**

We have prioritized these recommendations as shown in the table below. We ask the City to pay particular attention to the few high priority items and strive to make noticeable progress towards them.

Action Items		Priorities 1-3	RED DOTS 1	Top Priority 2	High Priority 3	Moderate Priority 4	Low Priority 5	Not a Priority 6
1	Continue efforts in negotiating increased employee contribution toward medical benefit costs and/or increased co-pay/deductible levels.	19	11		8	1	1	
2	Continue attracting businesses to Renton.	14	7		7	3		
3	City should look at services that are least used or perform poorly to reduce or eliminate.	14	7		7	2		
4	Look at total cost of compensation and include private sector job as comparables where applicable.	13	6	2	5	3		1
5	Improve coordination of overlapping efforts to minimize cost/maximize and leverage volunteer efforts.	10	4	1	5	3	1	
6	Delay large, costly discretionary items.	8	1		7	2		
7	Promote employee wellness, including providing incentives, to induce healthy behavior and reduce long-term medical insurance costs.	7	3		4	2	1	
8	Make sure our overtime cost is in line with comparable jurisdictions.	6	3	1	2	4	1	
9	Look at training and job enrichments to allow more flexible use of staff resources and/or expand job responsibilities.	5	1		4	5		
10	Invest in conservation measures/equipment (e.g., LED street lights) to reduce the impact of utility rate increases on budget.	5			5	4	1	
11	Across the board budget reduction.	4			4	4	3	
12	Fines and penalties on code enforcement activities (any other?) to help cover cost of enforcement.	4	1		3	6		
13	Generate advertisement revenue, similar to the current advertisement on the exterior of the City Hall building or on the City's website, TV channel.	4	2		2	3	1	
14	Rent out unused or underutilized facilities for events/meetings to generate revenue.	3	1		2	3		4
15	Create metropolitan park district to levy taxes to support our parks operations.	3	1		2	1	3	
16	Improve the appearance/livability to attract more people and businesses to downtown.	2			2	6	3	
17	Aggressive donation solicitation/more opportunities for citizen contributions.	2			2	2	1	
18	Increase partnerships and volunteer efforts as well as use of interns.	0						
19	Identify opportunities for increased citizen contributions	0						