



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 5727
July 21, 2020
Regular Business

AGENDA BILL INFORMATION

TITLE:	AB 5727: YFS Foundation Donation Acceptance and YFS Fund Update	<input type="checkbox"/> Discussion Only
RECOMMENDED ACTION:	Accept \$102,600 from the YFS Foundation's offer to restore YFS services for the remainder of 2020.	<input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

DEPARTMENT:	Youth and Family Services		
STAFF:	Ed Holmes, Police Chief and Derek Franklin, YFS Clinical Supervisor		
COUNCIL LIAISON:	Wendy Weiker	Salim Nice	Lisa Anderl
EXHIBITS:	1. YFS Foundation Letter to City Manager Bon 2. YFS Fund July Forecast		
CITY COUNCIL PRIORITY:	n/a		

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

SUMMARY

The purpose of this agenda bill is to authorize acceptance of a donation from the Mercer Island Youth and Family Services Foundation to partially restore Youth and Family Services (YFS) Department services impacted by recent reductions resulting from the COVID-19 Pandemic.

On June 11, 2020, the City received a letter from the Mercer Island Youth and Family Services Foundation stating their intent to provide a donation to the City of up to \$815,000 (see Exhibit 1). The YFS Foundation funds were donated by community members, non-profit partners, and local businesses. Up to \$617,000 of this money is offered unconditionally, with an additional amount up to \$198,000 contingent upon the City providing a match, "toward restoring the most urgent services recommended by the Department."

BACKGROUND

The primary mission of the Mercer Island Thrift Shop is to raise money to support YFS Department services. In 2020, the Thrift Shop was projected to earn nearly \$2 million in gross revenues, equal to approximately 65 percent of the YFS Department's resources. Other revenues for the YFS Department include donations from the Mercer Island Youth and Family Services Foundation, federal grants, and charges for services.

The City of Mercer Island declared a state of emergency on March 5, 2020 due to impacts from the Pandemic. The following week, the Thrift Shop closed. By the end of March, due to thin margins within the YFS Fund, quarterly and irregular receipt of grant funds, and the immediate impact of the Thrift Shop's closure, the YFS

Fund began drawing down unappropriated YFS Fund resources to cover expenses. The Thrift Shop's closure through the end of the year results in a projected \$1.6 million revenue shortfall.

On June 2, staff presented the financial impacts to the YFS Fund in [AB 5700](#). Following implementation of Citywide Phase 1 and Phase 2 cost saving measures in response to the Pandemic, the City Council took further steps to stabilize the YFS Fund. First, the City Council appropriated the remaining unrestricted balance in the YFS Fund and authorized an additional \$250,000 of Contingency Funds to sustain a positive cash balance and sufficient working capital.

In [AB 5694](#), the City Council authorized use of the compensated absences reserve and established an unemployment reserve. These measures further relieved the YFS Fund from one-time expenses and unforeseen costs associated with unemployment. Fourteen staff remain in the YFS Department, most working reduced hours with a remaining emphasis on school counseling, senior services support, and emergency assistance. Early in July, the Finance team assessed the overall health of the YFS Fund taking into account recent City Council actions. In the latest forecast (see Exhibit 2), costs continue to outpace revenues, depleting the remaining Fund balance by year-end.

Discussion

In May 2020, a YFS Working Group was formed consisting of Deputy Mayor Weiker, Councilmembers Nice and Anderl, YFS Foundation Board members Jody Kris, Laura Oberto, and Chris Woerner, and City staff. The YFS Working Group met several times to begin discussions on short-term and long-term funding options for the YFS Department.

After holding two meetings in July to discuss short-term funding scenarios, the YFS Working Group recommends the City Council accept \$102,600 from the YFS Foundation to restore the following services through the end of 2020:

	Services	Cost thru 2020 year-end
1	Reinstate 2 elementary school counselors to 28 hrs./ week, bringing the total number of school counselors back to seven.	\$49,700
2	Restore all 7 school counselors from 28 hrs./ week to 32 hrs./ week.	\$21,700
3	Reinstate 1 part-time Administrative Assistant.	\$15,600
4	Restore Senior, Individual and Family Therapist to full-time status.	<u>\$15,600</u>
	TOTAL FOR FOUR MONTHS (Sept – Dec 2020)	\$102,600

The service restoration recommendation was prepared by YFS Department leadership. When considering how to prioritize the restoration of services, YFS leadership considered the portfolio of services that would have the greatest impact on their mission to provide meaningful services to the community.

The YFS Working Group further recommends that the balance of the YFS Foundation's donation be held for use in the 2021-2022 biennium to stabilize YFS Department services given the ongoing financial uncertainty related to impacts of the Pandemic.

RECOMMENDATION

Authorize the City Manager to accept \$102,600 from the YFS Foundation to restore the services as previously described for the remainder of 2020.