2015-16 Budget Advisory Committee
Recommendations on City Priorities, Focus and Opportunities

Introduction

Renton's economy has a strong foundation and is well positioned to capture the next wave of economic expansion. The Mayor and Council have established the policy direction as stated in the City's Business Plan, and specific service priority focuses to (1) address economic development priorities; (2) serve our vulnerable and diverse populations; (3) enhance the customer service and productivity of employees; and (4) develop a sustainable fiscal strategy to accomplish these priorities.

Purpose

The Committee consists of a broad spectrum of community leaders giving their time to consider whether:

- Is the city is focusing on right priorities
- Is the city missing important trends/opportunities
- Is the city is striking the right balance between cost containment/efficiency efforts and providing quality services

Members

Julio Amador, Community Liaison
Lisa Berreth, Neighborhood/Renton Hill
Al Dieckman, Parks Commissioner
Glenn Garrett, Community Representative
Don Jacobson, Community Representative
David Kroeger, Renton Community Foundation
Tuenyu Lau, Community Representative/Citizens Academy
Joann Lee, Local business
Calvin Lyons, Boys & Girls Clubs
Howard McComber, Community Representative
Jim Poff, Renton Community Foundation
Charles Seil, Community Representative/Citizens Academy
Linda Smith, Human Services Committee
Jim Sullivan, Local business/Senior Business Plan Executive Committee
Tom Tasa, Community Representative
Lynn Wallace, Renton Chamber of Commerce

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

Our goals for this process have been to:

1. **Build an understanding** of the drivers of city services; the population and job growth the city is required to plan for and accommodate; some of the city's economic development opportunities and strategies; the service needs and demands of an increasingly diverse and aging population as demonstrated in the Community Needs Assessment; how the City manages its reduced resources to improve customer services through partnerships, shared services and its continuous service improvement efforts; the City's revenue sources, options and limitations, and how the city leverages these resources to meet these demands and opportunities.
2. **Answer the following questions:**

   Is the City focusing on the right priorities?

   Is the City missing important trends or opportunities?

   Is the City striking the right balance between cost containment/efficiency efforts and providing quality services?

We reviewed the City's 2013-18 Business Plan and accomplishments

City Staff reviewed the City Councils Goals as identified in the updated 2013-2018 Business Plan and provided examples of City staff efforts in support of the goals.

For the goal to provide a ***Safe, Healthy, Vibrant Community*** staff reported that the Fire Department responded to over 10,500 calls for aid and 400 fires; the Police Department responded to nearly 68,000 calls and made nearly 2,000 arrests. Staff also shared information about the Meadow Crest Playground built for children of all abilities and ages as well as the "*I*"-*CANN* initiative aimed at reducing obesity and promoting a healthy lifestyle.

In support of the goal to ***Promote Economic Vitality*** staff highlighted ongoing efforts in downtown Renton, Lake Washington Boulevard and the Landing which continue to increase in size and density with grand scale plans for the future.

In regards to the Council's goal to ***Support Planned Growth and Influence Decisions that Impact the City*** staff highlighted efforts in the Sunset area and Rainier Avenue improvements as well as replacing over 4,000 street lights with LED lights and the acquisition of $64 million in grants for infrastructure projects.

Regarding the goal of ***Building an Inclusive City with Opportunities for All*** staff described the large network of community liaisons currently engages with City programs, the distribution of Emergency Preparedness kits to the community as well as the various programs aimed at seniors (see below for mention of the Senior Business Plan), people with disabilities and special needs. Staff also highlighted the relationship with the *Center of Hope* day shelter housed within City Hall which has placed over twenty families in homes.

City Council also expects the city to strive to ***Meet Service Demands and Provide High Quality Customer Service***. City staff described several efforts within the City to improve customer

service, support innovation, and provide clear and effective communication. Under the Mayor's direction, the City is working toward becoming the Best City in King County.

We learned about how the City's Comprehensive Plan addresses population, job growth and the related impact on city infrastructure

City staff provided an overview of the City's **Comprehensive Plan,** which is the established long term vision for the community. The plan shows how the City addresses the growth impacts to housing, capital facilities, utilities, transportation, and land use over a twenty year period. The Plan is required to be updated every eight years to align actual data with the projections.

The Plan is required to accommodate 14,835 new households and 28,700 new jobs over the twenty year time frame based on statewide and Puget Sound area projections.

The City is in the process of making the required once-every-eight-year update and as part of the process we are revising the zoning scheme for Land Use in order to simplify; for example, merging zones that are implemented in only one land use designation with others; consolidating land use designations from twelve down to six, and eliminating zones that are essentially duplicative and reduce the intensity and use categories from twenty one to nineteen.

In addition, the City is re-designating zoning of built-out areas to the density of the zone that it most closely matches; re-zones of some areas based on opportunity sites (e.g. vacant and re-developable sites) to be more compatible to the character of adjacent uses, and place the Comprehensive Plan Vision for mixed-use development along corridors or other such use-zones.

We learned about the changing community needs

City staff presented the results Community Needs Assessment (CNA) that was conducted to identify the gap of Housing and Human Services needs in the City – it assessed the current community conditions, the existing housing stock and housing needs, and the existing human services needs and priorities.

The CNA considered the household income, the percent of families with Food Stamps or other SNAP benefits (2011), the percent of adults with inadequate access to care (based on key indicators), housing costs versus monthly housing budgets by income; mobility and access to schools and childcare.

The next steps for the City will be to complete the Comprehensive Plan in a manner that addresses the gaps found in the CNA; update City strategies for addressing human service needs (Senior Services Business Plan, Human Services Strategic Plan); and work towards the HUD Choice Neighborhood Initial Implementation grant application for Sunset Area Community Revitalization project.

We learned about the fast growing senior population

City staff presented a work-in-progress that builds off of the Community Needs Assessment and specifically addresses an identified trend of a growing senior population as well as how the city may meet their needs. The City is working with community partners (for example, the Renton Housing Authority, Valley Medical, Senior Housing Assistance Groups, Senior Services of King County, Merrill Gardens, and the Renton Community Foundation and others) to identify such service needs and deliveries. This group has begun formalizing the project with the key objectives being to identify the key demographics of the older adults in Renton, their service needs as compared to what is provided and the appropriate role of the City and other agencies in providing and/or supporting services for the older population.

We learned the results of the City's Employee Survey (2011 v 2013)

City staff presented the results of an internal survey of employees and compared the results to the survey performed in 2011. Participation in the survey was lower this year (from 58% to 40%) but still is very strong.

> Overall city employees believe strongly (in the 90th percentile) that they understand their roles and responsibilities, are responsible and connected to the City's mission and goals, are capable of measuring the quality of their work, and the focus on customer service.
>
> Areas that have improved by more than 5% included being heard (from 69% to 74%), available training (from 78% to 84%), City recognition of collaboration (from 69% to 80%) and quality of supervisors (from 73% to 82%).
>
> Areas that declined were in timely communication (from 82% to 77%), understanding of the City's vision and plan to get there (from 74% to 66%), trust in senior leadership (from 75% to 73%), appropriate workload (from 82% to 76%), being treated with respect (from 86% to 75%) and fair treatment of employees (from 70% to 57%).

We asked about how this translates into the City's turnover rate and learned that the City had a turnover rate of 6.4% in 2013 with 2.5% retiring and 2.5% resigning with 1.4% leaving the City for other reasons including health-related issues.

We asked about how the City compares to other jurisdictions in staffing and learned that the City has just over 5 FTE's per 1,000 people which is comparable to Auburn and Kent, more than Federal Way and less than Bellevue (excluding Fire and Policy). The City's internal support staffing as a percentage of total personnel is about 12% which is lower than Auburn, Kent and Bellevue (each of those at more than 14%) and higher than Federal Way (at about 7%). It was noted that Federal Way is a limited service city (does not provide utilities or fire services.)

We asked about how the City compares to other jurisdictions in Utility Billing front-line staff and learned that the City has just over 7,000 accounts per FTE. This is higher than Auburn (at about 3,500), Kent (at about 5,000) and Bellevue (at about 5,000).

We learned about how the city measures & improves performance through the "Renton Results" program

Staff also reviewed the city's continuous improvement effort known as the "Renton Results" program. The program structures city services in six "service areas" with strategies in place to achieve the desired outcomes of each.

The City has been collecting data centrally since 2012 in an effort to report to the citizens on the effectiveness of City programs. Based upon the results of each performance measure compared to established targets, each City Service Area has room to improve. Overall, the City's programs met about 62% of their targets.

While the City does have data and results collected, additional work to further refine the measures and adjust targets will be undertaken. For example, many of the program measures were brand new with no baseline against which to establish a reasonable target to measure against. Staff will also develop reporting tools that allow the effect of external influences to be pulled into the analysis (such as weather events and global economic factors).

Once refined and meaningful data can be analyzed, staff will use the program to identify opportunities for improvements and efficiencies. Process Improvement efforts will be carried out by staff and data will be assessed to see the impact of these efforts.

We asked what services are mandatory and what are discretionary Programs and staff provided a detailed listing of each program, its purpose and classification of mandatory, discretionary or support-type program. The list also included its revenue and expenditures as budgeted for 2014. Based on the *expenditure f*igures, the listing indicates that:

> **Safety and Health Programs** are 77% Mandatory and 13% Discretionary with 10% as support programs; **Representative Government** Programs are 76% mandatory and 24% discretionary; **Livable Community** Programs are 8% Mandatory and 81% Discretionary with 11% as support program; **Mobility** Programs are 23% Mandatory and 63% Discretionary with 14% as support programs; **Utilities and Environment** Programs are 82% Mandatory and 13% Discretionary with 5% as support programs; and **Internal Support** Programs are 16% Mandatory and 2% Discretionary with 83% as support programs.
>
> *In total* the City's Programs are 58% Mandatory and 19% Discretionary with 24% in support programs.

We asked about how the City compares to other cities in operating costs per capita and learned that the City's General Fund (excluding Fire and Police) operating cost per capita is a little over $400/year. This is lower than Auburn and Bellevue and higher than Kent and Federal Way.

The Fire Departments operating costs per capita is about $200/year. In comparison, Auburn (VRFA) at about $245, Kent (KRFA) at $245 and Bellevue at $325 per capita are higher and Federal Way (SKFR) is lower at about $160 per capita.

The Police Department operating costs and jail services per capita are a little over $350. Operating costs are comparable to Federal Way at about $300 per capita which is higher than Auburn, Kent and Bellevue. The City's jail services costs are about $50 per capita which is less than Auburn but higher than Kent, Federal Way and Bellevue.

We asked about the number of Fire Department Responses and learned that there were about 111 responses/per 1,000 served (including Fire District #25 and Fire District #40). Renton is higher than Federal Way (SKFR) at about 109 and lower than Auburn (VRFA) at about 120, Kent (KRDA) at about 117, and Bellevue at about 126 per 1,000 served.

We asked about the number of Fire Department Responses per commissioned officer and learned that the city had approximately 90 Responses per Commissioned officer in 2013. This is lower than Kent (KRFA at 100) and Federal Way (SKFR at about 120) and higher than Auburn (VRFA at about 82) and Bellevue (at about 80).

We asked about the number of Police Department Responses per commissioned officer and learned that the city had approximately 1.25 Commissioned officers per 1,000 responses to calls for service. This is lower than Auburn (about 1.3), Kent (about 1.45), Federal way (about 1.4) and Bellevue (about 1.3)

We asked about the crime rate as compared to other cities and learned that Renton Police reported UCR Class I Crimes including simple assault at a rate of 48 per 1,000 people in 2013. This is lower than Auburn and Federal Way (each at about 50) and higher than Bellevue (at about 25).

We asked about our open spaces and parks and learned that Renton has 1,205.8 acres of parks, open space, trails and special use facilities.

We reviewed what the City has done with recommendations from prior committees

City staff reviewed prior year recommendations and actions taken by and ongoing efforts of the City.

> City staff discussed how the City is working to balance service priorities across quality of life needs and essential public safety as well as well-maintained infrastructure and clean and sustainable environment. Also, how the City is working to minimize performing services that can be fulfilled by private sector, nonprofits, or volunteers (leveraging partnerships), reduce internal support and overhead and eliminate services that have low utilization or poor performance.
>
> City staff discussed efforts toward cost control/reductions through controlled employee benefits costs; becoming more comparable in total cost of compensation to the private sector (as applicable); increasing partnerships, volunteerism and improved coordination of overlapping efforts (inter-departmental and cross-jurisdiction); keeping overtime in line with comparable jurisdictions; and minimize low-priority, mandatory services.
>
> Also, staff discussed efforts to increase revenue by encouraging economic development and attracting new businesses; considering non-tax/non-resident options and through more flexible use of existing resources (such as lodging tax and CDBG).

And we discussed how the City is working toward budget sustainability through efficiencies, innovation and employee training, process improvements, cross training and job enrichment for flexible use of staff and succession planning; and rather than creating a Metropolitan Park District (MPD) to support park operations, the city is considering a Regional Fire Authority which will have similar effect while allowing the use of non-property-tax based revenues.

We learned about the City's Priority Emphasis

City staff presented the City's top four priorities and the efforts either underway or planned to work towards each of them.

Priority Emphasis: Address Economic Development Priorities

City staff reviewed the Economic Development activities underway in the Downtown, Highlands, Benson Hill/Cascade and Lake Washington Boulevard corridor areas.

The City has invested significantly in Downtown Renton in the past with the relocation of auto dealers and the creation of the Pavilion Events Center and Piazza Park and parking garage that resulted in various private developments such as Burnett Station, Metropolitan Place, Revo 225. The City is also engaged in a process to implement the City Center Community Plan which will focus on priorities such as updating building design standards, creating standards for signage, streetscapes, etc., align with the trails and bike master plan, the street system and possible rezoning of single family residential in South Renton.

The various Lake Washington Boulevard corridor project proposals must 'do no harm' in terms of increasing traffic and impacts to the road system (and must mitigate for impacts). The City is developing a baseline transportation study for the entire Lake Washington Boulevard corridor as well as an origin/destination traffic study.

The Highlands/Sunset Area is moving forward with community revitalization partners with a total of $235 million in Sunset Area Community Revitalization & Investments Projects. The City, Housing Authority, School District & KCLS partnerships are key for implementation as well as local, county, state, federal, and private partners. Renton is using public investment to catalyze private property development. The Meadow Crest Early Learning Center will be a state of the art $30 million early childhood facility and playground; Kirkland Avenue Townhomes will provide 2 and 3 bedrooms townhomes replacing existing Renton Housing Authority housing.

The Benson/Cascade community planning process completed in 2013 identified a number of needs and opportunities. The city is actively pursuing public-private partnership opportunities to kick start the economic development engine in the area.

Priority Emphasis: Enhance customer service and productivity of our employees (Becoming the Best City in King County)

City staff discussed ongoing efforts to improve customer service across the City and the balance between a motivated, effective and passionate staff with how well the staff works together to deliver services to the community.

> The Mayor and Administrators of the City participated in "Coaching" training and were followed by all supervisors, managers, directors and deputies. Administrators are held accountable for continued training and coaching within their Departments.
>
> City leadership introduced Performance Management to the City which is a change from a traditional performance evaluation system. City staff explained that the change is a move away from a task-oriented focus to a competency-oriented focus. The City is expecting those in leadership roles to be leaders - not just managers. Also, when the job and a person do not match leadership will take the opportunity to help the person move on.
>
> City staff described additional training the City will be providing for all levels of staff including performance management, leadership coaching, diversity and social justice, building an inclusive community and more.

Priority Emphasis: Serve our Vulnerable and Diverse Populations

Staff provided information on how the city is working with the increasingly diverse population of the City which has seen the minority population grow by 166% from 2000 to 2010.

> Since 2008, Renton has been committed to being an inclusive city and building connections with ALL communities, especially limited or non-English speaking residents and ethnic groups. In 2013, the City included in its Business Plan a goal of "building an inclusive city with opportunities for all".
>
> The City is working to expand its already robust network of community liaisons and has created a Speakers Bureau by training the community liaisons. Emergency Preparedness videos have been translated into four languages and nearly 1,500 people in diverse communities have had their blood pressure and blood sugar checked by the Fire Department.
>
> Seniors represent over 20% of our population and is the fastest growing age group. The City currently provides senior programs as well as programs for those in the community with special needs. The City also provides scholarships for recreation programs as well as a free summer lunch program in partnership with the Renton School District.
>
> Community liaisons serve on key city boards and citizen task forces such as this group (the BAC) and the Parks and Recreation Open Space Task Force, the SIFF Hosting Committee, etc. and the City is working to reach out to targeted ethnic groups through various means.

The City has won a prestigious award from the National League of Cities and the National Black Caucus of Local Elected Officials for the City Cultural Diversity Award Program. The City has also hired a consultant to further enhance outreach efforts.

Priority Emphasis: Develop a sustainable Fiscal Strategy

City staff discussed the fiscal structure and projected budget deficit for Renton. While the economy is improving, new and additional cost pressures create a challenge for the City. For example staffing to maintain service levels in the areas of development services, Police/Fire/Prosecution services,; maintaining quality of life and to reduce service deficiencies; wage competitiveness is a challenge for difficult-to-recruit positions; and demands driven by changing demographics (aging, homelessness, diversity).

During the recession, the City reduced its workforce by 13% and with other cost reductions the City had a cumulative savings of $28.7 million.

Additionally, the City increased revenue by raising business license fees, internal utility tax rates, and impact mitigation fees – all of which were designated for capital purposes.

What the City is faced with now is a deficit increasing on average by $2 million each year through 2018. In 2018 the projected gap of $8.3 million is partially due to the elimination of the annexation sales tax credit.

City staff outlined how the City has come to this point:

- Referendum 47 limits property tax growth to inflation (1997)
- Repeal of motor vehicle excise tax (1999)
- Limitation of property tax growth to 1% (2001)
- State budget decision (liquor tax/profit, shared revenue reduction, cost shifting) (2013)
- Increased service demand from population and business growth

City Staff provided a list of ten revenue options commonly used by Washington cities. The City is considering two of the options at this time.

The first option being considering is a B&O Tax which will add a sustainable diversification to the City's revenue resources. Renton would be the last city of its size in King County to adopt a B&O tax. City Staff is currently developing a proposal to put before City Council while speaking with the business community.

City Staff explained that the preliminary proposal is to tax businesses with $5 million or higher annual gross receipts at a rate of 0.1% up to $5 billion gross receipts/year. The proposal will include a new employer tax credit (e.g. $1000 per employee up to B&O tax due).

Businesses with less than $5 million/year in gross receipts will continue to pay the existing Business Licensing fee with per employee rate adjusted every other year by inflation.

We commented that the City will not be pricing businesses out of the area and that the City has invested a great deal in the business community and we (businesses) have a responsibility to reciprocate.

We suggest that the City should impose the tax on a broader number of businesses – lowering the threshold to $2 million, for example, to make it more equitable.

We suggest that the City identify the level of gross receipts where the incremental tax income and the added complexity become inefficient.

We suggest tailoring to Renton – tax rate by business type and/or prorate based on gross receipts.

We suggest a ramp-up in the rate over time may be easier to bear by businesses.

We commented that if this fills the budget gap sustainably than it just makes sense as the services provided to citizens and businesses is very good.

The second option being considered is a Fire Benefit Charge (FBC). This would provide a sustainable funding mechanism for Fire and EMS services and additional staffing for the long-planned Fire Station 15 as well as resources to staff existing aid units. To implement a FBC requires 60% voter approval therefore the City is not certain it is an available option.

The City savings (if this were to be put into place) would be used to build and equip the new Station 15, pay for the Fire Station 13 loan, fund the LEOFF 1 medical obligation and maintain other city capital assets.

We considered the following three questions:

1. **Is the city striking the right balance between cost containment/efficiency efforts and providing quality services?**

   Our general consensus is Yes. We feel growth in the City has been more positive than negative and services remain consistently a good value for tax dollars.

   We suggest that the city continues to work on reducing employee benefit costs to a level similar to private sector. When the City makes a decision on an increase in taxes it is important to maintain the perception of fairness to the taxpayers who generally have less benefits but are asked to pay more for the benefits of city employees.

   We commented that there are still some remaining pockets of the community such as the Sunset/Highlands and Benson/Cascade areas that have been historically underserved that need some attention.

2. **Are we missing important trends or opportunities?**

<u>We would like to see the city</u>:

- Encourage more diverse housing stock include both affordable and higher-end housing to attract population growth that represent the full economic spectrum to Renton
- Continue to work to attract higher paying job here so those that live here will choose also to work here
- Explore ways to get other jurisdictions to pay their fair share of the services we provide to their citizens (examples: GMA flaws; 405 emergency response; Skyway)
- Address needs of annexed populations – improve the quality of life to increase the overall positive aspects of growth
- Leverage partnerships in every way possible

3. **Are we heading in the right direction?**

<u>General consensus is</u> "Yes!"

<u>We suggest...</u>

- The city should continue to assess the needs and adapt city priorities with changing demographics/new populations
- Any revenue generation should be for general purpose, not designated/restricted in nature or geared toward key constituents
- The City should continue to take full advantage of existing revenue sources and allocate where possible to mitigate the existing budget gap. The City should also pursue new revenue sources that will sustainably support city services
- The city should support the needs of the community as identified in various Plans and Assessments, such as the Community Needs Assessment. Priorities remain concrete and clear, geared towards the needs of the community
- The City should continue to encourage growth through actively planning for and supporting new and well-maintained infrastructure (roads, water, power and communications.)[1]

[1] It is important to note that city owns and has direct responsibility in water, sewer, drainage and roads. The city has some influence over power and telecomm systems through franchise agreements but do not own or have direct oversight of these systems. As for the city operated utilities, we have started an active system preservation/renewal program since 2010 to systematically assess the condition and replace/rehabilitate infrastructure as appropriate. The table below shows % of system renewal investment as a % of total capital plan.

System Preservation as % of Total capital program	2013	2014	2015 planned	2016 Planned
Water CIP total Budget	$3.75 M	$4.4 M	$5.5 M	$6.2 M
Water CIP maintenance/ preservation projects	$2.4 M	$3.5 M	$3.6 M	$5 M
% water CIP expenditures on maint./ preservation projects	64%	80%	65%	80%

We also discussed this year's BAC Process and provided the following Comments/Feedback:

- The process has evolved over the three groups to a much more effective use of our time by getting away from the details of the budget which we cannot influence to higher level, priority-focused discussion Helpful to focus on a few priorities rather than so many it is overwhelming
- Materials much improved; better and more clear was information provided
- Comparisons to other City's is helpful
- Illustration of cost savings and efficiency efforts will be interesting as the committee's recommendations work through the organization (good or bad)This process far exceeds similar efforts undertaken by other cities