



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5786
December 1, 2020
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 5786: 2021-2022 Biennial Budget Adoption	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Adopt Ordinance 20-29 to approve the 2021-2022 Biennial Budget	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	Finance
STAFF:	Matthew Mornick, Interim Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. Ordinance No. 20-29
CITY COUNCIL PRIORITY:	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ n/a

SUMMARY

The 2021-2022 Biennial Budget is balanced, includes \$147 million across all Funds, and reflects the collective decisions made by the City Council over the past several months. Ordinance No. 20-29 (see Exhibit 1) includes the estimated beginning fund balances, expenditures, and revenues for each separate fund for the 2021-2022 biennium.

BACKGROUND

On September 1, 2020 staff presented the 2020 Second Quarter Financial Status Update and long-term financial forecast to the City Council (see [AB 5741](#)). The revenue forecast projected the 2020 year-end financial position, as well as the subsequent biennium, and served as the basis for developing the 2021-2022 Preliminary Budget.

On September 22, 2020 staff presented an overview of the staffing changes outlined in the 2021-2022 Preliminary Budget, many of the changes resulting from a series of workforce reductions that occurred in 2020 and that necessitated considerable organizational change (see [AB 5755](#)). Many city services were suspended or significantly modified due to the ongoing COVID-19 Pandemic.

Staff refocused the organization's priorities, service levels, and presented a measured approach to re-organizing resources and recovery planning strategies through the next biennium. The new organizational structure retains flexibility to adapt as circumstances and needs change during the biennium.

The [2021-2022 Preliminary Budget](#) was published via the City's website on September 30, 2020 and a hard copy was provided to the City Council.

At the October 13, 2020 City Council meeting, staff presented the Preliminary Budget highlighting key changes from the previous biennium. The presentation also included an overview of the General Fund five-year forecast, a high-level look at each Fund Category, and an overview of Department budgets, work plans, and budget proposals (see [AB 5765](#)). This discussion continued on October 20, 2020 when the initial public hearing was held on the 2021-2022 Preliminary Budget and the [2021 – 2026 Capital Improvement Program](#) was presented (see [AB 5768](#)).

At the November 2, 2020 meeting, the City Council prioritized and approved a number of budget proposals (see [AB 5775](#)) to include in the 2021-2022 Biennial Budget. A summary of the approved budget proposals is included in the table on the following page. Staff updated the Department work plans to reflect the City Council's decisions on the budget proposals.

The second and final public hearing on the 2021-2022 Preliminary Budget was held on November 17, 2020. The same evening, the City Council approved one-time funding to complete a Housing Needs Assessment, approved the ARCH Administrative Budget and Housing Trust Fund contributions (see [AB 5780](#)), and took further measures to finalize the 2021-2022 Biennial Budget (see [AB 5777](#)). For fiscal year 2021, the City Council approved a 0.60% property tax levy increase, water, sewer, and storm water utility rate changes, the utility fee for emergency medical and ambulance services, and the NORCOM budget allocation for regional public safety dispatching services.

Additional budget revisions included updating the healthcare premium costs, which came in lower than initial estimates. The final budget also includes minor administrative changes to reflect new information regarding State shared revenues, adjustments in the Capital Improvement Program, and correction of minor errors identified after the Preliminary Budget was published at the end of September.

NEXT STEPS

The staff will publish the final 2021-2022 Biennial Budget on the City's website no later than January 31, 2021.

DESCRIPTION OF CHANGES TO THE PRELIMINARY BUDGET		FUND	FY 2021	FY 2022
REVENUES			\$ 510,674	\$ 465,049
1 Council	Self-Insurance Fund One-time Contribution to the General Fund	General	50,000	-
2 Council	Property Tax Increase by 0.60%	General	(52,920)	(53,294)
3 Council	Mobile Integrated Health (MIH) Program	General	108,000	110,000
<i>Subtotal General Fund Revenue</i>			<i>\$ 105,080</i>	<i>\$ 56,706</i>
4 Staff	State Multimodal Transportation Fees (I-976 unconstitutionality)	Street	34,000	34,000
5 Staff	Transportation Benefit District (I-976 unconstitutionality)	Street	375,000	375,000
6 Council	Property Tax Increase by 0.60%	Fleet	(3,406)	(657)
<i>Subtotal Other Fund Revenue</i>			<i>\$ 405,594</i>	<i>\$ 408,343</i>
EXPENDITURES			\$ 1,815,793	\$ 2,366,042
7 Council	Housing Needs Assessment	General	30,000	-
8 Council	Classification & Compensation Study	General	60,000	-
9 Council	Biennial Community Survey	General	-	20,000
10 Council	Municipal Court Services Study	General	20,000	-
11 Council	Cultural Competency Training	General	20,000	20,000
12 Council	Election Expenses	General	55,000	-
13 Council	Economic Development Coordinator (1.0 LTE)	General	119,527	122,562
14 Council	Senior Policy Analyst (1.0 FTE)	General	75,783	138,469
15 Council	Town Center Retail Analysis & Code Update	General	50,000	-
16 Council	Transportation, Parks, and Fire Impact Fee Study	General	-	125,000
17 Council	Financial Analyst (1.0 FTE)	General	-	54,953
18 Council	Enterprise Resource Planning Software Acquisition	General	65,500	98,250
19 Council	ARCH Housing Trust Fund Annual Contribution	General	(15,000)	(15,000)
20 Council	Housing Assistance (transfer to YFS Fund)	General	15,000	15,000
21 Council	Firefighter's Pension Fund (transfer to Fund 606)	General	100,000	100,000
22 Council	ADA Transition Plan	General	100,000	150,000
23 Council	Public Camping and Shelter Support	General	10,000	10,000
24 Council	Town Center Parking Study (transfer to Street Fund)	General	40,000	-
25 Council	Soil Remediation & Site Characterization (transfer to Fund 503)	General	148,000	55,500
26 Council	Youth & Family Services Funding	General	102,787	856,762
27 Council	Patrol Officers (2.0 FTE)	General	-	240,502
28 Council	Sustainability Program Manager (1.0 FTE)	General	35,551	36,422
29 Council	Reinstate Park Maintenance Casual Labor	General	263,225	274,346
30 Council	Farmers Market Subsidy	General	20,000	20,000
31 Council	Town Center Beautification	General	60,000	60,000
32 Staff	Salary & Benefit Adjustments from Preliminary Budget Estimates	General	(89,409)	(96,824)
33 Staff	NORCOM 2021 Contribution Rate Adjustment	General	(28,331)	(29,900)
34 Council	Mobile Integrated Health (MIH) Program	General	108,000	110,000
<i>Subtotal General Fund Expenditures</i>			<i>\$ 1,365,633</i>	<i>\$ 2,366,042</i>
35 Staff	PA0125-Mercerdale Park Playground Improvements	CIP	490,000	-
36 Staff	GT0103-ArcGIS Urban Deployment	Tech	(39,840)	-
<i>Subtotal Other Fund Expenditures</i>			<i>\$ 450,160</i>	<i>\$ -</i>

RECOMMENDATION

- 1) Suspend the City Council Rules of Procedure 6.3, requiring a second reading for an ordinance.
- 2) Adopt Ordinance No. 20-29, which encompasses the biennial budget for the City of Mercer Island, Washington, for fiscal years 2021-2022.