



# CITY OF MERCER ISLAND

## CITY COUNCIL MEETING AGENDA

Saturday  
June 11, 2016  
8:30 AM

**Mayor Bruce Bassett**  
**Deputy Mayor Debbie Bertlin**  
**Councilmembers Dan Grausz, Jeff Sanderson,**  
**Wendy Weiker, David Wisenteiner**  
**and Benson Wong**

The 2016 Mini-Planning Session will be held in the Clark Room at the Mercer Island Community & Event Center, 8236 SE 36<sup>th</sup> Street, Mercer Island, WA

Contact: 206.275.7793 | [council@mercergov.org](mailto:council@mercergov.org) | [www.mercergov.org/council](http://www.mercergov.org/council)

## 2016 CITY COUNCIL MINI-PLANNING SESSION

### CALL TO ORDER & ROLL CALL

**8:30 AM**

### SPECIAL BUSINESS

*Times are approximate*

- |     |                                                        |          |
|-----|--------------------------------------------------------|----------|
| (1) | Recap of Council Work Plan and Progress to Date        | 8:30 am  |
| (2) | 2017-2018 Budget Kick-Off                              | 9:00 am  |
|     | Break                                                  | 10:30 am |
| (3) | Maintenance and Fleet Audit                            | 10:45 am |
| (4) | Council Electronic Devices                             | 11:45 am |
|     | Working Lunch                                          | 12:15 pm |
| (5) | Fireworks (a) Discharge and (b) Sales Permit Approval  | 12:30 pm |
| (6) | Council / Staff Operations and Communications Check In | 1:30 pm  |
|     | Break                                                  | 2:30 pm  |
| (7) | Parking Lot                                            | 2:45 pm  |
|     | Wrap Up                                                | 4:15 pm  |

### ADJOURNMENT

**4:30 PM**



# MEMORANDUM

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## *2016 City Council Mini-Planning Session*

**TO:** City Council

**FROM:** Steve Lancaster, Interim City Manager

**RE:** Recap of Council Work Plan and Progress to Date

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### **COUNCIL DISCUSSION/QUESTION PRESENTED:**

1. Progress Review - Adopted City Council 2016 Work Plan.
2. Status of Parking Lot Items from January 2016 Planning Session.

### **BACKGROUND:**

#### City Council 2016 Work Plan

The City Council adopted its 2016 Work Plan at its February 22, 2016 meeting (AB 5157, attached as Exhibit 1).

Exhibit 2 provides a snapshot of progress made toward carrying out the work plan during the first half of the year (1<sup>st</sup> and 2<sup>nd</sup> quarters). The yellow shaded area lists the number of planned and actual agenda bills presented to Council during this period. Specific items and Council questions can be addressed at the June 11 Mini-Planning Session.

#### January Planning Session Parking Lot Items

Exhibit 3 provides a status update on the items placed in the "Parking Lot" during the January Planning Session. The first three columns reflect the issue, staff assignment and proposed action as discussed in January and presented to the City Council under AB 5157 in February. The final column indicates the current status of the issue. Again, any additional thoughts on specific items can be discussed at the June 11 Session.

### **EXHIBITS:**

1. AB 5157
2. Mercer Island City Council 2016 Work Plan – Planned vs. Actual (Jan-Jun)
3. Mercer Island City Council 2016 Work Plan – Parking Lot Status



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

**AB 5157  
February 22, 2016  
Regular Business**

<b>2016 CITY COUNCIL WORK PLAN</b>	<b>Proposed Council Action:</b> Approve 2016 City Council work plan.
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<b>DEPARTMENT OF</b>	City Manager (Chip Corder & Ali Spietz)
<b>COUNCIL LIAISON</b>	n/a
<b>EXHIBITS</b>	1. 2016 City Council Work Plan
<b>APPROVED BY CITY MANAGER</b>	

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

**SUMMARY**

The 2016 City Council Work Plan, which is attached as Exhibit 1, primarily consists of staff work that has resulted or will result in an agenda item at a Council meeting or at one of the two Council Planning Sessions in 2016. In addition, 2017 agenda items are identified for various departments to make the Council aware of other significant work items on the horizon.

The 2016 City Council Work Plan, which is broken down by quarter, is organized as follows:

- Planned Council meeting agenda items (organized by department)
- Routine Council meeting agenda items
- Planning & Mini-Planning Session agenda items
- Unplanned Council meeting agenda items

The green shading in the 2016 and 2017 columns identifies the quarters in which staff will perform the work. The numbers in the green shading identify how many agenda items are planned in each quarter.

There are 115 total agenda items projected in 2016. To put this in perspective, staff completed 134 agenda items in 2015, which represented the busiest year on record not only in terms of staff workload but also in terms of the number of Council meetings that ended after 11:00pm (i.e. 9 meetings). **As a result, the City Manager recommends capping the total number of agenda items at 115 in any given year**, which breaks down as follows:

- 88 planned & routine Council meeting agenda items (22 meetings x 4 agenda items per meeting)
- 17 Planning & Mini-Planning Session agenda items
- 10 unplanned Council meeting agenda items

This represents the maximum amount of work, on average, that staff and the Council can effectively accomplish in a given year.

Exhibit 1 also includes a summary listing of 2016 Action Items that came out of the January 2016 Planning Session, representing staff work that will be accomplished in one of the following ways:

- 2016 City Council Work Plan:
  - Council meeting agenda item
  - Mini-Planning Session agenda item
  - 2017-2018 budget process (which includes Council meeting agenda items)
- Subcommittee assignment (Public Safety, Parks & Recreation, and Organizational Effectiveness)
- Meeting(s) between staff and 1-3 Council members
- Staff memo to the Council
- Letter to another governmental jurisdiction

On Monday night staff will review the 2016 City Council Work Plan, focusing on the planned Council meeting agenda items. Any Council directed changes will be incorporated into the approved 2016 Work Plan.

At the June 2016 Mini-Planning Session, the City Manager will review the approved 2016 Work Plan, noting progress to date and any significant changes to the planned and unplanned Council meeting agenda items.

## **RECOMMENDATION**

*Assistant City Manager*

MOVE TO: Approve the 2016 City Council Work Plan attached as Exhibit 1 and as amended by the City Council on February 22, 2016.

MERCER ISLAND CITY COUNCIL 2016 WORK PLAN

PLANNED COUNCIL MEETING AGENDA ITEMS	Staff	2016				2017			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>CITY ATTORNEY'S OFFICE</b>	--								
Comcast Cable Franchise	Sand					2			
PSE Electric Franchise	Sand				2				
CenturyLink Cable Franchise	Sand			2					
Zayo Franchise	Sand				2				
Mobilitie Franchise	Sand					2			
School Bus Cameras ILA & Ordinance	Sand			2					
<b>City Manager's Office</b>	--								
Legislative Agenda	Taylor	1			1	1			1
Transportation Issues	--								
<i>I-90 Loss of Mobility</i>	Lancaster	1	1						
<i>Light Rail Station Design Oversight</i>	Taylor		1						
Sustainability	--								
<i>Community Solar Project Update and Lease Agreement</i>	Freeman	1							
<i>Six-Year Sustainability Plan</i>	Freeman			1					
Mercer Island Center for the Arts (MICA)	Lancaster	2	1						
<b>Development Services Group</b>	--								
Trellis Townhomes Final Long Plat Approval	Sand/Greenberg	1							
Coval Final Long Plat Approval	Sand/Greenberg	1							
P Zone Code Amendments	Greenberg				2				
Town Center Visioning and Development Code Update	Greenberg		3						
Comprehensive Plan Amendments	Greenberg		3						
Development Cost of Service Study & Fee Resolution	Greenberg		2						
DSG Long-Range Planner Position Approval	Greenberg	1							
Code Enforcement Ordinance Rewrite	Greenberg					2			
Title 19 Total Rewrite (with critical sections called out below)	Greenberg								
<i>Residential Development Standards</i>	Greenberg			1	2				
<i>Updates for NPDES (due 12/31/16)</i>	Greenberg			1	1				
<i>Critical Areas Update (overdue)</i>	Greenberg							3	
<i>Transportation Concurrency</i>	Greenberg								2
<i>WCF Code Update</i>	Greenberg								2
<i>Add Comp Plan Amendment Process (due 9/30/16)</i>	Greenberg			2					
Planning Commission Rules of Procedure	Greenberg			1					
Growth Targets	Greenberg								1
2015 Construction Codes (due 7/1/16)	Greenberg		2						
<b>Finance Department</b>	--								
2017-2018 Budget Process	Corder	1	1		5				
Biennial Citizen Survey Results	Corder		1						
<b>Human Resources</b>	--								
City Manager Recruitment	Segle	2	1						
<b>Maintenance Department</b>	--								
Water Event Update & Cross Connection Program	Kintner	1							
Maintenance Department Fleet & Organization Audit	Kintner	1	1						
Water System Plan & General Sewer Plan Updates	Kintner		1	1					
King County Sewer Project	Kintner				1				
<b>Parks &amp; Recreation</b>	--								
Island Crest Park Ballfield Lights and South Field Improvement Projects	Fletcher		2						
MICEC Master Plan	Fletcher				1				
		13	20	11	17	7	0	3	6
<b>TOTAL PLANNED AGENDA ITEMS</b>		<b>61</b>				<b>16</b>			
<b>ROUTINE COUNCIL MEETING AGENDA ITEMS</b>		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ARCH Funding & Recommendations	Greenberg	2				2			
Bid Awards & Project Close-Outs	Multiple		2	2			2	2	
Board/Commissions Work Plans Review	Multiple		2		1	2			1
Collective Bargaining Agreements	Segle	1	1		1				
Communities That Care/Healthy Youth Initiative Update	Goodwin				1			1	
Emergency Management Update	Holmes				1			1	
Fireworks Permits	Heitman		2				2		
Interlocal Agreements	Multiple		2	2	1	1	1	2	1
Mercer Island Report Card	Corder		1				1		
Quarterly Financial Reports and Budget Adjustments	Corder		2	1	1	1	1	1	1
Transportation Improvement Plan	Greenberg		2				2		
Year-End Surplus Disposition	Corder		1				1		
<b>TOTAL ROUTINE AGENDA ITEMS</b>		<b>29</b>				<b>26</b>			
<b>PLANNING SESSIONS AGENDA ITEMS</b>		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2016 Planning Session	Multiple	10				8			
2016 Mini-Planning Session	Multiple		5				5		
<b>TOTAL PLANNING SESSIONS AGENDA ITEMS</b>		<b>15</b>				<b>13</b>			
<i>Total Planned Agenda Items by Quarter</i>		26	40	16	23	21	15	10	9
<b>UNPLANNED COUNCIL MEETING AGENDA ITEMS</b>		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unplanned and emergent agenda items estimate				10				10	
<b>TOTAL UNPLANNED/EMERGENT AGENDA ITEMS</b>		<b>10</b>				<b>10</b>			
<b>TOTAL ANNUAL AGENDA ITEMS</b>		<b>115</b>				<b>65</b>			

## MERCER ISLAND CITY COUNCIL 2016 WORK PLAN

<b>2016 COUNCIL PARKING LOT</b>	<b>STAFF</b>	<b>ACTION</b>
Economic development committee or office of economic development (Weiker/Sanderson)	Lancaster	2016 Mini Planning Session
Financial recovery plan (Wisenteinter)	Corder	2017-2018 Budget Process
Revision to current policy permitting private parties to make street repairs (e.g. following new utility installations) (Grausz)	Kintner	Staff Memo
Community Center Support (Grausz)	Fletcher	Bruce Fletcher will meet with new Councilmembers (and others if want to) to provide overview of MICEC Budget Support
Improving Dashboard (report card) (Wisenteiner)	Corder	Chip and Dave will meet to discuss possible changes to the report
Thrift Store—Future operations/expansion status (Grausz)	Goodwin	Cindy Goodwin will meet with new Councilmembers (and others if want to) to provide overview of the Mercer Island Thrift Shop operations and expansion
Emergency operations command center policy/business continuity/emergency preparedness/drills (Weiker/Grausz)	Holmes	Jennifer Franklin will meet with new Councilmembers (and others if want to) to provide overview of City's Emergency Management Program
Bollards post Camicia (Grausz)	Sand/ Fletcher	Parks & Recreation staff will be providing information to the Parks & Recreation Subcommittee regarding bollards on the Island
Council member communication with the public and related social media issues (Wisenteiner/Sanderson)	Org. Effect. Cmte	The newly establish Organizational Effectiveness Committee will review/develop policies regarding Council communications with the public and on social media
City sustainability action plan (Bassett)	Freeman	On 2016 Work Plan
Preliminary green building standards development (Bassett)	Freeman	On 2016 Work Plan
MICA update (Grausz)	Sand	On 2016 Work Plan
Maintenance Department performance audit (Grausz)	Kintner	On 2016 Work Plan
Future funding of school counselors (Wong)	Corder	2017-2018 Budget Process
Town Center vision and code Council engagement (Wisenteiner/Sanderson)	Greenberg	On 2016 Work Plan
Sound Transit negotiation update (Sanderson)	Taylor	On 2016 Work Plan

<b>2016 ADDITIONAL ACTION ITEMS</b>	<b>STAFF</b>	<b>ACTION</b>
Agenda Approval at beginning of meeting	Spietz	Completed
Letter supporting cost recovery for long-term planning legislation	Greenberg	Completed
Cost of LID to Underground Power from PSE	Kintner/Sand	Will be part of PSE Electric Franchise
Fireworks Ban	Heitman	Public Safety Subcommittee
Honeywell Contamination Update	Kintner/Sand	Staff Memo
Sales Tax Sound Transit paid to Mercer Island?	Taylor	Staff Memo
Level of Service and Number of Outages from PSE	Kintner	Staff Memo
City Manager Reports	Lancaster	Starting Feb 2016
Forming Council Organizational Effectiveness/Efficiency Committee (Wendy, Dan, Dave)	Taylor	Starting Mar 2016

**MERCER ISLAND CITY COUNCIL 2016 WORK PLAN**  
**Planned Vs. Actual (Jan-June)**

PLANNED COUNCIL MEETING AGENDA ITEMS	Staff	2016				2017			
		Q1 & Q2	Q3	Q4	Q1	Q2	Q3	Q4	
		Planned	Actual						
<b>City Attorney's Office</b>	--								
Comcast Cable Franchise	Sand				2				
PSE Electric Franchise	Sand				2				
CenturyLink Cable Franchise	Sand			2					
Zayo Telecom Franchise	Sand			2					
Mobilitie Telecom Franchise	Sand				2				
School Bus Cameras ILA & Ordinance	Sand	0	1	2					
<b>City Manager's Office</b>	--								
Legislative Agenda	Taylor	1	1		1	1			1
Transportation Issues	--								
<i>I-90 Loss of Mobility</i>	Lancaster	2	1						
<i>Light Rail Station Design Oversight</i>	Taylor	1	0						
Sustainability	--								
<i>Community Solar Project Update and Lease Agreement</i>	Freeman	1	0						
<i>Six-Year Sustainability Plan</i>	Freeman	0	0	1					
Mercer Island Center for the Arts (MICA)	Lancaster	3	3						
<b>Development Services Group</b>	--								
Trellis Townhomes Final Long Plat Approval	Sand/Greenberg	1	1						
Coval Final Long Plat Approval	Sand/Greenberg	1	1						
P Zone Code Amendments	Greenberg				2				
Town Center Visioning and Development Code Update	Greenberg	3	5						
Comprehensive Plan Amendments	Greenberg	3	4						
Development Cost of Service Study & Fee Resolution	Greenberg	2	2						
DSG Long-Range Planner Position Approval	Greenberg	1	1						
Code Enforcement Ordinance Rewrite	Greenberg					2			
Title 19 Total Rewrite (with critical sections called out below)	Greenberg								
<i>Residential Development Standards</i>	Greenberg			1	2				
<i>Updates for NPDES (due 12/31/16)</i>	Greenberg			1	1				
<i>Critical Areas Update (overdue)</i>	Greenberg							3	
<i>Transportation Concurrency</i>	Greenberg								2
<i>Wireless Communication Facilities Code Update</i>	Greenberg								2
<i>Additional Comp Plan Amendment Process (due 9/30/16)</i>	Greenberg			2					
Planning Commission Rules of Procedure	Greenberg			1					
Growth Targets	Greenberg								1
2015 Construction Codes (due 7/1/16)	Greenberg	2	1						
<b>Finance Department</b>	--								
2017-2018 Budget Process	Corder	2	2		5				
Biennial Citizen Survey Results	Corder	1	1						
<b>Human Resources</b>	--								
City Manager Recruitment	Segle	3	2						
<b>Maintenance Department</b>	--								
Water Event Update & Cross Connection Program	Kintner	1	1						
Maintenance Department Fleet & Organization Audit	Kintner	2	1						
Water System Plan & General Sewer Plan Updates	Kintner	1	0	1					
King County Sewer Project	Kintner				1				
<b>Parks &amp; Recreation</b>	--								
Island Crest Park Ballfield Lights and South Field Improvement Projects	Fletcher	2	1						
MICEC Master Plan	Fletcher				1				
		33	29	11	17	7	0	3	6
<b>TOTAL PLANNED COUNCIL MEETING AGENDA ITEMS</b>		<b>61</b>				<b>16</b>			
<b>ROUTINE COUNCIL MEETING AGENDA ITEMS</b>		<b>Q1 &amp; Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
		Planned	Actual						
ARCH Funding & Recommendations	Greenberg	2	2		2				
Bid Awards & Project Close-Outs	Multiple	2	4	2		2	2		
Board/Commissions Work Plans Review	Multiple	2	2		1	2		1	
Collective Bargaining Agreements	Segle	2	2		1				
Communities That Care/Healthy Youth Initiative Update	Goodwin				1			1	
Emergency Management Update	Holmes				1			1	
Fireworks Permits	Heitman	2	2			2			
Interlocal Agreements	Multiple	2	1	2	1	1	2	1	
Mercer Island Report Card	Corder	1				1			
Quarterly Financial Reports and Budget Adjustments	Corder	2	2	1	1	1	1	1	
Transportation Improvement Plan	Greenberg	2	1			2			
Year-End Surplus Disposition	Corder	1	1			1			
		18	17	5	6	31	10	13	14
<b>TOTAL ROUTINE COUNCIL MEETING AGENDA ITEMS</b>		<b>29</b>				<b>26</b>			
<b>PLANNING SESSIONS AGENDA ITEMS</b>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
2016 Planning Session	Multiple	10				8			
2016 Mini-Planning Session	Multiple		7				5		
<b>TOTAL PLANNING SESSIONS AGENDA ITEMS</b>		<b>15</b>				<b>13</b>			
<b>UNPLANNED COUNCIL MEETING AGENDA ITEMS</b>		<b>Q1 &amp; Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
		Planned	Actual						
Unplanned and emergent agenda items estimate		5	7	5			10		
<b>TOTAL UNPLANNED/EMERGENT AGENDA ITEMS</b>		<b>10</b>				<b>10</b>			
<b>TOTAL ANNUAL AGENDA ITEMS</b> (Actual: Jan-June & Proposed: Jul-Dec)		<b>114</b>				<b>65</b>			
		<b>Q1 &amp; Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
Total <i>Planned</i> Agenda Items		71	16	23	21	15	10	9	
Total <i>Actual</i> Agenda Items		<b>70</b>							

**MERCER ISLAND CITY COUNCIL 2016 WORK PLAN  
Parking Lot Status (Jan-Jun)**

2016 COUNCIL PARKING LOT	STAFF	PLANNED ACTION	STATUS
Economic development committee or office of economic development (Weiker/Sanderson)	Lancaster	2016 Mini Planning Session	Deferred.
Financial recovery plan (Wisenteiner)	Corder	2017-2018 Budget Process	Will be addressed during 2017-2018 budget process.
Revision to current policy permitting private parties to make street repairs (e.g. following new utility installations) (Grausz)	Kintner	Staff Memo	Memo will be sent to Council by August 2016.
Community Center Support (Grausz)	Fletcher	Bruce Fletcher will meet with new Councilmembers (and others if interested) to provide overview of MICEC Budget Support	Staff reviewed the MICEC budget at the May 12, 2016 P&R Subcommittee meeting. Director Fletcher can schedule meetings or send a memo to new Councilmembers regarding MICEC budget if still needed.
Improving Dashboard (report card) (Wisenteiner)	Corder	Chip and Dave will meet to discuss possible changes to the report	Director Corder and Councilmember Wisenteiner have been unable to meet. He recommends making this a 2017 work plan item.
Thrift Store—Future operations/expansion status (Grausz)	Goodwin	Cindy Goodwin will meet with new Councilmembers (and others if want to) to provide overview of the Mercer Island Thrift Shop operations and expansion	Director Goodwin met new Councilmembers in February at the Thrift Shop for an orientation and tour. They were provided with the history of the Thrift Shop's growth and revenues, staffing model (volunteer-run grass roots organization to a formal business with paid coordinators and work study students) and a status update regarding revenue goals and challenges to meet these goals
Emergency operations command center policy/business continuity/emergency preparedness/drills (Weiker/Grausz)	Holmes	Jennifer Franklin will meet with new Councilmembers (and others if want to) to provide overview of City's Emergency Management Program	Meetings/tours will be scheduled as soon as the new EOC is completed.
Bollards post Camicia (Grausz)	Sand/Fletcher	Parks & Recreation staff will be providing information to the Parks & Recreation Subcommittee regarding bollards on the Island	Staff has entered into a contract with a consultant for review of bollards on the I-90 trail.
Council member communication with the public and related social media issues (Wisenteiner/Sanderson)	Taylor	The newly establish Organizational Effectiveness Committee will review/develop policies regarding Council communications with the public and on social media	Will be addressed when the committee begins work following the Mini-Planning Session in June 2016.
City sustainability action plan (Bassett)	Freeman	On 2016 Work Plan	Outlining of the Plan's structure is complete and drafting of the written components is moving ahead slowly. Anticipated review by Council in November 2016. Extensive work to rebuild the past 3 years of MI carbon footprint tracking data is approaching completion, but has been delayed by the significant challenges of acquiring historic data from PSE.
Preliminary green building standards development (Bassett)	Freeman	On 2016 Work Plan	This first phase of this work has been successfully wrapped into the draft Town Center Code updates. Following the expected adoption of those measures, staff will look into additional commercial green building standards that may be applicable to Mercer Island.
MICA update (Grausz)	Sand	On 2016 Work Plan	SEPA review continues and code amendments are needed to facilitate the project.
Maintenance Department performance audit (Grausz)	Kintner	On 2016 Work Plan	Audit is complete. Council will review on June 11, 2016 during Mini-Planning Session.
Future funding of school counselors (Wong)	Corder	2017-2018 Budget Process	Will be addressed during 2017-2018 budget process.
Town Center vision and code Council engagement (Wisenteiner/Sanderson)	Greenberg	On 2016 Work Plan	Anticipated adoption by Council on June 6, 2016.
Sound Transit negotiation update (Sanderson)	Taylor	On 2016 Work Plan	On-going.

2016 ADDITIONAL ACTION ITEMS	STAFF	ACTION	FOLLOW-UP
Agenda Approval at beginning of meeting	Spietz	Completed	Completed February 2016.
Letter supporting cost recovery for long-term planning legislation	Taylor/Greenberg	Completed	Completed January 2016.
Cost of LID to Underground Power from PSE	Sand	Will be part of PSE Electric Franchise	Will be part of PSE Electric Franchise
Fireworks Ban	Heitman	Public Safety Subcommittee	Council will review on June 11, 2016 during Mini-Planning Session.
Honeywell Contamination Update	Kintner/Sand	Staff Memo	Memo will be sent to Council by June 2016.
Sales Tax Sound Transit paid to Mercer Island?	Taylor	Staff Memo	Information was provided in 3/11/2016 City Manager Report
Level of Service and Number of Outages from PSE	Kintner	Staff Memo	PSE has provided data regarding outages; GIS is working on mapping the outages related to tree and equipment failures which will be provided to the Council as an exhibit to the memo.
City Manager Reports	Lancaster	Starting Feb 2016	Started February 2016.
Forming Council Organizational Effectiveness/Efficiency Committee (Wendy, Dan, Dave)	Taylor	Starting Mar 2016	Will be addressed when the committee begins work following the Mini-Planning Session in June 2016





# MEMORANDUM

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*2016 City Council Mini-Planning Session*

**TO:** City Council

**FROM:** Chip Corder, Assistant City Manager/Finance Director

**RE:** 2017-2018 Operating Budget Kick-off

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## **COUNCIL DISCUSSION/QUESTIONS PRESENTED:**

1. Does the Council agree with staff's recommendation for addressing the projected General Fund and YFS Fund deficits in 2017-2018?
2. If not, what budget balancing direction does the Council want to give staff?

## **BACKGROUND:**

During even numbered years, staff utilizes the Council Mini-Planning Session in June to kick-off the coming biennium's operating budget. This memo focuses on the following for the 2017-2018 biennium:

- 2017-2018 Operating Budget Issues
- 2016-2022 General Fund Forecast
- Budget Balancing Options for General Fund & YFS Fund
- 2017-2018 Budget Calendar

Preliminary Council direction will be sought on the operating budget questions noted above.

## **2017-2018 Operating Budget Issues**

There are four major operating budget issues in the 2017-2018 biennium:

1. **Significant deficits are projected in the General Fund beginning in 2017.** The forecast assumptions and the primary drivers of the projected deficits are described in detail in the 2016-2022 General Fund Forecast section below.
2. **Significant deficits are projected in the Youth & Family Services (YFS) Fund beginning in 2017.** As a reminder, \$120,184 in 2014 General Fund surplus monies were transferred to the YFS Fund in 2015 to bridge the projected 2016 deficit. However, this

is a one-time fix. The 2016-2022 YFS Fund forecast is summarized in the table below. The detailed forecast is attached as Exhibit 1.

YFS Fund Forecast	2016	2017	2018	2019	2020	2021	2022
Total Resources (\$M)	\$2.64	\$2.55	\$2.40	\$2.45	\$2.52	\$2.58	\$2.65
Less Total Expenditures (\$M)	-2.55	-2.72	-2.75	-2.87	-2.99	-3.12	-3.25
Less Reserved Resources (\$M)	--	-.02	-.02	-.01	-.01	-.01	-.01
<b>Surplus/Deficit (\$M)</b>	<b>\$0.09</b>	<b>-\$0.19</b>	<b>-\$0.37</b>	<b>-\$0.43</b>	<b>-\$0.48</b>	<b>-\$0.54</b>	<b>-\$0.61</b>

Following are the primary drivers of the projected YFS Fund deficits:

- The School District reduced its support for YFS school counselors from 42.5% of the total cost to a fixed sum of \$60,000 beginning in 2011.
  - In the adopted 2015-2016 Budget, the Council added a new counselor position (funded 100% by the City) in the YFS Department to serve the new elementary school, which will open in August 2016.
  - Annual General Fund support to the YFS Fund, which had been fixed at \$465,000 through 2009, was significantly reduced in 2010-2014 because of the Great Recession’s impact on the General Fund. Beginning in 2015, annual General Fund support was increased from \$200,000 to \$400,000.
  - After five years (2008-2012) of strong annual growth, Thrift Shop sales, which make up 59% of YFS Fund revenues, plateaued beginning in 2013.
3. **The greatest staffing need in the City is in the Information & Geographic Services (IGS) Department**, which has 3 dedicated IT FTEs (Helpdesk Technician, Business Systems Analyst, and Senior Systems Administrator) plus the IGS Director, who spends 75% of his time on IT operations. These 3.75 FTEs are responsible for the following four IT functions, which encompass over 200 network and server systems, 9 major business applications, and over 75 productivity applications: 1) Helpdesk, 2) Equipment Replacements, 3) Network/Server Administration, and 4) Project Management.

The City’s IT staffing ratio (i.e. IT staff divided by total number of FTEs) is currently 1.9%, which is significantly below the 3-5% ratio recommended by Gartner, the leading IT industry research organization. Adding a second Helpdesk Technician (\$100,000 fully loaded cost in 2016) would increase the City’s IT staffing ratio to 2.4% and would free up more technically proficient IT staff to spend time on the following critical Network/Server Administration needs: information security, disaster recovery, support and optimization (i.e. troubleshooting mid-level issues and evaluating future solutions and systems), and preventative maintenance and configuration changes. Currently, IT staff spends most of its time being reactive rather than proactive.

It should be noted that there are other significant staffing needs, which will be identified during the 2017-2018 budget process. However, given the projected deficits in the General Fund and YFS Fund, the second Helpdesk Technician was prioritized above the others based on overall organizational value.

4. **The fire apparatus sinking fund is currently funded only through 2026.** The original funding model approved by the Council in 2007 relied on a 1.65% property tax levy and investment earnings. However, the investment market has been abysmal since September 2009, with annual returns below 1%. As a result, the City’s annual funding contributions have consistently fallen short of the annual target amount. Excess proceeds from the Fire Station and Fire Rescue Truck levy lid lift (i.e. over and above the amount needed to cover annual debt service) have been and will continue to be deposited in the fire apparatus sinking fund in 2014-2021, keeping the sinking fund solvent through 2025. An additional \$60,000 in annual funding (plus 1% growth per year) for fire apparatus replacement beginning in 2018 would keep the sinking fund solvent through 2036 (i.e. the next 20 years).

The first two operating budget issues were identified during the 2015-2016 Budget process in 2014 and at the Council’s January 2015, June 2015, and January 2016 Planning Sessions. The latter two operating budget issues were highlighted at the Council’s January 2016 Planning Session.

**2016-2022 General Fund Forecast**

At the January 2016 Planning Session, staff presented its 2016-2020 General Fund forecast to the Council, noting projected deficits beginning in 2017. This forecast, which has been updated for the June 2016 Mini-Planning Session and extended to 2022, is summarized in the table below. The detailed forecast is attached as Exhibit 2.

<b>General Fund Forecast</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total Resources (\$M)	\$28.81	\$28.64	\$29.23	\$30.04	\$30.87	\$31.72	\$32.61
Less Total Expenditures (\$M)	-28.17	-29.07	-30.41	-31.94	-33.54	-35.23	-37.02
Less Reserved Resources (\$M)	-.09	-.09	-.09	-.09	-.09	-.09	-.09
<b>Surplus/Deficit (\$M)</b>	<b>\$0.55</b>	<b>-\$0.52</b>	<b>-\$1.27</b>	<b>-\$1.99</b>	<b>-\$2.76</b>	<b>-\$3.60</b>	<b>-\$4.50</b>

The good news is that the projected deficits in 2017 and 2018 are less than what was projected back in January 2016, which was -\$0.71 million and -\$1.31 million respectively. The bad news is that they are still significant.

**The key forecast assumptions are as follows:**

- After experiencing a \$700,000 spike in construction-related sales tax and development fees respectively in 2015, development activity is expected to slow in the second half of 2016, with the completion of the Legacy project in September 2016, the new

elementary school in August 2016, and Islander Middle School in November 2016. In addition, there is significant uncertainty surrounding future development in the Town Center due to the 3-5 story building moratorium, which is slated to end on June 15, 2016. As a result, it is projected that construction-related sales tax and development fees will each decline \$475,000 in 2016-2018, as noted in the table below.

Revenue	2016	2017	2018	Total
Construction-related sales tax	-\$200,000	-\$150,000	-\$125,000	-\$475,000
Development fees	-300,000	-100,000	-75,000	-475,000
<b>Total</b>	<b>-\$500,000</b>	<b>-\$250,000</b>	<b>-\$200,000</b>	<b>-\$950,000</b>

In total, a \$950,000 reduction is forecast, representing two-thirds of the \$1.4 million combined spike in 2015.

- Salaries & wages are projected to increase 4.5% per year in 2017-2018 and 5% per year in 2019-2022, primarily driven by an increasing CPI-W (Seattle metro area). The April 2016 CPI-W (Seattle metro area) was 2.6%. The 2017 cost of living increase is tied to the First Half 2016 CPI-W (Seattle metro area), which will be released in August 2016. It is projected to be 2.5%.
- Benefits are projected to increase 7% per year in 2017-2022.

**What is driving these projected deficits?** Simply put, annual revenue growth is not keeping pace with annual expenditure growth, as noted in the table below.

General Fund Forecast	2016	2017	2018	2019	2020	2021	2022
Total Revenue Growth	0.3%	2.0%	2.1%	2.7%	2.8%	2.8%	2.8%
Total Expenditure Growth	5.2%	3.4%	4.6%	5.0%	5.0%	5.0%	5.1%
<b>Net Expenditure Growth Differential</b>	<b>4.9%</b>	<b>1.4%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.2%</b>	<b>2.3%</b>

For the period 2018-2022, the average net expenditure growth differential is 2.3% per year. In other words, total expenditures are projected to grow 2.3%, or almost \$800,000, more per year on average than total revenues.

**At the root of the revenue growth problem is property tax, which makes up 42% of total budgeted revenues in 2016.** By comparison, property tax makes up only 19-27% of total budgeted revenues in the cities of Bellevue, Bothell, Issaquah, Kirkland, and Redmond, which all have significant retail sales tax bases. Per state law, the Council can increase the regular levy by only 1% per year, excluding the use of banked capacity, which the City no longer has. In addition, the City is provided an allowance for new construction, which entitles the City to the property tax revenue generated by newly constructed and improved residential and

commercial properties. On average, new construction generates another 1% per year in property tax revenue. Taken together, the effective cap is 2% per year for Mercer Island. This growth limitation on the General Fund's largest revenue source puts an unrealistic burden for growth on the City's other major revenues: utility tax (17% of total), sales tax (14% of total), license & permit fees (10% of total), and recreation fees (6% of total).

**On the expenditure side, personnel costs (i.e. salaries & wages and benefits) make up 73% of total budgeted expenditures in 2016.** These costs grow faster than inflation. Unlike the private sector, the City cannot spread personnel cost increases across the number of "widgets" sold or the number of clients served, with the exception of DSG and Parks & Recreation. The 4.5-5% projected annual increase in salaries & wages assumes that annual cost of living increases, which are tied to the First Half CPI-W for the Seattle metro area, will be 2.5% in 2017-2018 and 3% in 2019-2022. The 2% balance encompasses step increases for represented employees, pay for performance for unrepresented employees, and periodic market adjustments, which are intended to keep the City's workforce at the 50<sup>th</sup> percentile of the market (which consists of cities in King County and south Snohomish County). The 7% projected annual increase in benefits includes medical, dental, vision, L&I, long-term disability insurance, life insurance, and state retirement plan. It should be noted that the City's medical, dental, and vision benefits on a per employee basis have been one of the lowest among King County cities (with a population of at least 20,000) for many years.

**Given this structural imbalance between revenue growth and expenditure growth, how did the City manage to balance the General Fund budget in 2015-2016?**

- A high level of development activity (i.e. single family residential, Legacy project, and school district projects) occurred in 2014-2015 and is forecast in 2016, resulting in significant spikes in construction-related sales tax and development fees, which have masked the underlying structural imbalance.
- A new utility tax was instituted on the City's water, sewer, and storm water utilities beginning in 2013.
- One-time funding of \$440,675, which came from the 2014 General Fund surplus, was used to balance the second year of the biennium (2016).
- Low inflation in 2014-2015 kept employee wage growth low in 2015-2016.
- Medical premiums for Fire employees decreased 4.0% in 2015 and increased 0.0% in 2016, keeping total benefit cost growth low in 2015-2016.
- Medical premiums for all other employees increased 5.0% in 2015 and increased 3.1% in 2016, keeping total benefit cost growth low in 2015-2016.

### **Budget Balancing Options for General Fund & YFS Fund**

The 2017-2022 projected deficits in the General Fund and YFS Fund are summarized in the table below. In addition, the cost of adding a second Helpdesk Technician and increasing the annual

funding for fire apparatus replacement have been included (beginning in 2018) to show the total annual funding need in 2017-2022.

<b>Projected Deficit</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General Fund (\$M)	-\$0.52	-\$1.27	-\$1.99	-\$2.76	-\$3.60	-\$4.50
YFS Fund (\$M)	-0.19	-0.37	-0.43	-0.48	-0.54	-0.61
<b>Total Projected Deficit (\$M)</b>	<b>-\$0.71</b>	<b>-\$1.64</b>	<b>-\$2.42</b>	<b>-\$3.24</b>	<b>-\$4.14</b>	<b>-\$5.11</b>
Plus Other Funding Needs:						
Helpdesk Technician (\$M)	--	-0.11	-0.11	-0.12	-0.12	-0.13
Fire Apparatus Replacement (\$M)	--	-0.06	-0.06	-0.06	-0.06	-0.06
<b>Total Annual Funding Need (\$M)</b>	<b>-\$0.71</b>	<b>-\$1.81</b>	<b>-\$2.59</b>	<b>-\$3.42</b>	<b>-\$4.33</b>	<b>-\$5.30</b>

Following are six “what if” scenarios for addressing the total annual funding need in 2017-2022. In every scenario, it is assumed that the \$712,000 total funding need in 2017 will be bridged using General Fund surpluses from 2015 and 2016. Expenditure cuts in the first three “what if” scenarios are highlighted in yellow.

<b>“What If” Scenario</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>1. Expenditure Cuts Only</b>						
Use General Fund surplus	\$712K					
Expenditure cuts each year (% of total expenditures / FTEs)		5.4% or 17 FTEs	2.2% or 7 FTEs	2.3% or 7 FTEs	2.4% or 8 FTEs	2.4% or 8 FTEs
<b>2. Utility Tax Increase + Water Rate Increase + Expenditure Cuts</b>						
Use General Fund surplus	\$712K					
Increase water, sewer & storm water utility tax from 5.3% to 6.5%		\$215K	\$224K	\$232K	\$242K	\$251K
Retain 1.7% water utility tax in General Fund (must be offset by water rate increase)		\$120K	\$125K	\$130K	\$135K	\$140K
Expenditure cuts each year (% of total expenditures / FTEs)		4.4% or 14 FTEs	2.2% or 7 FTEs	2.2% or 7 FTEs	2.3% or 7 FTEs	2.4% or 8 FTEs

<b>“What If” Scenario</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>3. Levy Lid Lift + Expenditure Cuts</b>						
Use General Fund surplus	\$712K					
Levy lid lift (YFS Fund deficit + \$400K to replace General Fund support of YFS)		\$771K	\$829K	\$879K	\$944K	\$1.01M
Expenditure cuts each year (% of total expenditures / FTEs)		3.1% or 10 FTEs	2.1% or 7 FTEs	2.1% or 7 FTEs	2.2% or 7 FTEs	2.3% or 7 FTEs
<b>4. Levy Lid Lift (No Expenditure Cuts to Operating Budget)</b>						
Use General Fund surplus	\$712K					
Levy lid lift (General Fund deficit + YFS Fund deficit + Helpdesk Tech + fire apparatus replacement)		\$1.81M	\$2.59M	\$3.42M	\$4.33M	\$5.30M
<b>5. Levy Lid Lift (No Expenditure Cuts to Operating Budget or Parks &amp; Facilities CIP)</b>						
Use General Fund surplus	\$712K					
Levy lid lift (General Fund deficit + YFS Fund deficit + Helpdesk Tech + fire apparatus replacement)		\$1.81M	\$2.59M	\$3.42M	\$4.33M	\$5.30M
Plus additional funding for Parks & Facilities CIP projects		\$300K	\$300K	\$300K	\$300K	\$300K
<b>6. Levy Lid Lift (No Expenditure Cuts to Operating Budget + \$6.0M for CIP projects)</b>						
Use General Fund surplus	\$712K					
Levy lid lift (General Fund deficit + YFS Fund deficit + Helpdesk Tech + fire apparatus replacement)		\$1.81M	\$2.59M	\$3.42M	\$4.33M	\$5.30M
Plus \$6.0M for CIP projects		\$725K	\$725K	\$725K	\$725K	\$725K

For each of the four levy lid lift scenarios, the property tax rate per \$1,000 assessed valuation, the annual cost, and the percent increase relative to the total property tax remitted to the City in the prior year are calculated for a typical Mercer Island home (\$1.0M assessed value) in 2018-2022 in the table below. The annual cost is highlighted in yellow.

Levy Lid Lift Scenario	2018	2019	2020	2021	2022
<b>Levy Lid Lift + Expenditure Cuts</b>					
Levy lid lift rate per \$1,000 AV	\$0.071	\$0.076	\$0.081	\$0.087	\$0.093
Annual cost (\$1.0M AV home)	\$71	\$76	\$81	\$87	\$93
% increase over total property tax remitted to City in prior year	6.0%	0.4%	0.4%	0.5%	0.5%
<b>Levy Lid Lift (No Expenditure Cuts to Operating Budget)</b>					
Levy lid lift rate per \$1,000 AV	\$0.166	\$0.238	\$0.315	\$0.398	\$0.488
Annual cost (\$1.0M AV home)	\$166	\$238	\$315	\$398	\$488
% increase over total property tax remitted to City in prior year	14.1%	5.3%	5.4%	5.4%	5.5%
<b>Levy Lid Lift (No Expenditure Cuts to Operating Budget or Parks &amp; Facilities CIP)</b>					
Levy lid lift rate per \$1,000 AV	\$0.194	\$0.266	\$0.342	\$0.426	\$0.515
Annual cost (\$1.0M AV home)	\$194	\$266	\$342	\$426	\$515
% increase over total property tax remitted to City in prior year	16.5%	5.2%	5.2%	5.4%	5.4%
<b>Levy Lid Lift (No Expenditure Cuts to Operating Budget + \$6.0M for CIP projects)</b>					
Levy lid lift rate per \$1,000 AV	\$0.233	\$0.305	\$0.381	\$0.465	\$0.554
Annual cost (\$1.0M AV home)	\$233	\$305	\$381	\$465	\$554
% increase over total property tax remitted to City in prior year	19.8%	5.1%	5.0%	5.3%	5.3%



The following matrix, which is organized by department, provides relevant information that should aid the Council in its consideration of expenditure cuts. This matrix focuses on those positions that are budgeted in the General Fund or YFS Fund, with the exception of Information Technology staff.

Department	FTEs/(Fund)	Note
City Attorney's Office	3.0 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Legal Advice &amp; Defense (3.0 FTEs)</li> <li>• Prosecution &amp; Criminal Management (0.0 FTEs; contracted out)</li> </ul> <p>In 2016, the Legal Assistant (0.5 FTE) was upgraded to a Paralegal (1.0 FTE), and the Assistant City Attorney was increased from a 0.75 FTE to a 1.0 FTE. These increases were funded by reducing the amount of contracted legal work and annual soil remediation work by Golder &amp; Associates (related to underground storage tank fuel leak affecting Maintenance Center property and Honeywell property). As a result, overall legal costs are lower than what would have been incurred under the previous staffing model where outside legal counsel was retained for almost every special issue. It should be noted that the 0.5 FTE increase in the Paralegal position will eventually be dedicated to public records requests, which have been voluminous over the past two years. The intent is to relieve the City Clerk of most, if not all, of this burden, which has consumed much of her time, taking her away from her primary responsibilities.</p>
City Manager's Office	6.0 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration/Intergovernmental Relations (2.0 regular FTEs)</li> <li>• City Clerk (2.0 regular FTEs)</li> <li>• Facilities Maintenance (2.0 regular FTEs)</li> <li>• Sustainability/Communications (1.0 regular FTE)</li> </ul> <p>Of the 7.0 total FTEs, 6.0 FTEs are budgeted in the General Fund, and the equivalent of 1.0 FTE (Facilities Maintenance) is budgeted in the Capital Improvement Fund (for capital project work). Unlike other cities, the City Manager's Office has no dedicated administrative support staff. The City Clerk and Deputy City Clerk provide assistance, when possible, but the City Manager and Deputy City Manager are primarily responsible for their administrative needs.</p>

Department	FTEs/(Fund)	Note
DSG	18.75 regular (General Fund) 3.0 contract (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (3.5 regular FTEs)</li> <li>• Permitting (2.0 regular FTEs + 2.0 contract FTEs)</li> <li>• Land Use Planning Services (5.0 regular FTEs)</li> <li>• Building Plan Review &amp; Building Inspection Services (6.0 regular FTEs + 1.0 contract FTE)</li> <li>• Development Engineering &amp; Utility Inspection Services (3.5 regular FTEs + 1.0 contract FTE)</li> </ul> <p>Of the 24.0 total FTEs, 21.75 FTEs are budgeted in the General Fund, and 2.25 FTEs are budgeted in the Street, Capital Improvement, and Utility Funds. DSG’s staffing level is directly tied to the level of development activity on the Island, and its costs are mostly funded by development fees. Contract positions are hired to address temporary spikes in activity. In 2016, the Council added a new planning position (1.0 regular FTE) to address long-range planning issues.</p>
Finance	4.4 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Utility Billing/Meter Reading/Business Licensing (3.0 regular FTEs)</li> <li>• Accounting (2.0 regular FTEs)</li> <li>• Financial Planning/Reporting (2.0 regular FTEs)</li> </ul> <p>Of the 7.0 total FTEs, 4.4 FTEs are budgeted in the General Fund, and 2.6 FTEs are budgeted in the Utility Funds.</p>
Fire	32.0 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (3.0 regular FTEs)</li> <li>• Operations (28.0 regular FTEs)</li> <li>• Community Risk Reduction (1.0 regular FTE + firefighter overtime)</li> </ul> <p>Given the contractual minimum staffing requirement to deliver fire suppression and emergency medical aid services to the community, cutting a firefighter position would not result in any cost savings. Rather, it would have the opposite effect, significantly increasing overtime. Because of the high level of development activity on the Island, Fire Marshal Services, which is under Community Risk Reduction, is significantly under resourced, with fire permit turnaround times being 4-5 weeks rather than 2-3 weeks.</p>

Department	FTEs/(Fund)	Note
Human Resources	3.0 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (2.0 regular FTEs)</li> <li>• Payroll Services (1.0 regular FTE)</li> </ul> <p>Key services that are provided in-house rather than contracted out, resulting in significant cost savings, include: labor negotiations; job recruitments; and administration of employee benefit programs and LEOFF I retiree medical benefit program. In addition, legal costs are minimized through coaching of directors and managers and consulting with the City Attorney’s Office regarding employee performance issues.</p>
Information & Geographic Services	4.9 regular (General Fund and Computer Equipment Fund, which receives most of its funding from the General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Information Technology (4.0 regular FTEs)</li> <li>• Geographic Information Services (2.0 regular FTEs)</li> </ul> <p>Of the 6.0 total FTEs, 0.9 FTE is budgeted in the General Fund, 4.0 FTEs are budgeted in the Computer Equipment Fund, and 1.1 FTEs are budgeted in the Utility Funds. As noted above, the greatest staffing need in the City is in the Information Technology function. The City’s IT staffing ratio (i.e. IT staff divided by total number of FTEs) is currently 1.9%, which is significantly below the 3-5% ratio recommended by Gartner, the leading IT industry research organization. Adding a second Helpdesk Technician would increase the City’s IT staffing ratio to 2.4%.</p>
Maintenance	5.16 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (4.0 regular FTEs)</li> <li>• Right-of-Way/Storm Water Services (6.0 regular FTEs)</li> <li>• Water/Sewer Utility Services (12.0 regular FTEs + 1.0 contract FTE)</li> <li>• Support Services (4.0 regular FTEs)</li> <li>• Capital Projects (4.0 regular FTEs + 3.0 contract FTEs)</li> </ul> <p>Of the 34.0 total FTEs, 5.16 FTEs are budgeted in the General Fund, and 28.84 FTEs are budgeted in the Street, Fleet, and Utility Funds. All right-of-way work, including roadway maintenance, vegetation maintenance, planter maintenance, customer response, administrative support, and neighborhood traffic control are accounted for in the General Fund. During the Great Recession, 2.5 FTEs were cut from the Right-of-Way Team, including a ROW Arborist (0.5 contract FTE). The findings from the recently completed Maintenance Department and Fleet audits will be shared with the Council at the June 2016 Mini-Planning Session.</p>
Municipal Court	3.45 regular (General Fund)	<p>Court fines cover the cost of operating the Court, which is staffed by a 0.7 Judge, 0.75 Court Administrator, and 2.0 Court Clerks.</p>

Department	FTEs/(Fund)	Note
Parks & Recreation	24.17 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (4.15 regular FTEs)</li> <li>• Community &amp; Event Center (7.06 regular FTEs)</li> <li>• Park Maintenance (11.35 regular FTEs + 0.75 contract FTEs)</li> <li>• Recreation &amp; Special Programs (5.19 regular FTEs)</li> </ul> <p>Of 28.5 total FTEs, 24.17 FTEs are budgeted in the General Fund, 2.23 FTEs are budgeted in the Beautification Fund, and 2.1 FTEs are budgeted in the Capital Improvement Fund. During the Great Recession, a Parks Maintenance Manager (0.5 regular FTE) and a Recreation Coordinator (1.0 contract FTE) were cut.</p>
Police	32.0 regular (General Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (4.0 regular FTEs)</li> <li>• Patrol (22.0 regular FTEs)</li> <li>• Marine Patrol (2.0 regular FTEs)</li> <li>• Investigations &amp; Special Programs (5.0 regular FTEs)</li> <li>• Records, Property &amp; Dispatch (2.0 regular FTEs)</li> <li>• Emergency Management (1.0 regular FTE)</li> </ul> <p>Of 36.0 total FTEs, 32.0 FTEs are budgeted in the General Fund, and 4.0 FTEs are budgeted in the Criminal Justice Fund. In February 2016, the Police Chief eliminated the Eastside Narcotics Task Force (ENTF) Detective position (1.0 FTE), because the ENTF is being disbanded at the end of June 2016. Because there was a job opening in Patrol, a layoff was not required. The Detective was simply re-assigned to Patrol. This was a rare opportunity to eliminate a Police position without impacting the contractual minimum staffing requirement. Ideally, this position would have been retained and re-assigned, but the Police Chief offered to eliminate the position because of the projected General Fund deficits beginning in 2017. Additional police officer cuts would not result in any cost savings for the same reason noted above under the Fire Department.</p>
Youth & Family Services	16.5 regular (YFS Fund) 4.5 contract (YFS Fund)	<p>This department includes the following functions:</p> <ul style="list-style-type: none"> <li>• Administration (3.15 regular FTEs + 0.8 contract FTE)</li> <li>• Counseling Services (11.35 regular FTEs + 0.7 contract FTE)</li> <li>• Thrift Shop (2.0 regular FTEs + 3.0 contract FTEs)</li> </ul> <p>There are 3.0 Elementary School Counselors, 1.0 Middle School Counselor, 0.5 Middle School Drug/Alcohol Intervention Specialist, 1.0 High School Counselor, and 1.0 High School Drug/Alcohol Intervention Specialist. These 6.5 positions equate to 5.5 FTEs, because they work during the school year only. As noted above, the School District pays \$60,000 annually to YFS for providing mental health counseling services in our public schools.</p>

In short, no cost savings would be achieved by cutting positions in Police and Fire because of the contractual minimum staffing requirements. That eliminates 64.0 regular FTEs from consideration. DSG’s staffing level is directly tied to development activity, and its costs are mostly funded by development fees. Any staffing reductions would significantly impact permit turnaround times.

Parks & Recreation and Youth & Family Services fall under the City’s number 5 priority of government; however, the services provided by these two departments have strong public support based on previous biennial citizen surveys. Further, the Parks & Recreation Department has a 50-55% total cost recovery policy through fees. Position cuts would result in service level reductions, which would result in reduced fees, partially negating the cost savings achieved. Youth & Family Services is primarily funded by the following revenues: Thrift Shop sales (\$1.39 million), General Fund support (\$400,000), program fees and donations (\$190,500), MIYFS Foundation support (\$155,000), and a Communities That Care grant (\$125,000). Position reductions would likely impact some of these revenue sources.

Having already cut 2.5 FTEs from the Right-of-Way Team in the Maintenance Department, there is no opportunity for further position reductions. That leaves the Municipal Court and the internal support departments (i.e. City Attorney’s Office, City Manager’s Office, Finance, Human Resources, and Information & Geographic Services), which together comprise 24.75 FTEs. Compared to other full service cities in King County, these departments are very leanly staffed. Any position reductions would have significant service level consequences.

**2017-2018 Budget Calendar**

The 2017-2018 Budget Calendar is provided below, reflecting the same Council budget review process employed for the 2015-2016 Budget. As a reminder, the operating budget will be reviewed by selected funds rather than by department (and by line item within each department). Those selected funds include the General Fund, Criminal Justice Fund, Beautification Fund, YFS Fund, Water Fund, Sewer Fund, and Storm Water Fund. This is a higher level approach which focuses on the “bottom line” for each selected fund as well as the significant changes in each selected fund in the 2017-2018 biennium.

Date	Agenda Item / Council Action
Mar 21	<b>2017-2022 Capital Improvement Program (CIP) Kick-off</b>
Jun 11	<b>2017-2018 Operating Budget Kick-off (Mini-Planning Session)</b>
Jun 20	<b>2017-2022 CIP “Preview”</b>
Oct 3	<b>Budget Overview</b> <ul style="list-style-type: none"> <li>▪ Review Budget Message</li> <li>▪ Distribute budget document to Council</li> </ul>

Date	Agenda Item / Council Action
Oct 17	<p><b>Operating Budget Review</b></p> <ul style="list-style-type: none"> <li>▪ Review selected funds: <b>General Fund, Criminal Justice Fund, Beautification Fund, YFS Fund, Water Fund, Sewer Fund, and Storm Water Fund</b></li> <li>▪ Focus on following for each fund: <ul style="list-style-type: none"> <li>▫ Major revenue estimates</li> <li>▫ Expenditure summary</li> <li>▫ Fund balance</li> <li>▫ Operating budget analysis (1-2 page expenditure summary)</li> <li>▫ Service enhancement requests</li> <li>▫ Significant budget policy changes/issues</li> </ul> </li> </ul>
Nov 7	<p><b>CIP Review</b></p> <ul style="list-style-type: none"> <li>▪ Updated 2017-2022 REET forecast</li> <li>▪ Changes to CIP “Preview” by Council &amp; staff</li> <li>▪ Partially funded &amp; unfunded projects</li> <li>▪ Significant budget policy changes/issues</li> <li>▪ Project review by exception (using six-year fund statements)</li> </ul>
Nov 21	<p><b>Council Action Required</b></p> <ul style="list-style-type: none"> <li>▪ Finalize changes to operating budget and CIP</li> <li>▪ Adopt 2017 utility rates (water, sewer, storm water, and EMS)</li> <li>▪ Adopt 2017 property tax levy</li> </ul>
Dec 5	<p><b>Council Action Required</b></p> <ul style="list-style-type: none"> <li>▪ Adopt 2017-2018 Final Budget ordinance</li> </ul>

**RECOMMENDATION:**

Given the major issues the Council, staff, and the community are working through in 2016 and the magnitude of the projected deficits, staff recommends utilizing one-time General Fund surpluses in 2015 and 2016 to bridge the \$757,000 total projected deficit in 2017 in the General Fund and YFS Fund. This is a temporary fix that will allow the Council to use the 2017-2018 Budget process to make the public aware of the coming deficits, the other funding needs (i.e. Helpdesk Technician and additional funding for fire apparatus replacement), and the options for addressing both. Ultimately, the Council will need to identify service level cuts and/or new revenue sources to balance the second year of the biennium when it adopts the 2017-2018 Budget on December 5, 2016. Doing this will set the stage for engaging the public on this issue in the first half of 2017 through one or more of the following means:

- Sending out an Island-wide mailing, which describes the issue, its causes, and the options for bridging the projected deficits and includes a brief survey;
- Developing a public presentation and hold a series of public meetings at various Island locations to educate the public, field questions, and gather input; and
- Going on a “road show” tour making the same public presentation noted above to the Rotary Club, the Chamber of Commerce, the League of Women’s Voters, and other Island groups to educate them, field questions, and gather input.

Following the public engagement process, the Council will need to make a decision on balancing 2018. If a levy lid lift request is the preferred option, then a ballot measure ordinance would need to be adopted by July 2017 in order for the levy lid lift request to be placed on the November 2017 ballot.

**EXHIBITS:**

1. 2016-2022 Youth & Family Services (YFS) Fund Forecast
2. 2016-2022 General Fund Forecast

**Exhibit I: 2016-2022 YFS Fund Forecast**

Description	2015 Actual	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
<b>RESOURCES:</b>								
Beginning Fund Balance	\$ 235,418	\$ 282,498	\$ 88,336					
KC Grant & Other Grant Revenues	51,642	36,000	36,000	36,000	36,000	36,000	36,000	36,000
School Counselor Program Support	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Thrift Shop (4% annual growth, 2016-2020)	1,340,561	1,394,183	1,449,951	1,507,949	1,568,267	1,630,997	1,696,237	1,764,087
Program Fees & Donations	202,894	190,500	190,500	190,500	190,500	190,500	190,500	190,500
CTC Grant Funding	128,108	125,000	125,000	-	-	-	-	-
MIYFS Foundation Support	155,000	155,000	200,000	200,000	200,000	200,000	200,000	200,000
Interfund Transfers:								
From YFS Endowment Fund	412	500	850	850	850	850	850	850
From General Fund	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
<b>Total Resources</b>	<b>\$ 2,574,035</b>	<b>\$ 2,643,681</b>	<b>\$ 2,550,637</b>	<b>\$ 2,395,299</b>	<b>\$ 2,455,617</b>	<b>\$ 2,518,347</b>	<b>\$ 2,583,587</b>	<b>\$ 2,651,437</b>
<b>% Change</b>	<b>N/A</b>	<b>2.7%</b>	<b>-3.5%</b>	<b>-6.1%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.6%</b>	<b>2.6%</b>
<b>EXPENDITURES:</b>								
Salaries & Wages	\$ 1,436,981	\$ 1,487,367	\$ 1,572,837	\$ 1,600,433	\$ 1,656,448	\$ 1,714,423	\$ 1,774,428	\$ 1,836,533
Benefits	564,860	614,208	674,021	707,252	756,759	809,732	866,414	927,063
Supplies	62,802	62,700	64,268	65,874	67,521	69,209	70,939	72,713
Contractual Services	104,117	115,622	118,513	80,475	82,487	84,549	86,663	88,830
Equipment Rental	108,128	109,818	115,309	115,309	121,074	121,074	127,128	127,128
Utilities	11,002	11,127	11,405	11,690	11,983	12,282	12,589	12,904
Communications	2,917	3,651						
Other Services and Charges	105,450	98,450	100,911	103,434	106,020	108,670	111,387	114,172
Intergovernmental	7,251	6,402	6,829	7,102	7,387	7,682	7,989	8,309
Interfund Transfers (Thrift Shop CIP)	8,213	46,000	60,000	60,000	60,000	60,000	60,000	60,000
<b>Total Expenditures</b>	<b>\$ 2,411,721</b>	<b>\$ 2,555,345</b>	<b>\$ 2,724,092</b>	<b>\$ 2,751,569</b>	<b>\$ 2,869,679</b>	<b>\$ 2,987,623</b>	<b>\$ 3,117,538</b>	<b>\$ 3,247,651</b>
<b>% Change</b>	<b>N/A</b>	<b>6.0%</b>	<b>6.6%</b>	<b>1.0%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>4.2%</b>
<b>Surplus (Deficit) Before Adjustments</b>	<b>\$ 162,314</b>	<b>\$ 88,336</b>	<b>\$ (173,455)</b>	<b>\$ (356,271)</b>	<b>\$ (414,062)</b>	<b>\$ (469,276)</b>	<b>\$ (533,951)</b>	<b>\$ (596,214)</b>
Plus 2014 General Fund Surplus Distribution	120,184	-	-	-	-	-	-	-
Less Working Capital Build Up (\$75K)			(15,000)	(15,000)	(15,000)	(10,000)	(10,000)	(10,000)
<b>Surplus (Deficit) After Adjustments</b>	<b>\$ 282,498</b>	<b>\$ 88,336</b>	<b>\$ (188,455)</b>	<b>\$ (371,271)</b>	<b>\$ (429,062)</b>	<b>\$ (479,276)</b>	<b>\$ (543,951)</b>	<b>\$ (606,214)</b>

School Counselors:	2015	2016	2017	2018	2019	2020	2021	2022
Salaries	359,442	399,908	447,317	462,973	479,177	495,948	513,306	531,272
Benefits	147,443	159,747	187,748	200,890	214,952	229,999	246,099	263,326
Other Costs	2,200	2,200	2,255	2,311	2,369	2,428	2,489	2,551
<b>Total</b>	<b>509,085</b>	<b>561,855</b>	<b>637,319</b>	<b>666,174</b>	<b>696,498</b>	<b>728,375</b>	<b>761,894</b>	<b>797,149</b>



**EXPENDITURE ADJUSTMENTS**

**Inflationary Factors:**

Salaries	3.5%
Benefits	7.0%
Other Costs	2.5%

**Add 4th Elementary School Counselor in 2017 (Jan-Jun):**

Salary	32,282
Benefits	<u>15,718</u>
Total	<u><u>48,000</u></u>

**Back out CTC Program Costs in 2018:**

0.5 CTC Coord. salary	26,525
0.5 CTC Coord. benefits	13,038
CTC contractual services	<u>40,000</u>
Total	<u><u>79,563</u></u>

## Exhibit 2: 2016-2022 General Fund Forecast

Description	2015 Actual	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
<b>RESOURCES:</b>								
Beginning fund balance	716,183	743,333	-	-	-	-	-	-
Property tax	11,258,047	11,535,339	11,766,046	12,001,367	12,241,394	12,486,222	12,735,946	12,990,665
Utility taxes	4,141,921	4,245,469	4,351,606	4,460,396	4,571,906	4,686,203	4,803,359	4,923,442
Sales tax	4,168,855	4,091,028	4,177,489	4,295,639	4,510,421	4,735,942	4,972,739	5,221,376
Licenses & permits	3,688,470	3,544,970	3,662,144	3,712,694	3,861,202	4,015,650	4,176,276	4,343,327
Recreation programs & rentals	1,549,624	1,549,624	1,580,616	1,612,229	1,644,473	1,677,363	1,710,910	1,745,128
EMS revenues	1,252,539	1,252,539	1,277,590	1,303,142	1,329,204	1,355,788	1,382,904	1,410,562
Shared revenues	595,460	509,600	459,600	459,600	459,600	459,600	459,600	459,600
Utility overhead	419,701	432,292	447,422	463,082	481,605	500,870	520,904	541,740
Court fines	433,172	418,172	418,172	418,172	418,172	418,172	418,172	418,172
CIP overhead	226,694	233,495	241,667	250,125	260,131	270,536	281,357	292,611
General government	255,316	255,316	255,316	255,316	255,316	255,316	255,316	255,316
Interest	3,508	3,683	3,868	4,061	4,264	4,477	4,701	4,936
<b>Total resources</b>	<b>28,709,490</b>	<b>28,814,860</b>	<b>28,641,536</b>	<b>29,235,822</b>	<b>30,037,688</b>	<b>30,866,139</b>	<b>31,722,184</b>	<b>32,606,877</b>
<b>% change (excl. beg fund balance)</b>	<b>N/A</b>	<b>0.3%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.8%</b>
<b>EXPENDITURES:</b>								
Salaries & wages	14,614,815	15,076,044	15,696,987	16,403,351	17,223,519	18,084,695	18,988,929	19,938,376
Benefits	5,091,947	5,382,931	5,746,592	6,148,854	6,579,274	7,039,823	7,532,610	8,059,893
Contractual services	1,707,792	1,987,307	1,772,015	1,807,456	1,843,605	1,880,477	1,918,086	1,956,448
Internal service charges	1,391,968	1,402,573	1,437,637	1,473,578	1,547,257	1,624,620	1,705,851	1,791,144
Intergovernmental	817,681	940,237	987,249	1,036,611	1,088,442	1,142,864	1,200,007	1,260,008
Supplies	637,066	750,185	732,833	747,490	762,440	777,689	793,242	809,107
Utilities	555,135	586,699	610,167	634,574	659,957	686,355	713,809	742,361
Insurance	447,782	467,433	537,548	591,303	638,607	689,696	744,871	804,461
Other services & charges	328,008	357,688	364,842	372,139	379,581	387,173	394,916	402,815
Communications	85,039	121,625	121,625	121,625	121,625	121,625	121,625	121,625
Jail costs	76,497	90,850	95,393	100,162	105,170	110,429	115,950	121,748
Interfund transfers:								
To YFS Fund	520,184	400,000	400,000	400,000	400,000	400,000	400,000	400,000
To Technology & Equipment Fund	342,000	342,000	342,000	342,000	342,000	342,000	342,000	342,000
To Street Fund	160,000	-	-	-	-	-	-	-
To Water Fund	121,448	113,350	120,151	127,360	135,002	143,102	151,688	160,789
To Beautification Fund	106,314	42,900	-	-	-	-	-	-
To Bond Fund (Non-Voted)	95,636	93,911	93,911	93,911	93,911	93,911	93,911	93,911
To Capital Improvement Fund	50,000	-	-	-	-	-	-	-
To Equipment Rental Fund	22,568	15,000	15,000	15,000	15,000	15,000	15,000	15,000
To Computer Equipment Fund	12,681	-	-	-	-	-	-	-
To Self-Insurance Fund	5,000	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>27,189,561</b>	<b>28,170,733</b>	<b>29,073,950</b>	<b>30,415,413</b>	<b>31,935,389</b>	<b>33,539,457</b>	<b>35,232,497</b>	<b>37,019,685</b>
<b>Total expenditures (excl. YE xfr)</b>	<b>26,748,063</b>	<b>28,127,833</b>	<b>29,073,950</b>	<b>30,415,413</b>	<b>31,935,389</b>	<b>33,539,457</b>	<b>35,232,497</b>	<b>37,019,685</b>
<b>% change (excl. YE xfr)</b>	<b>N/A</b>	<b>5.2%</b>	<b>3.4%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.1%</b>
<b>RESERVED RESOURCES:</b>								
Expenditure carryovers to 2016	159,758	-	-	-	-	-	-	-
LEOFF I long-term care	84,517	86,000	86,150	86,308	86,473	86,647	86,647	86,647
Net DSG technology fee	29,524	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<b>Total reserved resources</b>	<b>273,799</b>	<b>91,000</b>	<b>91,150</b>	<b>91,308</b>	<b>91,473</b>	<b>91,647</b>	<b>91,647</b>	<b>91,647</b>
<b>Surplus (deficit)</b>	<b>1,246,130</b>	<b>553,127</b>	<b>(523,564)</b>	<b>(1,270,899)</b>	<b>(1,989,174)</b>	<b>(2,764,964)</b>	<b>(3,601,959)</b>	<b>(4,504,455)</b>





# MEMORANDUM

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*2016 City Council Mini-Planning Session*

**TO:** City Council

**FROM:** Jason Kintner, Maintenance Director

**RE:** Maintenance Department Organizational & Fleet Audit

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**COUNCIL DISCUSSION/QUESTION PRESENTED:**

1. Provide feedback and direction on certain key recommendations in the Maintenance Department audit.
2. Provide direction on key recommendations in the Fleet audit.
3. Does the Council agree with the proposed procurement schedule for the new Maintenance Management System (MMS)?

**BACKGROUND:**

At its January 19, 2016 meeting, the Council authorized staff to complete an organizational audit of the Maintenance Department and Fleet Operations. The Maintenance Department Performance Audit Report, the Fleet Performance Audit, and the Maintenance Department Supplemental Report are attached for your review. Agenda Bill 5148 is also attached, which outlined the scope of work for the consultants.

As part of the review process, a Council Subcommittee was formed to assist in the development and review of the scope of work for the respective audits. Councilmembers Grausz, Wong and Wisenteiner met with the consultants and have reviewed the reports and recommendations. Staff will present the key recommendations and are requesting direction on how the City Council would like to proceed with the audit results.

**KEY ORGANIZATIONAL AUDIT RECOMMENDATIONS:**

John Ostrowski was hired to review and evaluate if the Maintenance Department is running efficiently and effectively, compare staffing levels to other comparable cities and make recommendations on industry best practices to improve operations. The following are key recommendations from the report:

- Staffing levels for various maintenance functions are about average when compared with other cities with similar infrastructure responsibilities.

Staff recommendation: Staff agree with the recommendation outlined in the report pertaining to maintenance functions. It is challenging to compare operational maintenance functions with other jurisdictions as functions don't always match. Mr. Ostrowski provides good reasoning and insight in the comparable organizations used. Although no additional staffing needs are identified within the current maintenance functions, additional contracted, casual labor will be needed with the implementation of the MMS.

- There are currently no efficiency measures in place to adequately measure performance. Further reporting and discussions regarding levels of service are needed with the City Council.

Staff action: Staff discussions with Council pertaining to levels of service are needed. Key policy direction and input will be valued in the update to the Water System Plan and the update to the General Sewer Plan. Currently, both projects are underway and are scheduled to return to the Council in Q3 (Water System Update) and Q4 (General Sewer Plan) 2016.

- Better asset management is needed. The Maintenance Management Plan currently envisioned needs to be linked to Fleet and the city financial system to provide the reports managers need to operate efficiently. A new Maintenance Management system will require additional staff resources (casual or contracted labor) for implementation in 2017-2018.

Staff recommendation: Better asset management is needed to clearly define levels of service and provide reports to improve operational efficiencies. Implementing an integrated MMS system with Fleet and the city financial system is essential. Staff recommend moving forward with the project scope and project development this year (2016) to begin project implementation in 2017.

Currently, the MMS is scheduled for procurement and implementation in 2017-2018 budget biennium. In order to expedite our asset management collection and move forward with project implementation during the first quarter 2017, **staff is requesting to move forward with the project development, procurement and bid solicitation in 2016.** This request will require a \$50,000 appropriation for professional services to develop the scope of work and project procurement. Staff would return to Council with the formal appropriation request during the 2<sup>nd</sup> Quarter Financial Status report. No MMS project bid will be awarded until the City Budget is formally adopted for the 2017-2018 budget biennium (January 2017).

- Minor modifications are needed to the Department structure and Department name. Further evaluation is needed to improve and refine business processes such as water service installs and the Community Field Response (CRT) services.

Staff action: Although the report identifies the potential need for two (2) new management positions (page 26 of the Department Audit Report), staff have identified some internal restructuring of positions to create reasonable spans of control. **No new positions will be added as result of this Department Audit.**

*Consistent with the audit, staff recommends changing the department name from Maintenance to Public Works. In comparison with other cities with similar duties, the current title ignores the responsibility of important and essential utility operations (water, sewer, and storm water). The audit findings were based from the American Public Works Association Management Practices Manual and used by other public works agencies maintaining public facilities and infrastructure. Changing the department name to Public Works more closely aligns with the services provided to the community.*

*Staff recommends formalizing current business processes related to water service installs and reinforcing the Community Response Team (CRT) business process. Post Boil Water Advisory (Event) approximately 9 of 10 water service installs for redevelopment have been pushed back to contractor or builder install (inspected by the City). Prior to the Event, the Water Utility Team was installing approximately every 9 of 10 water services. Due to new requirements set forth by the Department of Health and an increased focus on water quality, the priorities of the team have shifted to maintaining our current infrastructure. Staff propose to further evaluate this business process and return to the Council in 2017 with a formal on-going recommendation for consideration.*

- American Public Works Association (APWA) accreditation should be evaluated and discussed.

*Staff recommendation: APWA accreditation would be an admirable goal for the Department. Staff recommends implementing the new MMS and following the proposed success goals outlined by Mr. Ostrowski in the Supplemental Report. Staff actions will include the collection of data and documented maintenance practices and completing the APWA Management Practices Self-Assessment by spring 2017. Completion of the Self-Assessment can be absorbed within the department's approved operating expenses. If APWA accreditation is desired by the Council, staff would return to the City Council during the next budget biennium with a Service Package request to fund the accreditation process and implementation.*

Following the first review of the Department audit, the Council Subcommittee requested that additional information be gathered. The attached Maintenance Department Supplemental Report focuses on these areas:

- Essential maintenance activities that should be tracked for productivity and cost measure analysis were identified. These areas were identified as the greatest need and should be a focus for the Department now, before the new Maintenance Management System is implemented. This information will provide base line data to feed into the Maintenance Management System and provide staff with an idea of what other information might be needed for the new system.

*Staff action: Staff has begun collecting data on key activities within each division. Further data collection will continue on the important activities outlined in the Supplemental Report within each division until the new MMS is in place and operational.*

- Guidance for non or partial compliance standards according to the APWA manual were provided, including five (5) year and twenty (20) year department goals.

*Staff recommendation: Mr. Ostrowski outlined eight follow-up activities that should take place and monitored on a regular basis. Staff recommends implementing these suggested activities as outlined in the supplemental report.*

- Two key areas were identified that should be tightened up in compliance with the NPDES Phase II Permit: 1) completing the inspection and cleaning of all catch basins, and 2) updating our documentation as it relates to the maintenance program.

*Staff action: Staff is currently completing the remaining inspection and cleaning of all catch basins and is currently updating our documentation related to maintenance. These areas are required for compliance with the NPDES Phase II permit.*

#### **KEY FLEET AUDIT RECOMMENDATIONS:**

Hennessey Fleet Consulting was hired to evaluate the Mercer Island fleet, excluding fire apparatus, and make recommendations on how the City's fleet could be more effectively managed. The following are key recommendations from his review:

- **Vehicle Utilization:** FL-0437 and FL-0456 (two 5 Yard Dump Trucks) and FL-0318 and FL-0478 (two Backhoes) showed low utilization. These vehicles are key elements of the City storm response and merit further discussion.

*Staff recommendation: Remove FL-0437 and FL-0318 from the vehicle replacement cycle. Staff will return to the Council in 2017 with a Level of Service discussion as these vehicles are essential storm response equipment.*

- **Replacement Strategy:** Due to improvements in technology and reliability, crew vehicles should be extended to ten (10) years (previously 8-year life cycle) and patrol vehicles to four (4) years (previously 3 years).

*Staff recommendation: Agree.*

- **Improved Efficiency Measures:** As identified in the report, collecting data and generating reports is difficult. Common business practices such as cost per mile, vehicle/equipment down time, accurate shop hours and maintenance intervals are not adequately being tracked. The implementation of a fleet software program is needed to improve business practices and efficiencies.

*Staff recommendation: Incorporate fleet data needs with the procurement of the new MMS system.*

#### **EXHIBITS:**

1. Agenda Bill 5148
2. Maintenance Department Performance Audit
3. Maintenance Department Supplemental Report
4. Fleet Performance Audit




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

**AB 5148  
January 19, 2016  
Regular Business**

**MAINTENANCE DEPARTMENT FLEET AND ORGANIZATIONAL PERFORMANCE AUDIT**

**Proposed Council Action:**

Authorize staff to enter into a contract for consultant services for the Maintenance Department fleet and organizational performance audit.

<b>DEPARTMENT OF</b>	Maintenance (Jason Kintner)
<b>COUNCIL LIAISON</b>	Dan Grausz Benson Wong
<b>EXHIBITS</b>	n/a
<b>APPROVED BY CITY MANAGER</b>	

<b>AMOUNT OF EXPENDITURE</b>	\$	30,000
<b>AMOUNT BUDGETED</b>	\$	30,000
<b>APPROPRIATION REQUIRED</b>	\$	0

**SUMMARY**

At its October 19, 2015 meeting, the Council directed staff to prepare a scope of work for an organizational performance audit of the Maintenance Department and Fleet Operations for the Council's consideration. Excluding CIP Project Management Staff, the Maintenance Department's work team includes:

- Administration
- Right-of-Way (includes Stormwater Utility)
- Water Utility
- Sewer Utility
- Support Services (includes Customer Field Response (CRT), Fleet, and Warehouse Functions)

Since the audit request was directed by the Council, Councilmembers Grausz and Wong have been directly involved in the development of the scopes of work for the audit and selection of the consultant teams. Both audit focus areas will deliver a written report on the findings and recommendations that will be shared with the committee and City Council. The following scopes of work have been proposed:

**FLEET AUDIT**

- To determine if the Mercer Island fleet, excluding fire apparatus, is right sized by looking at all relevant variables for which data is available including, the annual fuel consumption and annual mileage of each vehicle in the fleet relative to the number of staff, including seasonal employees, who use them or relative to other applicable variables. This analysis will be broken down by department and by division/work group. The purpose of this analysis is to make informed determinations as to whether the City currently has the right number and type of vehicles to address City requirements.



- To review the City's fleet replacement strategy and policy; define the replacement metrics that fit the organization and make recommendations on an effective process for taking action based on those metrics.
- To make recommendations on whether City policy regarding use of private vehicles for City business should be changed.
- To make recommendations on whether the City should lease, rather than purchase, certain vehicles.
- To determine if it would be more cost effective to have more than one mechanic and whether the addition of another mechanic is important for succession planning or for ensuring the continuity of performance.
- To compare the 2016 shop rate to the private sector.
- To make recommendations on how the City's fleet could be more effectively managed (e.g. purchasing a fleet management system).

## ORGANIZATIONAL AUDIT

- To review if the Department is running efficiently and effectively.
- Compare the current Department staffing level, broken down by work team, to that of other "full service" comparison cities. This would exclude CIP project management staff (City Engineering Group). The staffing comparison would be relative to infrastructure maintained or customers served, as appropriate.
- To review and evaluate opportunities to improve environmental sustainability that are fiscally responsible as a Department.
- To make recommendations, based on industry best practices, on how the productivity of each work team could be significantly improved, focusing on those things that would have the greatest benefit. The review will include: opportunities for evaluation for the sharing of vehicles, equipment and tools; the evaluation for revisions in team responsibilities to capitalize on synergies; the possibility of sharing personnel between teams, as appropriate.
- Evaluate how each work team is organized and fits within the structure of the Department. Evaluate and provide recommendations to the following specific areas:
  - **Support Services Focus:** Assess whether the number of direct reports to the Assistant City Engineer be effectively reduced. Assess and evaluate whether the Community Field Response Technician (CRT) model is still efficient and used adequately.
  - **Utility Team Focus:** Assess and evaluate the water service installations & process. Compare the current service model to other surrounding organizations and best practices. Make recommendations on how this service could be improved.
  - **ROW Team Focus:** Assess how stormwater reporting requirements, audits, and routine maintenance fit in with the organization and structure of the team. Evaluate how the loss of the ROW arborist impacts the structure and dynamics of the team.

Consultant services for the audit are estimated to cost \$30,000, to be funded from miscellaneous professional services in the General Fund. It should be noted that the 2016 budget included \$75,000 for miscellaneous professional services. Each biennium Council and/or staff have some unanticipated professional service needs. Staff anticipates completion of the audits near the end of March 2016 and will return to the Council with the final report and proposed recommendations.

## RECOMMENDATION

*Maintenance Director*

**MOVE TO:** Authorize staff to enter into a contract for consultant services for the Maintenance Department fleet audit and organizational performance audit.

# MERCER ISLAND MAINTENANCE DEPARTMENT PERFORMANCE AUDIT



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April 2016

**MERCER ISLAND**  
**MAINTENANCE DEPARTMENT PERFORMANCE AUDIT**

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## Executive Summary

This executive summary presents a summary of the results of The Maintenance Department Performance Audit. The body of the report contains the detail and examples that support the conclusions summarized here.

**Purpose:** This report was prepared to determine if the Department is running efficiently and effectively and compare current staffing levels to similar cities. Additionally the report looks at opportunities for improved sustainability, productivity and specific issues within the department.

**Methodology:** Interviews and survey questionnaires were used to identify current practices and employee opinions. Interviews with key personnel were used to evaluate how department management practices compared to those found in the American Public Works Association (APWA) Management Practices Manual. A one-week work sample was conducted to identify problem areas such as excessive wait time, unplanned work or paperwork. Existing reports available to managers were reviewed along with the report capabilities of the existing work order system.

Other cities with similar sizes of infrastructure were compared to Mercer Island using published budget information from the selected cities.

The Community Field Response Technician (CRT) process and Utility service installation procedures were reviewed.

### **Results of the Audit:**

The results summarized below are divided into three categories:

1. Key Findings
2. Key Recommendations
3. Minor Recommendations

A more detailed description for each of these items can be found in the body of the report.

### **KEY FINDINGS**

1. Employees in the Maintenance Department are working hard to accomplish the mission of the department and managers are working to improve how things are managed and reported.
2. Aesthetically, the visible world of Mercer Island is in very good condition. Streets are clean and well maintained. Trees, sidewalks, signs, street lights and other visible infrastructure items are in good condition.
3. Staffing levels for the various maintenance functions are about average when compared to other cities with similar infrastructure responsibilities.

4. There are no efficiency measures in place to measure performance of the Department.

### **KEY RECOMMENDATIONS**

The following recommendations were ranked by the consultant in order of importance and are described more fully in the body of the report. For example, recommendation number 2 has 7 specific suggestions included within it. What follows here has been abbreviated for the executive summary and then further divided into Key Recommendations and Minor Recommendations in an attempt to highlight the most important recommendations.

1. The Department has a good asset management system for streets based on pavement condition indices derived from its pavement management system. The Department is working on an update to the General Sewer Plan and Water System Plan that can form the foundation for better asset management of the systems. The Storm water Plan can also serve as the foundation for better asset management. The Maintenance Management Plan currently envisioned needs to be linked to both the asset management plans and the city financial system to provide the kind of reports managers need to operate efficiently.
2. Better reporting on department activities to the City Council is needed even before a Maintenance Management System is fully implemented. Subjects to be covered include: ongoing efficiency measures, levels of service, CRT program evaluation, contracted services, NPDES permit implementation and solid waste issues.
3. The General Sewer Plan should address the unique issues created by a sewer system that flows to an underwater interceptor and all of the accessibility issues that creates. The risks and complexities associated with this operation need to be clearly understood by all and strategies developed to insure sustainable service in the future.
4. Improved management reporting systems and improved reporting will take additional staff resources such as part-time administrative help and management interns but the work needs to be done and fitting it in to existing schedules isn't practical.
5. Department Accreditation might seem like a diversion from the important work outlined above, however, all of that work also satisfies many of the requirements for accreditation making that a much more achievable goal.

### **MINOR RECOMMENDATIONS**

1. Consider modifying the organizational structure as discussed in the audit and rename the department and the Assistant City Engineer's title.
2. Reinforce the CRT process and develop a clear list of services that CRT does not respond to and services that require response from other teams or departments.
3. Institutionalize an internal process for ongoing review of department performance to include all team members.
4. Improve the tree inventory and identify policy decisions related to sidewalk damage.
5. Standardize the staffing level calculations outlined in this report and use them for ongoing budget reviews.

### **General Observations**

- If Mercer Island wants a lean operation with decision making accomplished at the lowest possible level then that is pretty much what is occurring. However, some decisions are being made that should be the result of a Council policy discussion. Staff is determining where to add or subtract service in response to Council direction and citizen complaints on a case by case basis. For example, street sweeping frequencies have increased this way. This results in other work being deferred or not done without any reporting of what that deferred work is.
- Some activities shouldn't be lean. Public health is a serious responsibility and requires a certain amount of redundancy to ensure safe drinking water and pollution free sewerage systems. However, those few items that require redundancy or backup haven't been fully identified and reviewed as a policy discussion
- The Mercer Island Maintenance Department is what is usually called a Public Works Department in other cities with similar duties assigned to the department. It's admirable that the current name focuses on an important issue (asset management in a mature system). However, the title ignores the significant operations aspect of water, sewer and storm drainage systems.

- The visible world of Mercer Island looks better than most cities of any size. Streets are well maintained and sidewalks and pathways are as well.
- The invisible world is full of risks that many may not be aware of. The newest requirements governing storm water quality has staffing impacts that have not been adequately addressed. Because master plans will be reviewed shortly there is an opportunity to discuss the condition of water, sewer and other facilities to arrive at a logical plan to upgrade utility standards to the same level as the visible world or, in the alternative, acceptance of some lesser standard and its implications.
- The current management team is headed in the right direction but needs better tools (e.g. Maintenance Management System) to evaluate performance and develop improvement plans

## Audit Objectives and Scope

The organizational audit scope approved by the Mercer Island City Council is as follows.

- To review if the Department is running efficiently and effectively.
- Compare the current Department staffing level, broken down by work team, to that of other “full service” comparison cities. This would exclude Capital Improvement Program (CIP) project management staff (City Engineering Group). The staffing comparison would be relative to infrastructure maintained or customers served, as appropriate.
- To review and evaluate opportunities to improve environmental sustainability that are fiscally responsible as a Department.
- To make recommendations, based on industry best practices, on how the productivity of each work team could be significantly improved, focusing on those things that would have the greatest benefit. The review will include: opportunities for evaluation for the sharing of vehicles, equipment and tools; the evaluation for revisions in team responsibilities to capitalize on synergies; the possibility of sharing personnel between teams, as appropriate.
- Evaluate how each work team is organized and fits within the structure of the Department. Evaluate and provide recommendations to the following specific areas:
  - Support Services Focus: Assess whether the number of direct reports to the Assistant City Engineer can be effectively reduced. Assess and evaluate whether the Community Field Response Technician (CRT) model is still efficient and used adequately.
  - Utility Team Focus: Assess and evaluate the water service installations & process. Compare the current service model to other surrounding organizations and best practices. Make recommendations on how this service could be improved.
  - ROW Team Focus: Assess how storm water reporting requirements, audits, and routine maintenance fit in with the organization and structure of the team. Evaluate how the loss of the ROW arborist impacts the structure and dynamics of the team.



## Methodology Used

Interviews and survey questionnaires were used to identify current practices and employee opinions. Interviews with key personnel were used to evaluate how department management practices compared to those found in the American Public Works Association (APWA) Management Practices Manual.

A one-week work sample was conducted to identify problem areas such as excessive wait time, unplanned work or paperwork.

Other cities with similar sizes of infrastructure were compared to Mercer Island using published budget information from the selected cities.

The CRT process and Utility service installation procedures were reviewed with staff involved to develop flow charts and identify areas of misunderstanding and areas of opportunity for improvement.

Existing reports available to managers were reviewed along with the report capabilities of the existing work order system.

## Audit Findings and Conclusions

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. It is believed that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Several audit objectives refer to the department as a whole while others are specific to a particular function. In this report, overall objectives such as efficiency and effectiveness will be analyzed and reported by individual division within the department since each division has unique characteristics and all divisions are not operating at the same level of efficiency.

**Available Management Information Systems:** The Department has been using a work order system that is a stand alone system and is not linked to the city's financial system or the fleet management system or the only current asset management system in place which is the pavement management system.

The work order system can be used to track activities for which a work order has been set up. The system is seldom used to produce meaningful management reports. It is difficult to use and only the Administrative Assistant seems adept at using it to generate reports. Reports generated do not contain complete cost information that could be used to produce efficiency reports.

## **EFFICIENCY AND EFFECTIVENESS**

Efficiency is defined by Webster as the ability to produce the desired effect with a minimum of effort. That definition includes effectiveness as the desired result of efficiency. Management theory, however, separates the two as is done in this audit scope to make a distinction between activities that are done with the least effort but to the wrong end and those that comply with Webster's definition as that which achieves not just any effect but the desired effect with a minimum of effort.

In this report an attempt will be made to define what the desired effect should be, followed by an analysis of how and if those effects are being accomplished.

The work of maintaining and operating public facilities can be divided into a number of tasks that must be done if the facility is to run properly and live to its expected life. Those tasks can be listed and then the time needed to accomplish each calculated and totaled to come up with the annual workload in hours. This can further be divided by the number of available working hours to arrive at the number of people needed to operate and maintain a particular facility.

This logical approach is the foundation of Maintenance Management Systems. Such systems can generate the reports needed to continuously evaluate the effort needed for proper functioning of a facility. This allows the manager to work with the work team to continuously improve operations.

Without such a framework, ad hoc process improvements and productivity increases make managers and policy makers feel good but provide no assurance that everything that needs to be done is, in fact, getting done.

Mercer Island is without such a framework. Several proxy methods have been used to get an approximation of total work required. One such method is the American Public Works Association (APWA) Management Practices Manual. The manual is used to evaluate public works departments that are seeking accreditation by APWA. It contains a comprehensive list of management practices that are required to properly run public facilities.

The chart below shows how the Maintenance Department measures up against accreditation requirements for some of the key chapters in the manual. Full Compliance (FC) is required for all practices to achieve accreditation. Partial Compliance (PC) usually means the practice is followed but not documented or

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perhaps only partially implemented. Non Compliant (NC) simply means the practice isn't being followed.

<b>APWA Management Practices Chapter</b>	<b>FC</b>	<b>PC</b>	<b>Total</b>	<b>% FC</b>	<b>% PC</b>	<b>% NC</b>
Organization and Strategic Planning	2	2	6	33%	33%	33%
Planning and Development		4	5	0%	80%	20%
Parks, Grounds and Forestry	2	12	17	12%	71%	18%
Street Maintenance	6	8	16	38%	50%	13%
Street Cleaning	5	2	8	63%	25%	13%
Snow Removal and Ice Control	5	6	13	38%	46%	15%
Stormwater and Flood Management	2	3	19	11%	16%	74%
Potable Water Distribution System	6	10	21	29%	48%	24%
Wastewater Collection and Conveyance	6	8	16	38%	50%	13%
<b>Totals</b>	<b>34</b>	<b>55</b>	<b>121</b>	<b>28%</b>	<b>45%</b>	<b>26%</b>

This is a good place to begin an evaluation of the Maintenance Department because it indicates that even if work is being done with the least effort, all of the best practices are not being followed or cannot be documented.

Another proxy for measuring total work required is the use of legally mandated practices. There are safety rules to follow and federal requirements for testing and reporting. These requirements can be listed but they only provide a partial picture of total workload.

Another factor in estimating total work load is Level of Service (LOS) standards. As we'll see later in this report, LOS standards drive workloads and costs and though they can be dictated by legal requirements, LOS standards are usually a matter for elected officials to decide.

The City's Mercer Island Dashboard Report, was developed in 2007 to identify "top tier" indicators which capture the "state of the City" in terms of what matters most to the management team and the City Council and to do so by selecting a manageable group of measures with a minimal amount of data gathering.

Therefore, the Dashboard focuses on outcomes not efficiency measures.

The Dashboard, however, is an indicator of how well programs are meeting the policy goals set by council. Measurement is primarily accomplished through citizen surveys and objective statistics.

What follows is an evaluation of the following teams in the Department. They are Right of Way (ROW), Sewer, Water, CRT and the Management Team. An evaluation of the City Fleet is being completed concurrently through a Fleet

Management Consultant. Engineering, primarily focused on City Capital needs was not included in the operational organization performance review.

## **ROW**

The ROW Team is charged with maintaining city rights-of-way (public roadways, roadside vegetation and planter beds), storm drains, and walkways to ensure a clean safe and navigable system. Priorities include maintenance of city roadways and resolution of tree issues. The team also provides snow removal and storm response.

There are currently 7 Full Time Employees (FTEs) on this team including the manager. Therefore, only 6FTEs are available to provide routine maintenance works.

The Dashboard rates service as good with 75% of residents rating street maintenance as good or excellent. Maintenance of sidewalks and pedestrian/bicycle paths are rated good or excellent by 72% of respondents.

In the Management Practice review cited above, Street Maintenance showed fully compliant practices at 38%. Street cleaning had the highest percentage of fully compliant practices at 63%. Storm water and flood management was only 11%.

During the work sample period this group had a percentage of unplanned work of 13%. Unplanned work which was further identified as “putting out brushfires” in the survey indicates the amount of time devoted to preventive maintenance versus problems that might have been avoided by preventive maintenance. There is no standard for what this number should be but it is useful when comparing time spent in this activity by different work groups.

There were no actual efficiency measures found covering the activities of the ROW Team.

In total, actual miles of streets are swept about 3 times more often than advertised on the City’s website. The Town Center is swept 42 times per year vs. the 36 times advertised. Arterials are swept 66 times per year vs. the 18 times advertised. Residential streets are swept 6 times per year vs. the 2 times advertised. This required an estimated 564 hours of employee time to accomplish or 0.38 of a Full Time Equivalent employee (FTE). 0.25 FTE would be

available for other work if the actual miles swept are reduced to the advertised level.

The high level of street sweeping seems to be driven by citizen complaints with special emphasis on the shoulder surrounding the island. There it seems that customer satisfaction could be less than the 72% cited above. Keeping the shoulder clear is an ongoing problem due to leaf and needle fall and erosion from the adjacent hillside. This shoulder isn't a designated bike lane but is heavily used by bicyclists which creates the demand for a higher level of service.

The actual Level of Service (LOS) on residential streets is probably driven by citizen complaints not related to a specific activity such as bicycle use.

The Storm water utility pays for half of the cost of street sweeping based on the assumption that cleaner streets mean cleaner streams. There has not been a policy discussion to establish a level of street sweeping that is directly tied to improving storm water quality. Therefore, the cost sharing percentage in place could be too high or too low. Further, there needs to be a recognition that the LOS actually provided is better than advertised and a policy determination made as to the right LOS based on both roadway cleanliness and storm water quality improvement.

In comparison of storm water programs with other organizations, Bellevue has had a robust storm water program since they formed

	Bike Lanes	Arterials	Residential
Bellevue	24	12	3-4
Mercer Island Advertised	na	18	2
Mercer Island Actual	na	66	6

the first storm water utility in the state in the 1970's. The chart shows that Mercer Island has a significantly higher LOS for street sweeping than that adjacent city with a long-standing storm water quality improvement program. This isn't to suggest that Bellevue has an LOS for street sweeping that should be used to determine the correct LOS for storm water quality but rather that Mercer Island already has a high LOS that should be examined further.

The ROW Team also handles maintenance of the storm water system. Catch basin cleaning is provided by a contractor. Other routine activities are not written down and no performance measures are available.

The Department of Ecology (DOE) has begun auditing cities with Phase II Storm water National Pollutant Discharge Elimination System (NPDES) permits. Since existing activities were not previously recorded there's no way to evaluate what's already being done to meet permit requirements.

	Week	Month	Year	One time
SWM Plan Fully Developed & Implemented				
Produce written SWMP document				Contract
A1 a. Track Costs of SWM Plan on going	2		100	
C1 a. Public Education & Outreach on going		8	96	
55 items C2a. To C4 Ciii	40	226	4792	600
d. Inspect All city owned Catch Basins			100	
b.ii BMP Effectiveness Monitoring on going		8	96	
C2 a. Submit Status of Monitoring Plan update as needed		4	48	
A1 Annual Compliance Report			40	
Apply for permit renewal				80
	<b>Total hours</b>		5272	680
	<b>hours per year per FTE</b>		1500	1500
	<b>FTEs</b>		<b>3.5</b>	<b>0.5</b>

Permit requirements provide a list of activities that can be used to determine appropriate staffing levels. The example shown above is from a City of Burien NPDES analysis done several years ago. A similar process can be used to determine the workload necessary for permit compliance and routine activities that deal more with the ability of the system to handle storm flow volumes.

### Sewer

The Sewer Team is responsible for maintaining approximately 113 miles of sewer lines and 18 booster stations needed to maintain flow in the low head interceptor line that runs around the island in Lake Washington.

There are currently 4.5 FTEs on this team including the manager who also manages the Water Team. Therefore, only 4 FTEs are available to provide routine maintenance works.

2 additional positions have been approved in the budget but not yet filled. Staff expects to fill these positions in spring 2016.

The Dashboard rates service as very good based on comparing the number of sewer system backups per 1,000 customer connections to 3 other area jurisdictions. The Dashboard also notes that this measure has improved over the previous 4 years.

In the Management Practice review cited above, Wastewater Collection had fully compliant practices at 38%.

During the work sample period, this group had 16% unplanned work which matched the average for the whole department.

There were no actual efficiency measures found covering the activities of the Sewer Team.

## **Water**

The Water Team is responsible for maintaining approximately 120 miles of water lines, 2 4-million gallon reservoirs, 80 pressure reducing structures, 2 booster stations and one 200 gallon per minute emergency well.

There are currently 6.5 FTEs on this team including the manager who also manages the Sewer Team. Therefore, only 5 FTEs are available to provide routine maintenance work.

The Dashboard rates service as Needs Attention based on comparing the number of water main breaks per 1,000 customer connections to 6 other area jurisdictions. The Dashboard also notes that 40% of the system is over 50 years old.

In the Management Practice review cited above, Water Distribution had fully compliant practices at 29%.

During the work sample period, this group had the lowest level of unplanned work at 8%.

There were no actual efficiency measures found covering the activities of the Sewer Team.

## **CRT**

The Community Field Response Technician (CRT) Team consists of two members who split their time between quick responses to citizen complaints and responding to requests for utility locates. Utility locates make up about 70% of the team's current workload.

This service is not covered in the Dashboard report and there are no efficiency measures available to cover the activities of this team.

During the work sample period, this group had the highest level of unplanned work at 23%. It makes sense that they would have the highest level of unplanned work since a large part of their job is to respond to complaints. Utility locate requests require the requesting party to call in at least 48 hours ahead of time which allows the CRT Team members some time to plan this portion of their work.

### **Management Team**

The Management Team consists of the Maintenance Director, Assistant City Engineer, ROW Manager and Utility Manager.

There are no efficiency measures available to cover the activities of this team.

During the work sample period, this group had the second highest level of unplanned work at 21%. Interviews with managers indicate that they spend a fair amount of their time responding to problems which is a likely driver for this statistic. This group also spent the least amount of time for lunch and breaks during the sample period.

### **Department-wide efficiency evaluation**

Overall department efficiency in terms of input versus output can't be evaluated without a system to measure efficiency of the various divisions of the department. Since no such measures exist the proxy methods outlined above have been used to arrive at a somewhat subjective descriptive evaluation.

An alternative definition of efficiency is having the right people with the right tools doing the right work. What follows is a comparison of the department to that definition.

**The Right People** are in place in each of the divisions based on their qualifications for the work they do. Employees have been cross-trained to provide support for the various teams; however, maintenance workers have uneven capabilities. This shows up in various ways such as acceptance of new technology and interest in documenting past practices for evaluation. Employees demonstrated admirable customer service attitudes in interviews and the Management Team has a good understanding of the capabilities of the various teams and where they can improve.



**The Right Tools** never arose in interviews as an issue except with the Management Team and their desire for a better management information system.

**The Right Work** is the biggest question remaining to be answered by improvements to management reporting. The work sample revealed that the amount of time devoted to waiting around was insignificant. It also showed that a significant amount of time was devoted to problem solving and responding to service requests that are not planned. This paints a picture of a department working hard with little wasted motion. It's likely that the most important work is getting done but it's also clear that the most visible work gets done. Whether that invisible work is important hasn't been addressed.

What's lacking is a compilation of all of the work activities required to maintain all of the assets under the department's care. Once that compilation is complete the LOS for each activity can be assigned and a calculation of the number of FTEs required to accomplish all of the work of the department. If that number is greater than the current staffing level, staff can be added knowing that they are needed. Or the work can be prioritized with lower level work being accomplished if process improvements can be made to the more important work. Only then can the City be fully confident that the right work is being done.

## **STAFFING COMPARISON**

Comparing staff numbers with other similar cities is, at best, only an approximate measure of whether your city has the correct staffing level. Finding cities with similar characteristics would seem to provide information on what might be a consensus on the right level of effort. However, this is seldom true because cities usually don't arrive at their staffing levels by tabulating the work to be done and assigning reasonable staffing effort to each task and then totaling the number of FTEs required for a particular service.

Instead, staffing levels are arrived at incrementally by either adding to or subtracting from already existing levels that usually haven't changed much in years. During lean years, staff is cut without a clear picture of what won't be done after the cut. Managers with limited resources will usually focus on the visible things and defer maintenance on less visible work. Over time that less visible work has a tendency to show up as some sort of crisis.

Therefore, comparing staffing levels in different cities, even if they're the same size, may or may not be a measure of how many people it takes to do the same work.

In addition, some cities contract for some of their work leaving staff to do other work unless staff is reduced as well.

Even finding cities of comparable size to Mercer Island is not as easy as it might seem. Population is a good place to start but there isn't an exact correlation between population and maintenance effort required for street, storm, sewer and water systems.

First of all, most Washington cities of Mercer Island's size don't have their own water or sewer systems. On the other hand, some that do have such systems actually have sewage treatment and water production as well which Mercer Island doesn't have. This creates a very small sample size which limits its usefulness for comparison purposes.

For street maintenance, the best statistic to compare is total lane miles. This gives a good measure of how much roadway surface is being maintained by a particular city. The chart below shows cities within about 10% of the total lane miles of Mercer Island from data supplied by the Washington State Department of Transportation for 2013.

City	2010 Census	Centerline Miles	Estimated Lane Miles
SeaTac	26,909	83.93	175.51
Arlington	17,926	85.21	173.50
Shelton	9,834	84.99	171.07
Tumwater	17,371	78.14	167.86
Mill Creek	18,244	82.83	166.51
Battle Ground	17,571	82.28	164.57
<b>Mercer Island</b>	<b>22,699</b>	<b>78.29</b>	<b>158.45</b>
Ferndale	11,415	77.11	154.23
Bonney Lake	17,374	74.55	149.10
Kenmore	20,460	69.54	140.01
Oak Harbor	22,075	68.57	137.61
Mukilteo	20,254	66.83	133.67

This data is only as good as the information supplied by individual cities. Mercer Island's current centerline and lane mile numbers are within 8% of what's shown in the table.

The table does not include eastern Washington cities or the city of Aberdeen on the Washington coast to account for their difference in climate from Mercer Island.

The cities listed can also be used to evaluate staffing levels for storm water in the hope that level of effort will be related to the public paved surface in these cities. What really drives storm water maintenance efforts are the NPDES permit requirements for each city. However, it's no easy task to compare those efforts since the records aren't currently available in any usable form.

### FTEs per Lane Mile Compared

The chart on the right shows a comparison of those cities with similar lane miles to those of Mercer Island. The FTEs are those shown in each city's budget. Bonney Lake and Mukilteo combined their budget FTE summaries to include both street maintenance and storm system maintenance. What the numbers don't show is how much of each city's street maintenance is done by outside contractors. The chart is sorted from highest to lowest Lane Miles/FTE. The average of these numbers is 30 with Mercer Island about average at 29.

	Street FTE	Storm FTE	Lane mi/fte
Mill Creek	2.95	1	56
Anacortes	4.51	4.51	55
Shelton	4	2	43
Arlington	4.3	2	40
Shoreline	9	7	38
<b>Mercer Island</b>	<b>5.5</b>	<b>1.5</b>	<b>29</b>
Tumwater	7		24
Battle Ground	7	3.5	24
Ferndale	7	2	22
Oak Harbor	6.5	4.59	21
SeaTac	8.85	8.7	20
Bonney Lake	10	w/street	15
Mukilteo	14	w/street	10

In 2013 the City of Vancouver surveyed some larger cities and found a range between 41 for Spokane and Bellevue and 100 for Vancouver. This seems to indicate that there might be some economy of scale that benefits larger cities. However, no effort was made then to account for the amount of contract work or to compare levels of service. The same is true of the chart above.

Anacortes and Shoreline were also reviewed because Anacortes is an APWA Accredited agency and Shoreline is going through the accreditation process. Anacortes has a ratio of 55 Lane Miles/ FTE and Shoreline has a ratio of 38 Lane Miles/ FTE. Both cities have significantly more lane miles to maintain than Mercer Island with Anacortes at 248 and Shoreline at 338.

All of the cities in the chart except Mill Creek had more people assigned to storm water maintenance than Mercer Island. Care was taken to only tabulate maintenance workers since storm water management programs also require significant efforts by engineers or engineering technicians who don't do maintenance work. Again, the amount of contract work is not reflected in these numbers. Mercer Island contracts for catch basin cleaning and does street sweeping with city employees.

### Water Distribution System Maintenance FTEs

The number of cities with the same size and utility responsibilities as Mercer Island is limited and results in a small sample size of limited usefulness. The chart on the right shows the same cities used for the Lane mile analysis. Most of these cities also have their own water source (usually wells) while Mercer Island does not. However, the emergency well requires routine maintenance to be ready when it is needed. Three of the cities rely on water districts to provide service within their city limits. The average staffing level is 7.1 with Mercer Island slightly below that at 6.5.

	Water FTEs
Mukilteo	No
SeaTac	No
Mill Creek	No
Arlington	10
Tumwater	9
Oak Harbor	8.5
Bonney Lake	8
<b>Mercer Island</b>	<b>6.5</b>
Shelton	6
Battle Ground	5
Ferndale	4

### Sewer Collection System Maintenance FTEs

Finding comparable cities for sewer collection is even more difficult than for water. Some of the cities in the chart on the right are similar to Mercer Island in that they don't run a sewage treatment plant but Tumwater, Bonney Lake and Battle Ground are smaller than Mercer Island and serve fewer customers. Again, Mukilteo, SeaTac and Mill Creek are served by sewer districts and provide no direct sewer service to customers.

	Sewer FTEs
Mukilteo	No
SeaTac	No
Mill Creek	No
Arlington	9
Oak Harbor	8.83
Tumwater	7
Bonney Lake	7
Shelton	7
<b>Mercer Island</b>	<b>4.5</b>
Battle Ground	4
Ferndale	3

The reader might wonder why Ferndale is even on the list of comparable cities. It has very close to the same number of lane miles as Mercer Island but is significantly smaller than Mercer Island with a population of 11,415. However, they do have a sewage treatment plant. On the other hand, their budget isn't clear on how many people are assigned to sewer maintenance and the number shown is derived by the proportion of personnel expenses to other similar expenses for known staffing levels.

The average of cities listed is 6.3 FTEs with Mercer Island at 4.5 and a budget approved for 2 additional FTEs.

## **OPPORTUNITIES FOR SUSTAINABILITY IMPROVEMENT**

There are some principles of sustainability that can serve as a guide to finding opportunities for future improvements. They are listed below in no particular order but are numbered for later reference:

1. Choosing equipment and materials that have the longest life
2. Choosing equipment that uses the least amount of energy
3. Choosing equipment and materials that have the least impact on the environment
4. Choosing design elements that have little or no maintenance required and/or can be maintained with the least energy and emissions.
5. Applying sound asset management principles to guide ongoing operations and maintenance
6. Accounting for the whole cost of design and purchasing decisions to include impact on community finances and environmental costs
7. Using return on investment to judge actions by including non-financial returns as well as typical pay-back types of analyses.
8. Taking responsibility for environmental stewardship and protecting community health
9. Considering the aesthetic aspects of decisions rather than settling for cold efficiency in public services provided
10. Provide opportunities for communities to be more connected on a personal level.
11. Recognize the community as a series of interconnected systems that function together to provide the quality of life citizens desire

Principles 1-5 are usually employed by public works departments in routine decision making; however, they are not always visible to the public as decisions guided by sustainability principles.

Principle 5 is the one that might have the greatest sustainability impact if properly executed. Managing public facilities so that assets are properly designed, built, operated and maintained requires a management system to ensure sustainability.

Principle 6 is the most difficult to implement completely since many costs are beyond the capabilities of cities to estimate accurately. For example, when landfills were the standard method of disposal for solid waste only the cost of hauling and disposal were included in the cost of service. What was not

included was the cost of environmental damage due to landfills. As regulations got tougher those costs were known and could be included in the cost of service. What is still difficult to calculate, however, is the cost of wasted resources, savings due to reuse or the true cost of convenience created by disposable items whose cost in the marketplace is driven more by marketing than environmental considerations.

Principle 7 recognizes that public improvements often create benefits that are not quantifiable but need to be identified. If such improvements are not identifiable, perhaps the improvement isn't justified.

Principle 8 is an attitude that recognizes the role of public works departments in providing drinking water, clean lakes and streams and clean air. All of these are heavily regulated but an attitude of public stewardship implies that the department will regulate itself in a way that doesn't require more than cursory oversight.

Principle 9 is important because public works provide a service to people whose enjoyment of life comes from living in a world that doesn't look like a science fiction movie where everything is concrete and glass and soft surfaces are seen as inefficient because they are only there for looks and require maintenance if they are organic. This principle and principle 4 can be in conflict but the conflict needs to be recognized and resolved.

Principle 10 is more than just designing parks for people. It also means recognizing that streets are barriers as well as connectors. When used in conjunction with principle 11 it takes into consideration community systems such as schools and parks and the role of street systems in connecting such systems.

The following specific observations are based on the above principles.

Establishing an **Asset Management** system using all 11 Principles will result in sustainability becoming a way of life in the department.

A fully sustainable asset management system is one that:

- Is integrated with financial and maintenance systems that have a common foundation with management and assessment tools to allow process improvement.
- Has information stored in the system that is both accessible and secure.
- Results in an organization designed to optimize asset management.

- Has asset management integrated into everything and characterized by collaboration across departments and functions.
- Uses asset management information and systems to inform decisions at all levels of the organization.

**Trees** are a community asset and can become a sidewalk liability. The environmental benefits of the tree canopy are well known but trees also provide a social value that better connects people with the natural environment. Broken sidewalks are also well known as a hazard caused by the wrong type of tree squeezed into too small a space. Expanding the current tree inventory efforts to include application of principles 1, 4, 5, 6, 8 and 9 in developing an asset management plan should result in improved sustainability.

**Energy** use by the department can be monitored more closely and lighting systems that use less energy examined. The largest power users seem to be buildings that are not covered by this audit.

The energy draw from the 18 pump stations is very high. There could be long-term benefits gained from evaluating the pump needs and energy demands and technological improvements that can lower these pump station energy draws.

## **PRODUCTIVITY OF WORK TEAMS**

The scope of work calls for recommendations, based on industry best practices, on how the productivity of each work team could be significantly improved, focusing on those things that would have the greatest benefit.

The greatest benefit will be derived from a maintenance management system that actually records the performance of the teams doing different tasks. That information needs to be accessible by all team members and routinely evaluated as a learning experience to determine ways to improve performance in the future. Buy-in of the teams is essential to improved performance and they need to be able to affect decisions about the work positively.



## **SHARING OF EQUIPMENT, VEHICLES AND PERSONNEL**

The scope also calls for the review to include: opportunities for evaluation for the sharing of vehicles, equipment and tools; the evaluation for revisions in team responsibilities to capitalize on synergies; the possibility of sharing personnel between teams, as appropriate.

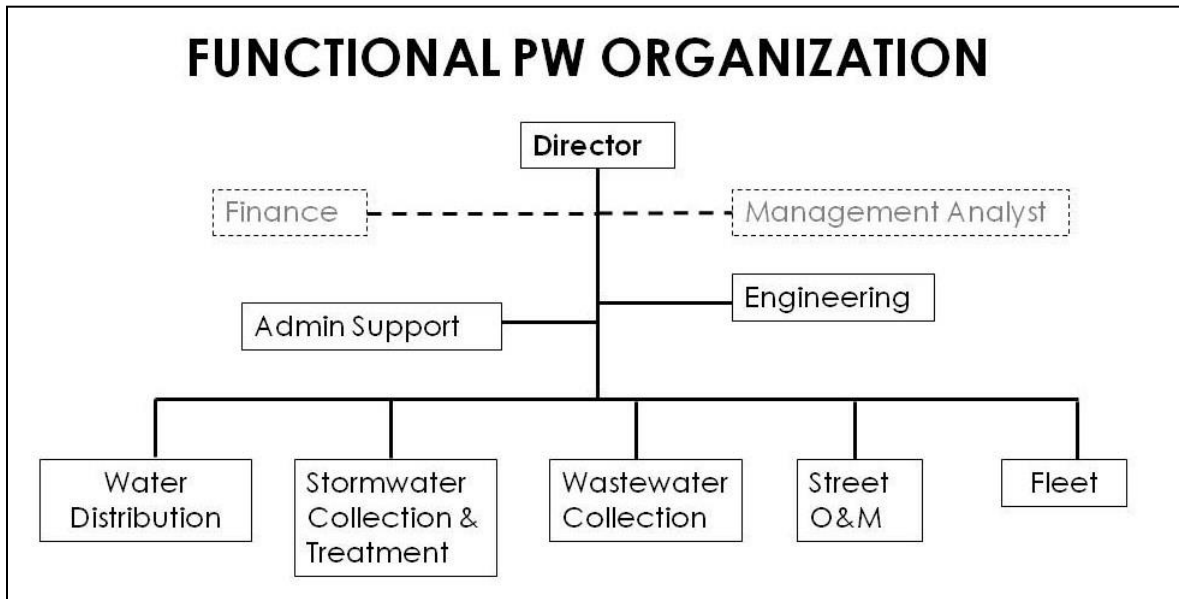
Only one example of possible equipment sharing was brought up during employee interviews suggesting use of the jet rodding truck for cleaning both sewer and storm sewer lines. This sort of thing is possible if the equipment isn't needed full time by the "owning" division and if everyone understands that the equipment is to be shared with procedures in place to insure that priorities for use are agreed to ahead of time to avoid disputes.

Detailed information on vehicle and equipment utilization wasn't available but such information needs to be collected to determine if underutilized vehicles and equipment should be made available to other teams. An evaluation of the City Fleet is being completed concurrently through a Fleet Management Consultant.

## **ORGANIZATION OF WORK TEAMS**

**Department Functions:** The best way to build an organizational structure is to begin with the functions for which the department is responsible and then adjust that structure to account for other factors such as size of the organization, work process flow, relations between functions and how important decisions are made. Some of these adjustments can be made using different coordination mechanisms but structural adjustments that violate basic organizational principles can still be made if there is a good reason for them that improves organizational performance. Violating sound organizational principles based on personal preferences happens often but is generally not a good idea.

The chart below shows a basic functional organization for the Mercer Island Public Works Department:



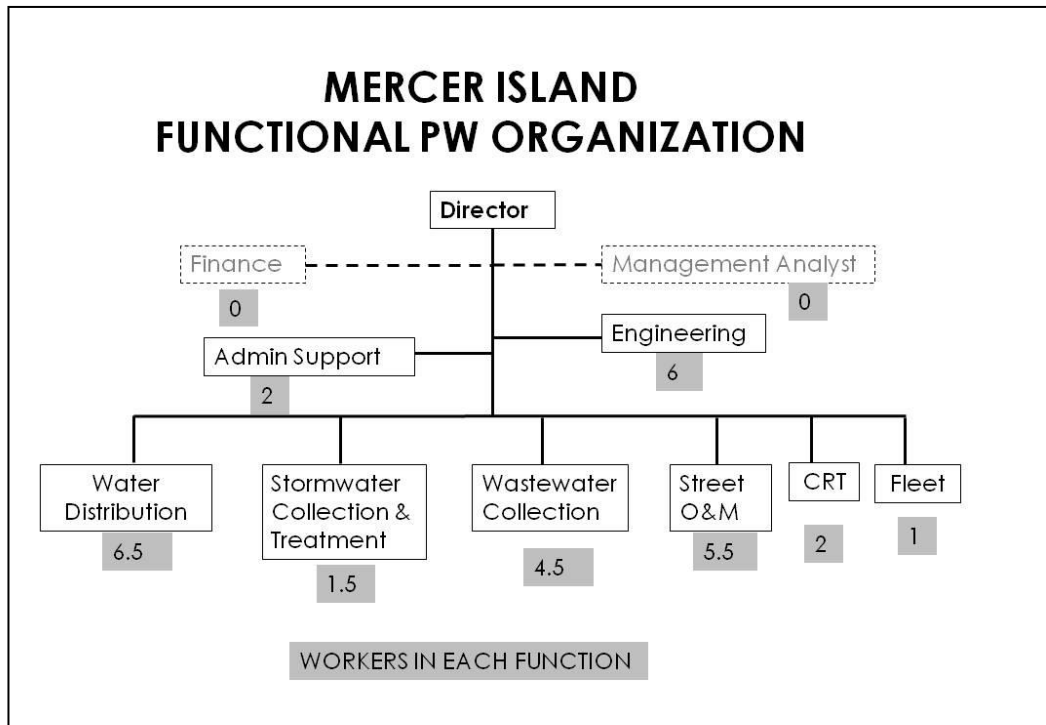
The chart shows two functions in dashed boxes because they are currently not established in the department.

In many small and medium sized cities the finance function is centralized in a city finance department and the public works director or someone reporting to the director is responsible for coordinating with the Finance Department. Regardless of how it's done, managing the department's finances is a staff function that needs to be accomplished some way.

The Management Analyst position shown is only sometimes established in medium sized cities and almost never in small cities. More often such responsibility is handled by the Director with similar duties often found in an operational division of the department.

Engineering is shown as a staff function because it seldom provides direct service to the department's external customers and its work products are a service to the other functions in the department. In Mercer Island the Engineering function operates exactly this way with no service to external customers.

The chart below shows the number of FTEs in each of the functional areas. The functional chart is actually very close to how the department is actually organized with the exception that CRT, Fleet, Admin and Engineering all report to the Assistant City Engineer.



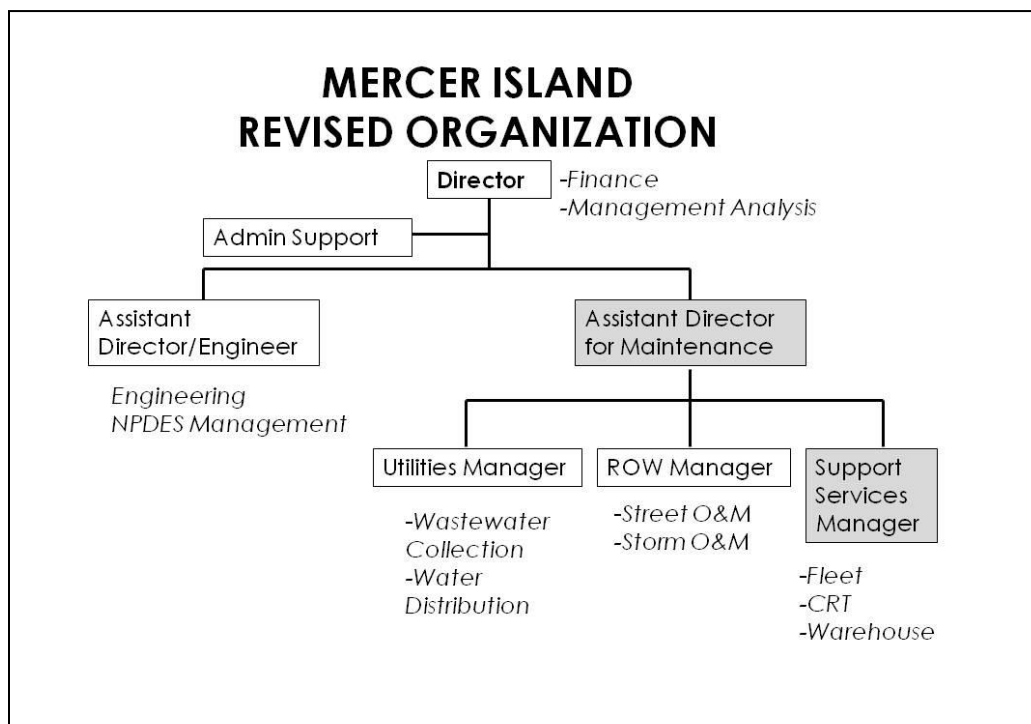
A reasonable span of control always depends on several variables. Typically managers should be expected to supervise 5-7 people, however, larger numbers are possible if the employees require very little supervision or the manager is especially adept at time management. Routine work can also allow for a higher number of direct reports. On the other hand, it seldom makes sense to have a manager supervising only 1 or 2 people unless there is other staff work being done by the manager or if the manager also manages outside contractors.

In smaller cities, there are usually functions needing only 1 or 2 employees as is the case in Mercer Island. Typically, those functions are grouped under someone who seems to be able to handle a variety of subjects and a large number of direct reports. Another consideration usually employed is grouping similar activities. Storm water and waste water have similar characteristics in terms of the method of service employed i.e. piped conveyance. The systems require similar maintenance and historically storm and sanitary sewers were combined systems. On the other hand, most of non-piped storm water

collection takes place in the Public Right of Way and in streams passing under Public Rights of Way. Therefore, some agencies have located this function in the Street O&M division as has Mercer Island.

There is another principle of organizational structure that has a bearing on organizing the storm water function. That principle is that important functions need to be led by someone who is clearly in charge of the function. Someone has to unmistakably be in charge of insuring that program objectives are being met. This becomes increasingly important as Phase II NPDES Storm water Permits are implemented. Some permit requirements are engineering functions and some are maintenance functions. Organizing this function is discussed further in a later section.

The chart shown below is an attempt to reconfigure the department close to the functional chart but with duties assigned in line with the organizing principles discussed previously.



There are some obvious problems with this structure. First, it calls for 2 new management positions. When a staffing analysis is completed, it's possible that more workers will be needed rather than more managers. However, the chart reflects recognition of the real function of the Assistant City Engineer. It also puts administrative support directly under the Director. The new position of Support

Services Manager groups functions that support the other maintenance functions.

A modified version of this structure could be used as a goal as work is further classified and organized in the future. The Assistant Maintenance Director could remain unfilled and still result in a manageable number of direct reports to the Department Director. Under this option the ROW Manager would also manage Support Services.

### **Work Teams**

Because the department has so few people covering so many different functions it is difficult to come up with many variations to the existing structure at the work team level.

Each of the current teams consists of specialists and generalists (workers who do a wide variety of tasks within a general classification such as "maintenance worker") who are cross trained to do other functions. However, the job description terminology used in Mercer Island has a slightly different meaning. Here a generalist is more of a first line supervisor with limited authority that other organizations might call a lead worker. In Mercer Island the lead worker seems to be merely a description of a higher pay level.

Regardless of terminology, the position that used to be called a "foreman" is a key position needed to provide leadership at the working level for day to day activities. In a team structure, a leader is still needed but that person needs to be a collaborative leader rather than the authoritarian style implied by the antiquated "foreman" title.

For a 2-person team, shared leadership should not be an issue and doesn't seem to be one on the CRT Team for example. As we'll see in a later section, the generalist in the Water Team plays a critical role in determining if water services can be installed by the city.

There has been a question raised as to the possibility of splitting the Sewer Team into 2 teams with one dedicated to line maintenance and another to pump maintenance. This is an appropriate organization around specialization if the amount of work justifies dedicating a full crew to each. The Utility Manager has asked team members to develop a list of preventive maintenance activities which is a first step to developing a staffing level calculation. The maintenance

activities outlined in the General Sewer Plan Draft also provide an excellent list from which to calculate staffing levels.

The Director has not moved to fill the budgeted but unfilled positions on the Sewer Team until the annual work program is better defined.

Technology can usually provide increases in productivity for well organized work teams. As is usually the case, some employees will be reluctant to adopt new tools. This is a special consideration that affects the structure of work teams. Usually, the most advanced employee technologically will either be appointed to a lead position or will assume that position in day to day encounters with other employees. This can lead to some confusion of roles as the more senior employees are usually not the most technologically knowledgeable. That situation seems to be developing in Mercer Island as tablets are being made available to field workers. Tablets have to contain good information to be most effective and procedures that are not written down won't show up in any technology until mind reading machines are available. Therefore, reluctant employees need to be encouraged to participate in developing better ways of doing work to take advantage of technological improvements and recording what they are already doing for posterity.

### **NUMBER OF DIRECT REPORTS TO ASSISTANT CITY ENGINEER**

Normally, span of control is determined by a variety of factors such as the management style of the division head, variety of functions, training of employees and their need for greater or lesser supervision. At lower levels in the organization, larger spans of control are typical. At the Director level 3-5 divisions plus several staff positions is typical. Whenever a manager supervises only one person, the situation is either wrong or unique.

The Assistant City Engineer has 11 direct reports under the current structure. There are very few ways to reduce the number of direct reports:

- Remove some of the direct reports by moving them to another supervisor
- Promote several of the direct reports to be the only direct reports
- Add supervisory positions for the various functions supervised

**Moving some employees** to another supervisor is what is suggested in the Revised Structure above. This requires a new employee to act as supervisor of support services. The interim structure discussed above would result in Fleet and CRT reporting to the ROW Manager.

**Promoting several direct reports** to lead positions is possible whether done procedurally or through practical arrangements that amount to the same thing. This doesn't simplify the organization, however, since the Assistant City Engineer still is responsible for a wide variety of activities.

**Adding supervisory positions** for the various functions supervised isn't practical if taken literally. This would result in at least 4 new supervisory positions which would only make sense if the new supervisors also had significant staff work to do to justify their existence.

This whole problem exists because the Assistant City Engineer was moved to Maintenance in days gone by while the City Engineer is housed in the Planning Department. This resolved two long standing problems for Public Works Departments.

One problem is the question of whether Engineering ought to be a stand alone department or under the Public Works Director or under the Planning Director. The most common solution is to have the City Engineer under the Public Works Director when most of the work of the City Engineer is actually support to the maintenance program of Public Works.

The second problem is one of priorities for the City Engineer. Strict organizational structure theory places the Engineering function as a staff function supporting the other functions in public works as shown in the Functional Chart presented earlier in this report.

By splitting the Engineering function into two divisions with one located in Planning and supporting the development review function and one located in maintenance supporting the maintenance function both problems are solved structurally.

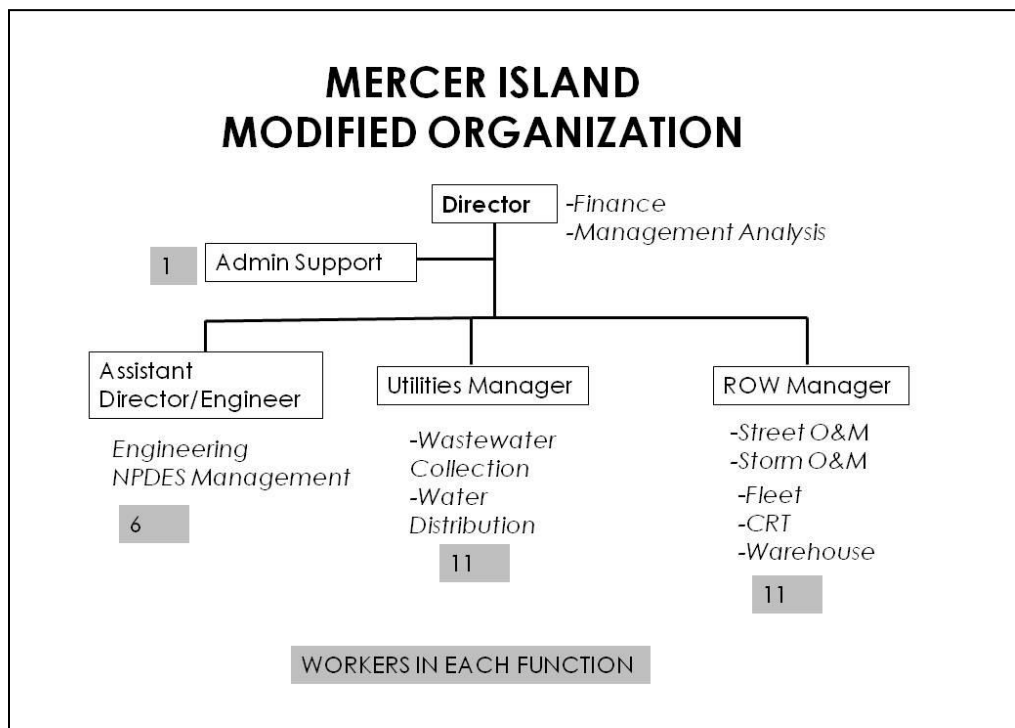
The one remaining problem is that Engineering work on Capital Improvements, Development Review and Maintenance Support is interconnected and needs to be coordinated regardless of the structure chosen. Mercer Island seems to be blessed with a City Engineer and Assistant City Engineer who coordinate these efforts well.

All that remains is a change in title for the Assistant City Engineer to more properly reflect the role played. The Revised Chart addresses this problem by making the Assistant City Engineer one of two Assistant Public Works Directors.

Even if the second Assistant isn't established, the Title could still be used for the Engineer to indicate the responsibility for managing the Storm Water Program.

The one remaining problem is the lack of back up for the Administrative Assistant. The projected work needed to calculate and manage a new staffing structure could justify another administrative assistant who could either remain under the Engineer or be assigned to the Director.

The chart below shows a modified version of the Revised Structure that could be implemented with existing personnel.

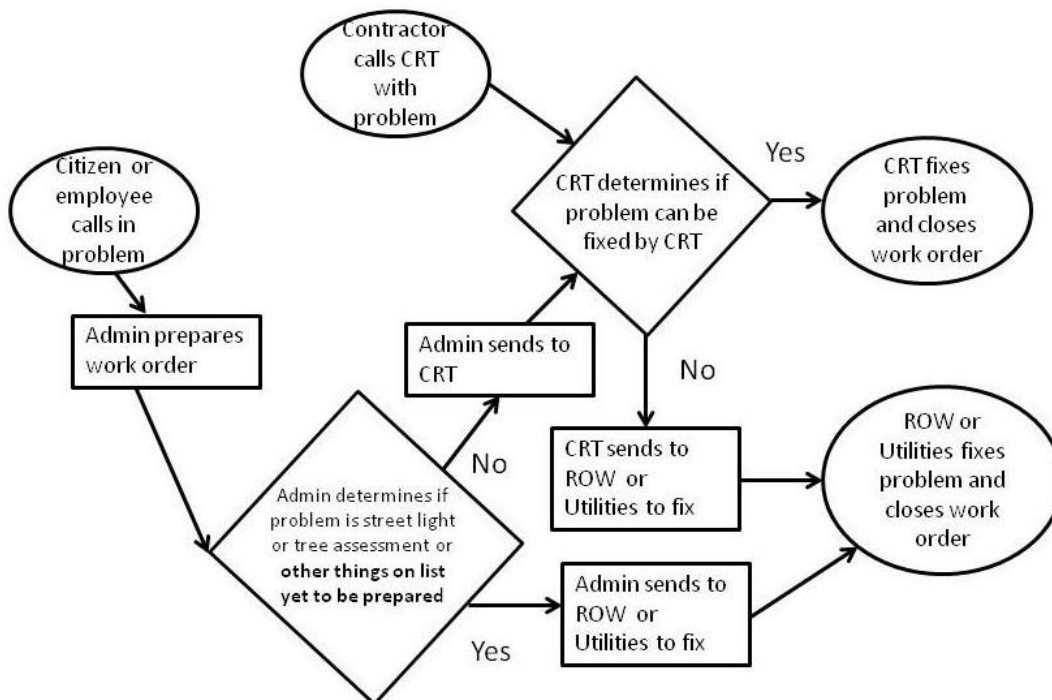


The chart also shows the number of employees in each division and the responsibilities of each division.



## COMMUNITY FIELD RESPONSE TECHNICIAN (CRT) MODEL EVALUATION

The CRT is intended to be a quick response service for citizen complaints that can be quickly and easily fixed by one person who has a truck outfitted with the tools and materials needed to solve this sort of problem. If the problem is too big for one person the CRT team member refers the problem to the appropriate crew for correction.



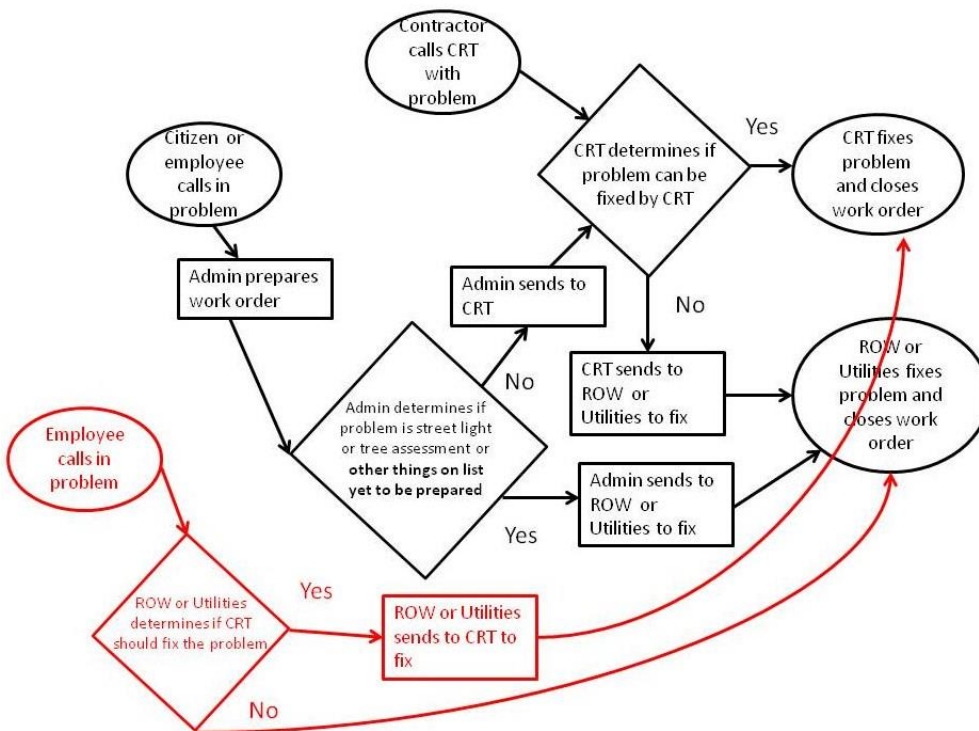
The chart above shows how the system is supposed to work. In the chart we see that citizen complaints flow through the Administrative Assistant who dispatches the request to CRT or a specific team or department based on an understanding of the types of activities teams will respond to. During interviews it was found that most people thought they knew what those things are but they are not written down.

Once the problem is referred to a CRT member, that person determines if it is something they can handle because an actual field inspection will determine the true size of the problem.

Sometimes contractors will contact a CRT team member directly.

The system is well designed and allows for quick and efficient response to small citizen complaints. It also provides the opportunity for citizens to determine the status of their complaint.

However, sometimes the process is initiated by an employee in another city department. Because, those employees think they know who can do the work, they bypass the Administrative Assistant and go directly to the ROW or Utilities team they think is responsible. The ROW or Utilities team then determines if the CRT should handle the complaint and sends it directly to the CRT team.



The chart above shows this process. When this happens the benefits of central control by the Administrative Assistant is lost and tends to make the process look more complex than it really is.

There are several problems with the process as it is currently being used.

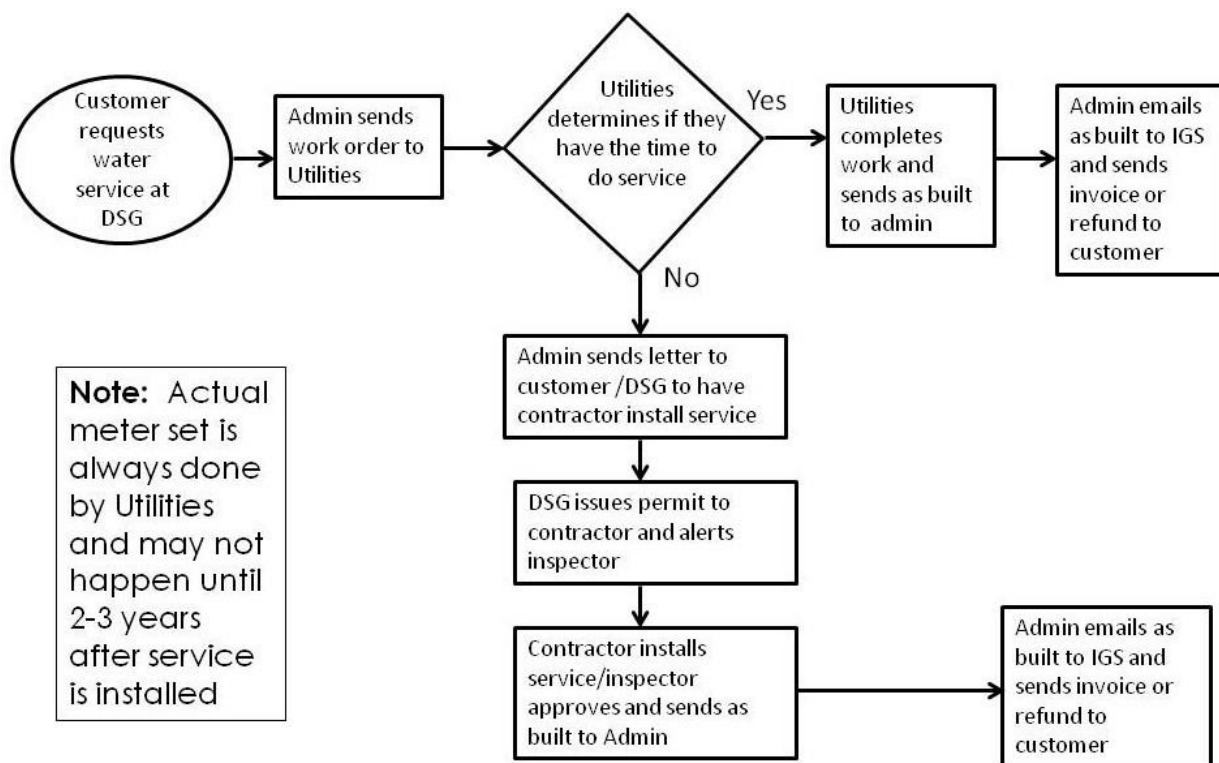
1. There is only one administrative assistant and when she's gone members of the management team take on her workload. This can lead to inconsistency and masking of problems because managers will seldom complain about their own performance. Some other administrative person handling the times when the Administrative Assistant is gone would be a more typical solution.

2. The first problem may be part of the reason for the second problem which is other city employee's well intentioned subversion of the system. The ROW and Utility team members who could train other employees to route their requests through the Administrative Assistant are being too customer friendly and just handling the problem.
3. CRT team members don't spend all of their time on CRT work. They also do utility locates which makes sense if that workload doesn't conflict with CRT work. Because of the recent high level of Comcast activity, utility locates have greatly increased. This leads to CRT members trying to get Utility team members to do the locates when CRT quick response standards would be compromised. Because the Utility team is also busy, this has resulted in friction between the affected employees.

There is potential for improved efficiency in the future with the introduction of tablets to CRT members. This allows quicker and better research and communications. That improvement, however, will not resolve the underlying problems identified above.

## WATER SERVICE INSTALLATION PROCESS

The chart below shows the water service installation process as it currently exists.



The decision box that says “Utilities determines if they have the time to do service” states the activity generically. In actual practice, the generalist in the Utility team usually makes that determination based on both the time available and the resources available. He evaluates the complexity of the site, surrounding utilities, restoration requirements, etc. in making these determinations. He's a senior employee and the responsibility is well placed. However, he can't control the workload of the team. There have been instances when other utility work has resulted in having to inform the customer that the promised work can't be done and a private contractor will have to be hired for the work. Since that option is more costly for the customer, the result is more than just embarrassment for the city.

Additional testing and other activities due to the boil water order in 2014 have resulted in less time available for water service installation in the first place. This raises the question as to whether the city should continue to provide the service

at all. If the city doesn't do them there is concern with insuring that the installations are done correctly, however the city is backing into that decision already since the team is only doing one third of the requested connections now.

While discussing the process with utility team members, the idea of using tablets in the field to provide better information was brought up by the consultant and was met with no enthusiasm. Tablets won't solve the problem of conflicting priorities but the team's lack of reaction indicates a problem that could surface in other areas where better information management would make a difference.

## **STORM WATER ORGANIZATION AND STRUCTURE**

Many of the Washington cities dealing with compliance with Phase II NPDES permit requirements have fit the storm water duties into the existing organization without creating a separate division for this work. Usually, this means that the duties are split between someone in Engineering and others who are maintenance workers. Larger organizations with a mature storm water utility may have a separate division focusing on both water quality and quantity aspects of storm water.

Therefore, the best structure for a storm water utility depends on whether it is a new organization or one that has a significant program justifying a separate organization.

There is also the consideration that a new organization needs tender loving care at the beginning so that it has the best opportunity for success. This is usually accomplished by someone in the organization taking a leadership role to insure that work is managed for success. This person could be the Public Works Director or it could be the Director of Engineering or it could be an Engineer with Storm Water credentials or it could be someone in Maintenance who is familiar with the engineering activities well enough to take leadership in running the program.

The number of FTEs required can be calculated using the format from the Burien example cited earlier. The work can further be divided between work best done by engineers and maintenance work. This can then be used to determine how many people in both areas are required.

The storm water maintenance function is currently located in the ROW team with one full time person and one half of a person who has other duties and

responsibilities on the ROW team. The full time person has a lot of cognitive historical knowledge as to what has been done to maintain the storm system. That knowledge needs to be written down and compared against the APWA Management Practices and the NPDES storm water permit requirements for gaps and overlap.

The person assigned half time to storm has begun organizing the projects he has to do based on the work orders he's received.

Street sweeping is partially paid for by storm water utility funds. Paying for half or the entire street sweeping program is typical of many storm water utilities because of the assumed benefit to water quality that comes from cleaner streets.

Mercer Island has a street sweeping frequency Level of Service (LOS) that is published on the City website. That frequency is exceeded by a factor of 3 due to increased efforts to keep the shoulder around the island which is used by bicyclists clean in response to complaints.

The Modified Organization chart discussed previously could be used to clearly define who is in charge of the program and leave the maintenance function in the ROW Team where most of the maintenance work required by the NPDES permit is to be done.

## **ROW ARBORIST EVALUATION**

The scope of work requires evaluation of how the loss of the ROW arborist impacts the structure and dynamics of the team. The dynamics of the ROW Team don't seem to be affected at all if judged by how seldom the topic came up during interviews and discussion of issues affecting the department. In fact, it didn't come up at all.

The Department currently contracts for arborist services and exceeds the budgeted amount annually. This certified arborist is only identifying and rating hazard trees. The service does not include any perimeter or preventative risk and boundary assessments along Mercer Way or around the island.

If there is enough work for a full time arborist on the ROW Team this can be determined by continuing to use the contracted arborist when needed and tracking those costs for a test year. An estimate can also be made of what it would cost to expand services to provide more expansive assessments. If the

contract expense is less than a full time employee then that approach can be used and monitored to see if it changes in the future.

If a complete tree inventory is accomplished there may be a need for an arborist generated by that information but the process of evaluating a full time employee vs. a contractor remains the same.

## Recommendations

The following recommendations were ranked by the consultant with the most important listed first followed by the remaining recommendations in order of importance.

1. Work has begun to acquire a new Maintenance Management System to better track, record and analyze data. The Department has a good asset management system for streets based on pavement condition indices derived from its pavement management system. The Department is working on an update to the General Sewer Plan and Water System Plan that can form the foundation for better asset management of the systems. The Storm water Plan can also serve as the foundation for better asset management. The Maintenance Management Plan currently envisioned needs to be linked to the asset management plans the Fleet Management System and the city financial system to provide the kind of reports managers need to operate efficiently.

That system won't be in place and fully operational until late 2017 and meaningful reports need to be generated sooner. There also needs to be an Asset Management system developed for the water and storm water systems to go along with the Pavement Management System and the Asset Management System that can evolve from the Sewer Master Plan. These systems don't have to be complicated but they are needed to inform the Maintenance Management System on routine work needed to manage the asset.

A necessary part of the Maintenance Management System is listing of activities that need to be done every year with estimated labor hours for each. That list is essential in determining adequate staffing levels. That list can also be used to develop the kind of management reports that will ultimately be automated when the MMS is implemented. In the meantime, key performance measures should be identified and reports developed using the existing work order system in conjunction with information from the financial system. This intermediate step can be accomplished using spreadsheets and will give managers a better idea of what they'd like to see in the automated system.



This work will take more time than current staff members have available and will probably require part-time assistance. A management intern would be ideal for this sort of assignment.

2. The current Dashboard report is a good start to establishing a better reporting system to the City Council and focuses on outcomes that are the appropriate level of interest for the Council and citizens. However, the stated goal of the Dashboard is to minimize time spent by staff on preparing reports. Unfortunately, this results in the easy matters being reported.

There are several issues that surfaced in the report that could benefit from better reporting.

- The driving force behind this audit was a desire to determine how efficient the department is. But there are no efficiency measures in the Dashboard report or other reports. As outline above, that information is difficult to produce but if it's important enough to trigger an audit it's important enough to have ongoing review.
- The LOS devoted to street sweeping and the proportion of that effort needed for water quality improvement needs to be identified and monitored.
- The ability of the city to provide a useful service by installing water services needs to be examined from a policy and financial perspective. Current practice is to use staff availability as the main determining factor.
- The CRT Team provides a useful service when allowed to perform properly and yet that usefulness is not measured or at least described on an ongoing basis in a way that would allow for ongoing evaluation.
- The effort devoted to utility locates affects the workload of the CRT Team but that level of effort is not reported. In addition, the Water Utility Team's routine work is interrupted by unexpected and emergent water line breaks caused by development. Both of these activities should be reported on a routine basis to the City Council.
- Storm water NPDES permit implementation needs better reporting so that the Council has a clear idea of the level of effort required to implement the program. In addition, the goal of the permit is better

water quality which is an outcome that could be the focus of a Dashboard report.

- Solid Waste services are contracted and are listed as one of the responsibilities of the Maintenance Director but are not covered in this report or listed in the various organizational structures discussed. The service is only covered slightly in the Dashboard Report comparing the City's diversion rate to that of King County. Performance of the contract, recycling goals and other aspects of the service should be reported
3. The General Sewer Plan is an opportunity to better organize sewer work and identify long term sewer needs. The evaluation of accessibility to the interceptor line and the existing limitations needs to be further defined and discussed at the Council level. Currently, the location of the interceptor line and the restricted access to the line through the booster pump stations impedes proper maintenance and causes inefficient operations.
  4. The Administrative Assistant position needs additional support if these recommendations are fully implemented. This position is currently preparing reports that should be automated but before that can happen the reports will have to be prepared manually and there will be more of them. Combining that with the awkward backup situation and the normal dispatch functions of the position suggest the need for another administrative person. Judicious use of temporary help until the MMS is fully operational could bridge the gap.
  5. Many of the things required for APWA Accreditation also serve double duty in accomplishing other recommendations. For example, written procedures for storm system maintenance are required by both the NPDES permit and accreditation. A quick evaluation of the Management Practices to identify those opportunities should be done so that accreditation doesn't have to be extra work while other important recommendations are being implemented.

Procedures Manuals used to have limited usefulness because they were mostly inaccessible during normal working hours. Some are useful enough to carry in a work truck but many procedures were relegated to the library until someone remembered to refer to them. Modern information technology has solved that problem if people are willing to use it. Tablets in the field allow easy access to more information than

anyone will ever need but in so doing they make the essential information readily available saving time and eliminating some confusion.

The accreditation process can be used as a team building and team learning experience to bring everyone into the process of finding better ways to do their jobs.

6. The CRT process is an important customer service and needs to be reinforced with employees in other departments who inadvertently subvert the process. Increased use of tablets by CRT team members can create efficiencies and improve communication. The process charted in this report needs to be periodically reviewed to clear up misunderstandings and improve work flow. The list of things not covered by the CRT needs to be compiled immediately.
7. The modified structure for the organization was drawn without consultation with the Assistant City Engineer. While it accomplishes one of the objectives of this report in reducing the number of direct reports to the Assistant City Engineer it may have other implications that were not considered. However, the modified structure and name change for the department should get strong consideration.
8. Continuous improvement is achieved in learning organizations. The Current Management Team is doing a good job of fostering such a culture. Such efforts can be formalized and institutionalized as better information systems are installed offering opportunities for the whole department to engage in regular reviews (at least annually) to identify lessons learned and examine performance data for improvement opportunities.
9. The tree inventory and asset management system discussed in the section on sustainability should be implemented.
10. Improved productivity of work teams will come from improved performance information shared openly to encourage a learning environment.
11. There are no explicit staffing recommendations in this report. However, implementing the recommendations regarding work load analysis will lead to specific and supportable recommendation for future staffing levels.

**MERCER ISLAND MAINTENANCE  
DEPARTMENT PERFORMANCE AUDIT  
SUPPLEMENTAL REPORT**



Prepared by  
John Ostrowski, JOMC  
May 2016

On Friday, April 27, 2016 the Mercer Island Council Subcommittee met with the consultant to review the Draft Maintenance Department Performance Audit. The Subcommittee asked the consultant to further develop the following:

- Metrics on the **maintenance management system** implementation – what should Maintenance be tracking and collecting data on? Where is the greatest need? What are the consultant's recommendations for this implementation?
- Guidance on metrics for non or partial compliance standards according to the **APWA Management Practices** Manual. What should be the 5 year immediate action plan and what should a **20 year plan** focus on based on the consultant's experience and recommendations?
- **NPDES Phase II Permit** – where does Maintenance need to tighten up its business processes? Anticipating a Department of Ecology (DOE) audit, where does Maintenance need to focus its immediate attentions?
- Specifically, the Subcommittee was looking for ratings or actionable and prioritized **items that can used to measure success.**

### **MAINTENANCE MANAGEMENT SYSTEM (MMS)**

A maintenance management system can collect more data than is actually necessary but should be able to highlight the most important information so that it doesn't get lost in the clutter.

What follows is a list of the important activities in each function managed by the Maintenance Department.

#### Sewer:

- Jet cleaning
- TV Inspection
- Manhole inspection
- Root control
- Grease Removal
- Manhole repairs and maintenance
- Pump Station inspection and cleaning
- Lake line inspection

#### Water:

- Water Quality Testing
- Cross Connection Control
- Water Service installations
- Water meter installations
- Waterline break repairs

- Fire hydrant maintenance

#### Right of Way:

- Curb miles of street sweeping
- Pot hole patching and street maintenance
- Brush clearing
- Sidewalk inspections
- Sidewalk repairs

#### Storm water:

- Catch basin inspection and cleaning
- Water Quality Testing

#### Community Field Response

#### Technician (CRT) process:

- Utility locates
- Citizen responses

The table below shows where the greatest need for information exists for each of these activities.

Activity	Productivity measure	Cost measure
Sewer:		
• Jet cleaning	feet/hour	cost/foot
• TV Inspection	feet/hour	cost/foot
• Manhole inspection	number/day	cost/Manhole
• Root control	feet/hour	cost/foot
• Grease Removal	number/day	cost/foot
• Manhole repairs and maintenance	number/day	cost/facility
• Pump Station inspection and cleaning	number/day	cost/facility
• Lake line inspection	feet/hour	cost/foot
Water:		
• Water Quality Testing	number/day	cost/test
• Cross Connection Control	number/day	cost/test
• Water Service installations	number/day	cost/service
• Water meter installations	number/day	cost/service
• Waterline break repairs	number/day	cost/foot
• Fire hydrant maintenance	number/day	cost/each
Right of Way:		
• Curb miles of street sweeping	miles/day	cost/curb mile
• Pot hole patching	number/day	cost/each
• Street maintenance	miles/day	cost/mile
• Brush clearing	feet/hour	cost/foot
• Sidewalk inspections	number/day	cost/lineal foot
• Sidewalk repairs	square yds./day	cost/square yard
Stormwater:		
• Catch basin inspection and cleaning	number/day	cost/basin
• Water Quality Testing	number/day	cost/test
CRT:		
• Utility locates	number/day	cost/locate
• Citizen responses	number/day	cost/response

The Maintenance Department should begin collecting data on these activities as soon as possible and not wait for implementation of the MMS. Current information systems make this data difficult to collect but it can be done. This will allow the Department to develop base line data to feed into the MMS and give staff a better idea what additional information they might need.

It's also important to begin developing a culture of reviewing the data with the crews to continuously improve practices and business processes.

The activities discussed below are those that can be part of an annual performance report to the City Council.

The report should tie the level of effort in these activities to policy questions that are of interest to the City Council:

- For sewer, the level of effort and efficiency of sewer line cleaning activities should correlate to sewer backup experience.
- For water, the comparison of costs for service line installation to private work should drive the discussion about whether to continue this service.
- For right of way, the miles, frequency and cost of street sweeping should facilitate the decision on what the best level of service might be.
- For storm water the key indicator of performance is the quality of water discharged to the lake. Street sweeping and catch basin cleaning effectiveness should correlate to water quality.
- For CRT, the time and cost of utility locates compared to citizen response data should be used to review the effectiveness of the way the service is provided on an ongoing basis. If utility locates interfere with the ability of the CRT to perform its primary function, resource policy questions will need to be addressed.

Reporting on these metrics will be better over time as more data is collected and can be used for comparison

### **APWA MANAGEMENT PRACTICES**

In many cases, the Department is doing what the Management Practices Manual requires but those things aren't documented. There are two areas in which this documentation is required even if the Department chooses not to pursue APWA accreditation.

State regulators have been critical of the lack of written procedures for water system maintenance. It's likely that the same criticism would come from an audit by the State of the storm water permit.

Developing policy and procedures manuals for each of these two functions should be a priority. Examples of approved manuals can be found in local accredited agencies like Bellevue Utilities and the City of Anacortes.

The experience gained from completing those manuals will make it easier to prepare manuals for the other functions managed by the Department.

This is something that could be done by the end of 2016. At that time the Department can complete a self assessment to determine if accreditation can be achieved in less than five years.

The Management Practices Manual contains nine chapters on functions that are not managed by the Maintenance Department. Functions such as Human Resources, Finance and Risk Management will need to be documented by other city departments and their participation is necessary for accreditation.

## **20 YEAR PLAN**

20 years is a long time but APWA accreditation is a continuous improvement process that requires re-accreditation every four years. The manual is updated and expanded every four years. Therefore, in 20 years the Department should be operating in compliance with the most up to date management practices.

2016-2021: During this time period the department should focus on improving practices and using data to improve processes. This will require a culture of psychological safety in which all employees feel free to constructively criticize department operations. During this time staff will visit other departments recognized as best in class for particular activities being reviewed by the team. The purpose of these visits is not to copy other agencies but to find out what they're doing that makes sense to apply in Mercer Island.

2021-2026: During this time period the department should focus on becoming best in class for several of its functions. Other agencies should start to visit the department to see what they can learn. The department should begin discussing acceleration of the 20 year plan outlined here.

2026-2031: During this time period the department should have re-examined the 20 year plan outlined here to take advantage of changes in technology and the latest research in improved productivity.

2031-2036: During this time period the department should be recognized as best in class and an innovator in improved public works practices. Other agencies should be routinely visiting the department to see what they can learn.

## **NPDES PHASE II PERMIT**

The Department's recent annual report required by the permit indicates that the Department is complying with all permit requirements. There are two areas that should be addressed in anticipation of a DOE audit.

Catch basin inspection and cleaning for 2015 was reported as 1,716 of the total 4,641 basins. That's a pace that would have all basins cleaned and inspected on a 2.7 year frequency. All catch basins have to be cleaned and inspected by August 2017 which seems feasible. However, the frequency required after that would mean 2,330 basins per year. The reports outlined above should provide managers the information needed to maintain the required frequency in the future.

Documentation of maintenance practices has already been pointed out as a need. The annual report indicates that everything is being done. A DOE audit will require documentation to show that the reported activities are actually being done.



## **MEASURING SUCCESS**

The following are suggested activities that should take place and be monitored on a regular basis during the next 5 years:

1. Document maintenance practices in a policy and procedure manual for Water Distribution and Storm Water functions. **TIMELINE: This year**
2. Begin collecting performance data on the activities listed above.  
**TIMELINE: This year**
3. Complete policy and procedure manuals for Sewer and Right of Way  
**TIMELINE: This year**
4. Conduct monthly or at least quarterly performance data reviews with the individual crews. **TIMELINE: Fall 2016**
5. Prepare annual performance report for the City Council. **TIMELINE: March 2017**
6. Conduct APWA Management Practices Self Assessment **TIMELINE: Spring 2017**
7. Implement MMS and tie to asset management systems for street, sewer, water and storm water. **TIMELINE: Early 2018**
8. Establish a Sustainable management system for all assets and complete APWA Accreditation. **TIMELINE: December 2021**

*April 2016*

**Fleet Performance Audit**

***Purpose:***

This document was prepared to review the findings, and recommendations of a fleet audit completed by a fleet consultant hired by the City of Mercer Island.

***Overview:***

Hennessey Fleet Consulting entered into a contract on February 18, 2016 to provide consulting services in performing an audit of the City's fleet operations. With the exception of Fire apparatus all City vehicles and equipment was reviewed defined by the scope of work. Steve Hennessey a retired government fleet manager with over 35 years of experience performed the audit.

The scope of work requested was divided into seven tasks:

- Task 1: Determine if the fleet is right sized, to address the City's requirements.**  
Vehicle Utilization
  
- Task 2: Review the City's fleet replacement strategy.**  
Vehicle and Equipment life cycles
  
- Task 3: Review the City policy regarding the use of private vehicles for City business.**  
Private Vehicle Use
  
- Task 4: Make recommendations on whether the City should lease or purchase some vehicles.**  
Purchase lease Comparison
  
- Task 5: Review the fleet shop staffing level.**  
National Average for Required FTE's
  
- Task 6: Compare the current shop rate to the private sector.**  
Comparison of neighboring shops
  
- Task 7: Make recommendations how the City's fleet could be more effectively managed.**  
Fleet Management Software

**Task 1:**

**Findings:**

**Vehicle Utilization:**

Fuel and mileage records were reviewed and analyzed for calendar year 2015 to determine utilization of assets by department. Staffing level was reviewed by work groups within the departments to ensure proper vehicles and equipment was readily available to perform their assigned tasks. With the exception of one pool vehicle, every vehicle was assigned to a work group. Seasonal vehicle needs was also reviewed. As many as 3 public works and 15-25 seasonal employees are hired annually and use vehicles and equipment. Some vehicles are retained in service for that purpose. Tracking of down time was not available, resulting in some assumptions of when vehicles were not available due to maintenance and or non scheduled repairs. Based on the information reviewed it shows the fleet is properly sized with the exception of the following.

*The following assigned vehicles showed low utilization using a scale of less than 50 miles per week (2,600 annually).*

<b>Dept.</b>	<b>Fleet ID</b>	<b>Description</b>	<b>2015 annual Mileage</b>
GEN, (Pool)	FL-0442	2012 Prius	Not Avail
ROW	FL-0437	2011 5yd Dump	887
STORM	FL-0456	2013 5yd Dump	411
YFS	FL-0206	1992 Aerostar	Not Avail
YFS	FL-0291	1999 Escort	919

*The following assigned equipment showed low utilization using fuel costs*

<b>Dept.</b>	<b>Fleet ID</b>	<b>Description</b>	<b>2015 annual Fuel Costs</b>
ROW	FL-0318	2002 Backhoe	\$242
STORM	FL-0478	2015 Backhoe	\$188

Dept.	No. Vehicles	Perm. Employees	Seasonal Employees
Utilities	11	9	3
Development Services	7	4	3 Shared with other Depts.
Right of Way	8	8	
Storm	3	3	
MSS	7	6	
Parks Maint.	12	8	16
Recreation/Admin	5	9	2
Trails/Open Space	1	3	4
Youth & Family Services	7		Special Programs
Police	2- Detective 9- Patrol		

**Recommendations:**

***FL-0442 a pool vehicle should be kept in service and available for better utilization.***

***FL-0206, FL-0291 should be removed from service and sold. Pool vehicles should be used for this need, and if not available private vehicle usage maybe an option.***

***The two dump trucks FL-0437 and FL-0456 are extremely underutilized and are kept in reserve 5 months a year for inclement weather, equipped with plows and sanders.***

***FL-0437 should be removed from service and sold. Budget savings for 2017-2018 would be \$14,288.00.***

***The two backhoes FL-0318 and FL-0478 are underutilized, because of the new Hydro Excavator that has backhoe functions.***

***FL-0318 should be removed from service and sold. Budget savings for 2017-2018 would be \$9,331.00.***

## **Task 2.**

### **Findings:**

#### **Replacement strategy:**

Currently crew vehicles are on an 8 year life cycle. Construction equipment varies, based on application. Police vehicles are on a 3 year cycle, and assigned 24 hours a day by three shifts. Many vehicles are held over on a case by case basis beyond the original planned life cycle. This has been a very common practice used by small government fleets. The fleet is well defined and the right vehicles and equipment appear to be in place.

### ***Recommendations:***

*Because of the technology and reliability of newer vehicles, life cycles should be extended. Crew vehicles should be extended to 10 years and Police patrol to 4years. It is estimated the reserve rate would adjust to an annual budget savings of about 20%.*

## **Task 3.**

### **Findings:**

#### **Policy review of using private vehicles:**

The City's current policy clearly defines when a private vehicle can be used to perform official City business. It does however lack insurance requirements.

### ***Recommendations:***

*Proof of insurance and valid driver's license should be updated to state "mandatory requirement". Also employees need to be aware to inform their private insurance carrier of using their own vehicle on City business.*

## **Task 4:**

### **Findings:**

#### **Lease vs. Purchase Analysis:**

The Fleet currently leases one vehicle, FL-0483 a 2016 electric Kia Soul assigned to the building official. This was set up as a pilot program to compare an electric vehicle and the costs of leasing vs. ownership.

### ***Recommendations:***

*Because of the footprint of the Island, vehicle mileage is very low. For that reason leasing would not be cost effective to the City. Most leases are set up with on a three year cycle, and 36 K miles. None of the vehicles would reach the optimum mileage for leasing costs to offset ownership. Crew vehicles and police patrol require hours of set up costs that would also affect the higher costs of leasing replacing them that often. The fleet operation has an excellent reserve funding program. It purchases vehicles from the state contract at a lower cost than the general public. It sets up annual rates on straight line depreciation for up to 10 years on most crew vehicles and four years for police patrol. Another benefit is after the vehicle life, it is sold at auction for fair market value. With a lease you never own the vehicle so resale value is not applicable. Also there can be hidden costs for damage above normal wear and tear.*

*Only if there is an application that requires a standard vehicle with no set up costs and meets 36 K in three years, leasing should be evaluated on a case by case basis.*

## **Task 5:**

### **Findings:**

#### **Shop Staffing Level:**

The shop consists of one shop senior technician. There is also one office assistant that works 30% of time on fleet issues. Vehicle coding was not in place to benchmark other fleets for averaging FTE's required for maintenance and repair. The shop technician wears many hats and is often away from the shop transporting vehicles back and forth to vendors, meetings, vacation days off, etc. This leaves the shop vacant for extended periods leaving departments to manage the repairs of their assigned vehicles and equipment taking away time from their department responsibilities.

**Recommendations:**

*Each asset was reviewed, and about 128 pieces of equipment were coded to the NAFA system. The system shows historic information from several hundred government fleets setting an average FTE required for maintenance and repair for each asset type. From the 2080 hours per FTE, minus indirect time, (vacations, sick time, breaks, meetings, etc) leaving actual billable hours at 1600. This is an industry standard and was used in this survey.*

*The results showed 2,712 hours were required to maintain this fleet. Based on this review 1.8 FTE's is required for this fleet. This does not count office administration staff.*

*One additional FTE should be considered to maintain operational continuity. This position would not need to be a technician, but an entry level service attendant, freeing up the time from the senior technician doing service work and vehicle transporting. Also it would save higher level department staff from transporting assigned vehicles and equipment to and from outside vendors. That would result in cost savings.*

*It would also keep the shop open during absences. Succession planning would also be in place having another FTE knowledgeable of the fleet operation.*

*Proper maintenance is the life of an asset and should be a top priority to budget and implement this position.*

*NAFA coding is attached as Appendix "A".*

**Task 6:**

**Findings:**

**Shop Rate Comparison:**

Several neighboring shops performing like maintenance and repair were contacted to establish an average of shop rates. This is the charge rate used for billing out services. The City's rate for 2016 is **\$101.72**. This is **32 %** less average.

*Comparison is attached as Appendix "B"*

**Task: 7**

Findings:

**Recommendations for more efficiency:**

*The fleet department is well managed and has goals to improve and keep competitive with all of their tasks. In order to do that a designated fleet software program should be implemented.*

*In order to perform this audit, staff had to generate reports pulling information into excel spread sheets. No reports were available showing common business practices like cost per mile, down time, optimum replacements or maintenance intervals. Shop time was not tracked accurately due to a work order system that is not user friendly to fleet operations.*

*Best business practices can only be implemented by knowing all costs. This would also develop the tools needed to benchmark fleet operations to other municipal operations.*

**Attachments:**

Appendix "A"  
NAFA Coding

Appendix "B"  
Shop Rate Comparison



# NAA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	EV	Nafa Labor Code	FTE Req <i>Hours</i>
DSG	FL-0319	Sedan Dodge Stratus, Sold 12/18/15	VR	1332	8.9
DSG	FL-0372	Ford Escape Hybrid	V	1332	8.9
DSG	FL-0374	Sedan Ford Escape	V	1332	8.9
DSG	FL-0375	Sedan Ford Escape	VR	1332	8.9
DSG	FL-0423	Sedan Ford Fusion	V	1332	8.9
DSG	FL-0436	Van Dodge Caravan	V	1418	7.8
DSG	FL-0477	2015 Ford Escape	V	1332	8.9
DSG	FL-0483	2016 Kia Soul - Lease	V	1418	7.8
<b>Department Summary</b>					<b>69.0</b>
FIRE	FL-0020	Aid Unit (A93) to be repid in 2012 (FL-0449)	VR		
FIRE	FL-0119	MIDI Pumper (M91)	EX		
FIRE	FL-0120	MIDI Pumper (M93)	ER		
FIRE	FL-0253	Truck Freightliner (Auction)	VX		
FIRE	FL-0290	SUV Chevy Suburban	VX		
FIRE	FL-0386	Pickup Ford F250	V		
FIRE	FL-0387	Aid 92 (Auction)	V		
FIRE	FL-0399	Pumper Truck (E92)	EX		
FIRE	FL-0400	Pumper Truck (E91)	EX		
FIRE	FL-0403	MIDI Pumper (M92)	EX		
FIRE	FL-0405	Hybrid	V	1332	8.9
FIRE	FL-0406	Hybrid	V	1332	8.9
FIRE	FL-0407	Hybrid	V	1332	8.9
FIRE	FL-0410	Seagrave Maxi Pumper (E93)	EX		
FIRE	FL-0411	SUV Chev Suburban	V		
FIRE	FL-0449	Aid Unit (91)	V		
FIRE	FL-0458	Maxi Fire Engine	EX		
FIRE	FL-0471	Aid Unit (91)	EX		
<b>Department Summary</b>					<b>26.7</b>
GEN	FL-0442	Toyota Prius	V	1332	8.9

# NAIA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	EV	Nafa Labor Code	FTE Req
<b>Department Summary</b>					
MSS	FL-0257	Pickup Ford Ranger		1512	14.2
MSS	FL-0237	Forklift Hyster - to be repld in 2015	E	9310	16.5
MSS	FL-0354	Sedan Crown Vic (To be surplusd 2015)	VR		
MSS	FL-0371	Sedan Ford Focus	V	1332	8.9
MSS	FL-0376	Pickup Ford Ranger 2DR 4x2 - Fred	VR	1512	14.2
MSS	FL-0378	Pickup Ford Ranger 4DR 4x2	VR	1512	14.2
MSS	FL-0383	Pickup Ford F250	VR	2511	21.0
MSS	FL-0420	Pickup Ford F150	V	1532	20.7
MSS	FL-0444	Pickup Ford F250	V	2511	21.0
MSS	FL-0469	2015 Ford Escape - Replaced FL-0383	V	1332	8.9
MSS	FL-0472	2015 Nissan ( Replacing FL-0376) Rob	V	1332	8.9
MSS	FL-0473	2015 Nissan ( Replacing FL-0378) Clint	V	1332	8.9
MSS	FL-0475	Toyota Forklift - Propane	E	9310	16.5
<b>Department Summary</b>					<b>173.9</b>

# NAIA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	EV	Nafa Labor Code	FTE Req
PARKS	FL-0250	Pickup Ford Ranger	VR	1512	14.2
PARKS	FL-0277	Pickup Ford F250	VR	2511	21.0
PARKS	FL-0325	Pickup Ford Ranger, kept as VR to repl #313	VR	1512	14.2
PARKS	FL-0349	Bobcat 2100	ER	9110	10.5
PARKS	FL-0363	JD 5325 Tractor	E	9623	17.3
PARKS	FL-0368	Toro Sand Pro	ER	123	1.7
PARKS	FL-0369	Tycrop Top Dresser	E	123	1.7
PARKS	FL-0370	Truck Isuzu	VR	1512	14.2
PARKS	FL-0379	Pickup Ford Ranger	VR	1512	14.2
PARKS	FL-0381	Truck Ford F350	V	2512	20.1
PARKS	FL-0382	Mower Kubota Zero-Turn	ER	9612	25.3
PARKS	FL-0396	Pickup Ford F150	V	1532	20.7
PARKS	FL-0409	Cub Cadet w/loader	E	9623	21.6
PARKS	FL-0412	Procore 864 Aerifier Alchmt	E	123	1.7
PARKS	FL-0416	Smithco Sweeper	E	9411	4.9
PARKS	FL-0417	Pickup Chev 4x4	V	1532	20.7
PARKS	FL-0418	Pickup Chev 4x4, added to Fleet in 2011	V	1532	20.7
PARKS	FL-0421	Bad Boy Buggy	E	1212	7.8
PARKS	FL-0430	Cub Cadet Mower, added to Fleet in 2011	E	9612	25.3
PARKS	FL-0432	John Deere Turf Gator	E	1212	13.3
PARKS	FL-0433	John Deere Pro Gator	E	1212	13.3
PARKS	FL-0440	Truck Ford F350	V	2512	20.1
PARKS	FL-0441	Truck Ford F350	V	2512	20.1
PARKS	FL-0443	2012 CELLI GO 200 POWER HARROW	E		
PARKS	FL-0445	F350 PICK UP TRUCK	V	2512	20.1
PARKS	FL-0446	2012 Isuzu NPR	V	1512	14.2
PARKS	FL-0454	Exmark Mower	E	9612	25.3
PARKS	FL-0455	3 Wheeler Sand Pro	E	1211	11.7
PARKS	FL-0465	JD TRACTOR 4720	E	9623	21.6
PARKS	FL-0466	UA 80 Aera-Valor	E		
PARKS	FL-0467	LASTEC 4520 Turf Mower	V	9612	25.3

# NAPA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	EV	Nafa Labor Code	FTE Req
PARKS	370-XXX	Izuzu Replacement	V	1512	14.2
PARKS	FL-0474	Pick up Ford Ranger	V	1512	14.2
PARKS	FL-0476	Truck Ford F350 Propane (Replaced FL-0381)	V	2512	20.1
PARKS	FL-0481	Exmark Propane Mower	V	9612	25.3
PARKS	FL-0488	FL-0370 Replacement	V		
PARKS	FL-0493	Ford 150 Pickup (repl 396)	V	1532	20.7
<b>Department Summary</b>					<b>557.3</b>

# NAFA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	EV	Nafa Labor Code	FTE Req
PSA	FL-0367	Van Chevrolet Express	VX		
PSA	FL-0453	2013 Ford Escape 4WD	V		
<b>Department Summary</b>					
PSM	FL-0274	Boat Almar 30', Patrol 11	E		
PSM	FL-0274.7	Engine 7 - repl deferred to 2012	E		
PSM	FL-0274.8	Engine 8 - repl deferred to 2012	E		
PSM	FL-0280	Boat Safeboat, Patrol 12	ER		
PSM	FL-0280.5	Engine 7	E		
PSM	FL-0280.6	Engine 8	E		
PSM	FL-0401	Boat Safeboat, Patrol 14	E		
PSM	FL-0401.1	Engine 1 - NEW in 2012	E		
PSM	FL-0401.2	Engine 2 - NEW in 2012	E		
PSM	FL-0401.3	Engine 3 - NEW in 2012	E		
PSM	FL-0415	Ford F350 4x4, repld #315 in 1/10	V		
<b>Department Summary</b>					
PSP	FL-0255	Undercover Unit	VR	1332	8.9
PSP	FL-0335	Smart Speed Trailer	E		
PSP	FL-0362	Ford Crown Victoria - DARE	VX	1348	25.8
PSP	FL-0366	Sedan Dodge Charger	V		
PSP	FL-0397	SUV Tahoe	V	1634	18.4
PSP	FL-0414	SUV Toyo Hildir Hybrid, kept as VR to repl #364	VR	1622	15.2
PSP	FL-0424	SUV Toyo Highlander Hybrid	V	1622	15.2
PSP	FL-0425	SUV Toyo Highlander Hybrid	VR	1622	15.2
PSP	FL-0460	2014 Ford Interceptor	V	1348	25.8
PSP	FL-0461	2014 Ford Interceptor	V	1348	25.8
PSP	FL-0462	2014 Ford Interceptor	V	1348	25.8
PSP	FL-0463	2014 Ford Interceptor	V	1348	25.8
PSP	FL-0464	2014 Ford Interceptor	V	1348	25.8
PSP	FL-0479	2015 Ford Fushion	V	1332	8.9
<b>Department Summary</b>					<b>236.6</b>

# NARA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	E/V	Nafa Labor Code	FTE Req
REC	FL-0195	SUV Chev Suburban, trails maintenance, added to Fleet as VR in	VR	1634	18.4
REC	FL-0267	Van GMC 12 passenger, Funmobile in 2011	VR	1411	15.8
REC	FL-0336	Pickup Ford F150	VR	1532	20.7
REC	FL-0338	Truck Isuzu FE100 - to be repld in 2012 (FL-0446)	VR	1512	14.2
REC	FL-0357	Hybrid Ford Escape 4x4	VR	1332	8.9
REC	FL-0361	Bus Ford Supreme E456	V	1411	15.8
REC	FL-0396	Ford F150 Pickup	VR	1532	20.7
REC	FL-0451	Turtle Top Van Terra	V	1411	15.8
REC	FL-0470	Senior Bus Ford E456	V	1411	15.8
<b>Department Summary</b>					<b>146.1</b>

# NALFA (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	EV	Nafa Labor Code	FTE Req
ROW	FL-0303	Hot Patcher	EX		
ROW	FL-0310	Scag Mower	E	9612	25.3
ROW	FL-0318	Backhoe Caterpillar 420D	E	9143	40.2
ROW	FL-0346	Wacker Roller	E	9443	21.3
ROW	FL-0359	Pickup Ford 150	VR	1532	20.7
ROW	FL-0365	Loader JD 544J Wheel	E	9140	52.8
ROW	FL-0377	Pickup Ranger	V	1512	14.2
ROW	FL-0380	Sweeper Elgin Crosswind	VR	8772	181.3
ROW	FL-0398	Chipper Vermeer	E	630	18.1
ROW	FL-0404	Truck Ford 1T Flat Bed, repl'd 306	V	2512	20.1
ROW	FL-0413	Truck Ford F450 Boom 1.5T	E	8743	146.0
ROW	FL-0422	Dump Truck F550 4x4	V	4710	43.7
ROW	FL-0431	Tractor Mower New Holland	E	9123	21.6
ROW	FL-0437	Truck, International Dump	V	7712	50.4
ROW	FL-0447	John Deere 5085 Tractor	E	9623	17.3
ROW	FL-0448	Pickup Ford F350	V	2512	20.1
ROW	FL-0459	2013 Ford F250	V	2511	21.0
<b>Department Summary</b>					
STORM	FL-0305	Backhoe/Loader John Deere (Sold 7/1/15)	E	9143	40.2
STORM	FL-0317	Pickup Ford F250, (Auction)	VR	2511	21.0
STORM	FL-0402	Truck Ford F350 1T	V	2512	20.1
STORM	FL-0456	2013 Int'l Dump Truck	V	7712	50.4
STORM	FL-0478	Backhoe Loader 420F	V	9143	40.2
STORM	FL-0480	Elgin Sweeper	V	8772	181.3
<b>Department Summary</b>					
<b>353.2</b>					
UTIL	FL-0270	Air Compressor	ER	523	1.6
UTIL	FL-0331	Pick up Ford 250	VR	2511	21.0
UTIL	FL-0342	Pickup Ford F150	VR	1532	20.7
UTIL	FL-0356	SUV Jeep Wrangler	VR	1622	15.2

# NAR-A (National Association) Labor Codes, Average FTE Staffing Guide

Dept./ Team	Fleet ID	Equipment Description	ENV	Nafa Labor Code	FTE Req
UTIL	FL-0372	Ford Escape Hybrid	V	1332	8.9
UTIL	FL-0385	Pickup Ford F350 4x4	V	2511	20.1
UTIL	FL-0388	Hydro Excavator	E	8779	66.6
UTIL	FL-0395	Jel Truck	E	8775	55.0
UTIL	FL-0434	Pickup, Ford F250, repl'd #276	V	2511	21.0
UTIL	FL-0435	Pickup, Ford F350, repl'd #301	V	2512	20.1
UTIL	FL-0438	Truck Ford E450 Service	V	5424	14.0
UTIL	FL-0439	Pickup Ford F250 repl'd 266	V	2511	21.0
UTIL	FL-0450	Prowler Easement Machine	E		
UTIL	FL-0452	Pickup Ford F250 repl'd 331	V	2511	21.0
UTIL	FL-0457	2013 Int'l Dump Truck	V	7712	50.4
UTIL	FL-0468	SUV Jeep Wrangler Sport	V	1622	15.2
<b>Department Summary</b>					<b>371.8</b>
YFS	FL-0206	Van Ford Aerostar	VR	1418	7.8
YFS	FL-0291	Sedan Ford Escort	VX	1332	8.9
YFS	FL-0311	Van GMC Safari, added to Fleet as VR in 2011	VR	1418	7.8
YFS	FL-0328	Van Ford E350	VX	1411	15.8
YFS	FL-0334	Van Ford Winstar, VR to repl #224 in YFS Oct-Dec	VR	1418	7.8
YFS	FL-0384	YFS Chev Express Van	VR	1411	15.8
YFS	FL-0419	Van Chev Express	V	1411	15.8
<b>Department Summary</b>					<b>79.7</b>
<b>Total Estimated Hours Required 2,712</b>					



2016 Comparison of Local Dealer Shop Rates

Dealer Name		Hourly Rate
Rairdon's Chrysler/Jeep 425-821-1777		\$130.00
Chevrolet of Bellevue 425-454-8931		\$135.00
AutoNation Ford, Bellevue 425-454-0729		\$143.00
Husky Truck 800-325-4709		\$124.00
Valley Freightliner 800-523-8014		\$122.00
Kenworth Truck 800-562-0060		\$150.00
Caterpillar 425-251-5877		\$139.00
<b>Average of Local Shops</b>		<b>\$134.70</b>
<b>2016 Mercer Island Rate</b>	<b>32 percent Lower</b>	<b>\$101.72</b>



# MEMORANDUM

## 2016 City Council Mini-Planning Session

**TO:** City Council

**FROM:** Mike Kaser, IS Director and Ali Spietz, City Clerk

**RE:** Council Electronic Devices

### COUNCIL DISCUSSION/QUESTION PRESENTED:

1. Should the City Council be issued City devices for conducting City business?
2. Should this be submitted as a service package in the budget process?

### BACKGROUND:

The City Council utilizes technology such as email, word processing, spreadsheets, etc. to conduct City business. Council is also subject to public records laws, and having dedicated electronic devices can provide a clear delineation of public and private digital communications and content subject to disclosure. In addition, there are potential benefits of using City-owned and City-managed devices. This includes backups, the ability for staff to easily retrieve required records, and potentially the reduction of paper use for Council agenda packets or other materials. Although this topic has been discussed numerous times in the past, the Council has not committed to the purchase and use of electronic devices by individual Councilmembers for City business.

### COST AND BUDGET:

Since the Council has not been provided devices in the past, a budget has not been established to cover the initial purchase, annual replacement fund contribution, or IT operating costs associated with all City technology equipment. The following tables outline the estimated one time and ongoing costs.

<b>Total One Time Costs</b>	\$14,000
<b>Total Annual Ongoing Costs</b>	\$25,396

Item	Cost	Quantity	Total	Cost Type
Surface Book	\$2,000	7.00	\$14,000	One Time
Annual Replacement Contribution	\$500	7.00	\$3,500	Annual
Office 365 Licenses	\$204	7.00	\$1,428	Annual
IT Rates	\$2,924	7.00	\$20,468	Annual

As part of the 2017-2018 Biennial Budget process, staff can prepare a service package for the costs associated with purchasing and managing Council electronic devices for the Council’s review and possible inclusion in the budget. Since there are at least two Councilmembers who are interested in getting devices as soon as possible, an option would be to absorb the initial purchase cost of a couple of devices in the City Council’s budget and then propose a service package for additional devices and all ongoing costs.

**USE AND FUNCTIONALITY:**

The expectation is that Council will use these devices solely for City business (no personal use) and will discontinue use of work or personal devices for City business. Staff is proposing that the devices will have the Office 365 software (Outlook, Word, Excel, PowerPoint, and OneNote), Adobe Reader, web browser(s), and access to a drive on the City’s network for Councilmembers to store and share documents.

**TECHNICAL SUPPORT:**

Technical support for Councilmember devices can be requested through the City’s helpdesk system or through the City Clerk’s Office who will open a ticket on behalf of the Councilmember. Requests for support will be prioritized in the same manner as requests submitted by City staff. The following matrix outlines the general response goals for IT support:

Urgency (status of service)	Impact (scale of affected users)				
	City Wide	Multiple Departments	Single Department	Multiple Users	Single User
Service totally unavailable	Critical	Critical	Critical	High	Normal
Service available but with significant degradation in performance or stability	Critical	Critical	High	Normal	Normal
Interferes with normal completion of work	Critical	High	Normal	Normal	Low
Tasks are made more difficult, but are not impossible to complete	High	Normal	Normal	Low	Low
Interferes with insignificant components or business processes	Normal	Normal	Low	Low	Low

<b>Priority code</b>	<b>Urgency of response</b>	<b>Target response</b>	<b>Target Resolution</b>
<b>Critical</b>	Immediate, sustained effort using all necessary and available resources until service is restored	Immediate response, action within 1 hour	4 Hours
<b>High</b>	Immediate response to assess the situation, IT staff may be interrupted and taken away from low or normal priority jobs	Immediate response, action within 4 hour	24 Hours
<b>Normal</b>	Response using standard procedures and operating within the normal frameworks	Assigned to IT staff within 3 business days	5 business days
<b>Low</b>	Response using standard procedures and operating within the normal frameworks as time allows	Assigned to IT staff within 5 business days	10 business days



# MEMORANDUM

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*2016 City Council Mini Planning Session*

**TO:** City Council

**FROM:** Steve Heitman, Fire Chief; Christina Schuck, Assistant City Attorney

**RE:** Fireworks Sales Permit Approval

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**COUNCIL DISCUSSION/QUESTIONS PRESENTED:**

1. Does the Council agree with staff's recommendation to amend MICC 8.35.020 allowing the Fire Code Authority (Fire Chief) to approve and sign the fireworks sales permit contingent upon all of the application criteria and conditions having been met?
2. Should the discharge and/or sale of consumer fireworks be further restricted or banned?

**BACKGROUND:**

There are two types of fireworks that citizens of the State of Washington purchase and discharge: legal and illegal. Those that are legal are termed "consumer" fireworks and can be purchased in communities that authorize their sale and discharge. State law on consumer fireworks is regulatory as opposed to prohibitory and fireworks purchased and used in compliance with state laws are legal. RCW 70.77.111. Cities may be more restrictive than state law, but any restrictions must be set forth in an ordinance which may not go into effect until one year after adoption. RCW 70.77.250(4).

Illegal fireworks can be purchased and discharged on tribal lands only, although they are often discharged in other locations unlawfully. Mercer Island is not immune from the discharge of illegal fireworks despite public education and enforcement campaigns. As more cities ban fireworks, the potential grows for increased usage in cities, like Mercer Island, where they are legal.

The primary impacts to municipal services with respect to the discharge of fireworks are in noise complaints to the Police Department. Each year the Police Department experiences a high volume of fireworks related complaints. Because specific data about each complaint is not tracked, it is difficult to determine which complaints are attributable to legal fireworks and which are caused by illegal fireworks. Historically, the discharge of fireworks has had a relatively low impact to Fire Department services. This is not to discount the risk of personal injury and fire associated with fireworks, particularly illegal fireworks.

## **CURRENT CODE:**

To obtain a permit to sell fireworks, an application must be submitted to the “local fire official” (the Fire Chief or his/her designee). RCW 70.77.260(1). The Fire Chief investigates the application to determine whether or not all of the criteria set forth in state law are met. He then submits a report of findings and a recommendation for or against the issuance of the permit to the Council. RCW 70.77.265. Council or the Fire Chief (as the designee) must grant the application if it meets the standards set forth in state law and in local ordinances. RCW 70.77.270(1).

Currently, the City’s process, as codified in Mercer Island City Code (MICC) 8.35, requires the Fire Chief to investigate an application, prepare findings and a recommendation, and present this information to City Council at a regular meeting. Under state law and City code, the Council must grant the permit if all criteria are met and Council may not place any conditions on the permit that are more restrictive than state law. Although the City can be more restrictive than state law, these restrictions must be set forth in an ordinance which cannot take effect until a year after its adoption. RCW 70.77.250(4).

## **POTENTIAL AMENDMENTS TO CURRENT CODE:**

On April 4, 2016 the Fire Chief and Assistant City Attorney brought forth AB 5159 (see Exhibit 1) which proposed amending MICC 8.35.020, primarily to allow the Fire Chief to approve, sign and issue fireworks sales permits for those applications meeting the requirements as set forth in state law and MICC. Staff also proposed changes to reorganize the sections to better align with state law and to specify which acts require a permit. During discussion of the proposed changes, Council members raised the following issues that they may wish to discuss further at this Planning Session:

### **1. Should the City continue to allow the sale or discharge of fireworks?**

The 2016 annual citizen survey asked residents if fireworks should be banned on Mercer Island. Results of the survey indicated that 52% of respondents opposed a ban as compared to 41% in support of a ban.

### **2. Should the City establish additional criteria for the approval of fireworks sales permit applications?**

State law sets forth the criteria for fireworks sales permit applications. The proposed ordinance, Ordinance No. 16C-02 (see Exhibit 1), section 8.35.020(E) (see Exhibit 3) lists the same criteria imposed by the State. Should the Council wish to impose additional criteria on permits, it may do so by adopting an ordinance. Imposing additional criteria on permits means the City would be more restrictive than state law and pursuant to RCW 70.77.250(4), this ordinance would not go into effect until one year after its adoption.

Several categories of potential criteria for permit approval were mentioned during the April 4 Council meeting, including:

- a. **Location:** The only locational restriction within the current fireworks regulations (state and city) relate to separation between retail stands and other uses (fuel storage and dispensing, buildings, other fireworks stands, etc.) (WAC 212-17-21509 and MICC 8.35.020(E) (2)). The location of retail fireworks stands is also limited by the City's Development Code, which generally limits retail sales to commercial areas.
  
- b. **Can the City restrict permits for the sale of consumer fireworks to local nonprofit organizations?** The City cannot restrict or prioritize permits for the sale of consumer fireworks based upon nonprofit or for profit status. Giving priority for firework sales permits to nonprofit entities would likely be unlawful because it is an unreasonable and arbitrary exercise of the City's police power. State law requires the chief of the Washington state patrol to "prescribe uniform, statewide standards for retail fireworks" and application criteria. See RCW 70.77.270. These standards are focused on safety and cities are required to comply with these standards. RCW 70.77.270(2).

Prioritizing permits based upon for or nonprofit status has no relationship to safety and therefore does not have a reasonable and rational relationship to the criteria necessary to obtain a fireworks sale permit. The Washington Supreme Court addressed this question in 1969 when a firework vendor challenged a City of Tacoma ordinance giving priority for firework sales permits to those issued a license in the year prior. *Ace Fireworks Co. v. Tacoma*, 76 Wn.2d 207, 209-210, 455 P.2d 935 (1969). The court upheld the ordinance reasoning that vendors who were issued permits in the prior year were experienced and had demonstrated their qualifications, concern for safety and adherence to laws and regulations. This prioritization was a valid exercise of police power because it has a reasonable and rational relationship with preserving the public health and safety of the community. This case is still controlling law.

In direct contrast, prioritizing sales permits based upon entity status has no connection to public safety and it is highly likely this would be considered an unreasonable and arbitrary exercise of the City's police power and in violation of the Washington state constitution and state law.

If the Council would like to consider prioritizing applications for firework sales permits, it could consider giving priority to entities which were issued permits in prior years.

- c. **Days and hours of sale:** Under our current ordinance, the hours of sale for consumer fireworks defaults to state law, which limits sales to the following dates and times:
  - **June 28:** noon to 11pm
  - **June 29-July 4:** 9am to 11pm
  - **July 5:** 9am to 9pm

- **December 27-31:** noon to 11pm

Since MICC 8.35.030 already prohibits the sale and discharge of fireworks on December 31 and January 1, the MICC should be amended to also prohibit the sale and discharge of fireworks between December 27 and 29. Please note that this or any change further restricting the dates or times of sale or discharge will become effective one year after adoption, as discussed above.

- d. **Other Criteria:** Are there other criteria, limitations or requirements the Council would like to consider for consumer fireworks retail sales?

**3. Should the fire chief have the authority to ban the discharge and/or sales of fireworks in a given year due to drought?**

State law does not explicitly provide the Fire Chief or Council the authority to ban the discharge and/or sale of fireworks based upon fire conditions or a drought, for example. Nothing in state law indicates the City has the authority to impose varied restrictions upon the discharge or sale (or other licensed firework activities).

Specifically, RCW 70.77.375 only provides the chief of the Washington State Patrol the power to revoke a license and only under certain circumstances. Additionally, although state regulations (WAC 212-17-280) contemplate disallowing public displays of fireworks when a burn ban is in effect, these regulations are silent regarding emergency bans on the discharge or sale of fireworks. In 2015, the State Deputy Fire Marshall, Lysandra Davis, advised the City that even the Governor's emergency proclamation did not give the City power to enact a temporary City ban on fireworks.

**4. Should Council delegate its authority to issue fireworks sales permits to the Fire Chief?**

As part of the April 4 discussion, Council indicated its general support for delegating its authority to the Fire Chief to approve, sign and issue the fireworks sales permit provided the application met all specified criteria as set forth in RCW 70.77.270 and MICC 8.35.020. RCW 70.77.270 allows the Council to delegate its authority to grant a fireworks sales permit to the Fire Chief.

**RECOMMENDATION**

Staff proposes a more efficient approval process where the issuance of a sale of consumer fireworks permit is an administrative function rather than a City Council decision. This would not affect applications for a public display permit because state law requires that the governing body of a city grant or deny these applications. RCW 70.77.280.



For the Council's review Staff has included information from Municipal Research and Services Center (MRSC) on fireworks (see Exhibit 3). Additional information is available at [www.mrsc.org](http://www.mrsc.org).

**EXHIBITS:**

1. Agenda Bill 5159
2. MICC 8.35
3. MRSC Information on Fireworks



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

**AB 5159  
April 4, 2016  
Regular Business**

**FIREWORKS SALES PERMIT REQUIREMENTS  
CODE UPDATE**

**Proposed Council Action:**

Adopt Ordinance No. 16C-02 amending chapter MICC 8.35 regarding fireworks sales permit requirements

**DEPARTMENT OF**

Fire (Steve Heitman)

**COUNCIL LIAISON**

Jeff Sanderson David Wisenteiner Benson Wong

**EXHIBITS**

1. Proposed Ordinance No. 16C-02

**APPROVED BY CITY MANAGER**

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

**SUMMARY**

**BACKGROUND**

The Mercer Island City Code currently requires that the City Council must approve all applications for a permit for consumer fireworks sales (MICC 8.35.020). In addition to Council approval, the application for the consumer firework sales permit requires a stand license from the Washington State Patrol Office of the State Fire Marshal, a City of Mercer Island business license, certificate of insurance, and a site diagram. To obtain Council approval, each year the Fire Chief is required to conduct an investigation, write a report of findings, prepare an Agenda Bill, and bring forth a recommendation on the permit to the Council for its consideration. History has demonstrated that so long as the applicant has provided the required documentation, the Fire Chief recommends approval and the Council approves the issuance of a permit. Additionally, MICC 8.35.020 does not list any reasonable conditions for denying the permit other than not meeting the permit requirements as noted above.

**PROPOSED CHANGE TO MICC 8.35.020**

State law allows the Fire Chief or his/her designee to grant permits for the sale of consumer fireworks, as well as the manufacture, import, transport or possession of fireworks. RCW 70.77.270(1). Accordingly, staff proposes a more efficient approval process by granting the Fire Chief the authority to issue the sale of consumer fireworks permit as an administrative function rather than a Council decision. (See Exhibit 1).

MICC 8.35.020 has also been reorganized and expanded to specify which acts require a permit and to provide clarity to applicants about the required documentation for a permit. In addition, RCW citations have been updated and section headings added.

## SUMMARY

The proposed changes to chapter 8.35 MICC do not impose new restrictions upon the sale of consumer fireworks within the City, they simply change the designated authority for approval or denial of the permit application. Additionally, the proposed changes do not alter the permit approval process for public displays of fireworks. State law requires that the governing body of a city grant or deny an application for a public display permit. RCW 70.77.280.

## RECOMMENDATION

*Fire Chief*

MOVE TO:    1. Suspend the City Council Rules of Procedure 5.2 requiring a first and second reading of all ordinances.  
                  2. Adopt Ordinance No. 16C-02, amending chapter MICC 8.35 regarding fireworks Sales permit regulations.

or

MOVE TO:    Set Ordinance No. 16C-02 to April 18, 2016 for a second reading.

**CITY OF MERCER ISLAND  
ORDINANCE NO. 16C-02**

**AN ORDINANCE OF THE CITY OF MERCER ISLAND AMENDING  
CHAPTER 8.35 OF THE MERCER ISLAND CITY CODE REGARDING  
PERMIT REQUIREMENTS FOR FIREWORKS**

WHEREAS, the City of Mercer Island Municipal Code (MICC) contains Title 8, Health and Safety; and

WHEREAS, chapter 8.35 MICC regulates explosives and fireworks within the City; and

WHEREAS, MICC 8.35.020 adopts chapter 70.77 RCW by reference and in accordance with state law requires permits for specified activities; and

WHEREAS, state law requires an application for a permit for the public display of fireworks or to manufacture, import, sale or transport fireworks, to be made to a local fire official, defined in RCW 70.77.177 as the chief of the fire department or such other person designated by the City Council to act as a local fire official; and

WHEREAS, the local fire official submits a report of findings and a recommendation for or against the issuance of the permit, together with reasons, to the City Council or its designee, which then may grant or deny the permit, subject to such reasonable conditions, if any, as it shall prescribe; and

WHEREAS, consistent with state law, the City Council can designate its authority to grant or deny permits for the manufacture, import, sale or transport of fireworks to the local fire official or his/her designee to provide a more efficient and expedient permit approval process; and

WHEREAS, if the application is for a public display permit, only the City Council may grant the permit based upon an investigation by the local fire official; and

WHEREAS, proposed Ordinance No. 16C-02 updates and amends MICC 8.35.020(B) to specify which acts require a permit; and

WHEREAS, proposed Ordinance No. 16C-02 authorizes the local fire official to grant or deny permits for the manufacture, import, sale or transport of fireworks to the local fire official.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCER ISLAND,  
WASHINGTON DO HEREBY ORDAIN AS FOLLOWS:

**Section 1.**     **Amendment to Chapter 8.35 MICC.** MICC 8.35 Explosives and Fireworks is hereby amended as follows:

**CHAPTER 8.35  
EXPLOSIVES AND FIREWORKS**

**Sections:**

8.35.020 Fireworks – ~~State law adopted by reference~~ – ~~P~~permit requirements.

8.35.030 ~~Restriction on common fireworks~~ Fireworks enforcement.

...

**8.35.020 Fireworks – ~~State law adopted by reference~~ – ~~P~~permit requirements.**

A. State law adopted by reference. The Washington State Fireworks Law, chapter 70.77 RCW, as it presently exists and as it may be amended from time to time, is hereby adopted and incorporated herein by this reference as if set forth in full. ~~a~~ A copy of ~~which the same~~ shall be kept on file in the office of the city clerk for public use and inspection., is adopted and by this reference is made a part of this title.

B. Acts prohibited without a permit. No person shall do any of the following acts in the City of Mercer Island without having first obtained and having in full force and effect a valid permit issued by the city:

1. Manufacture, import, possess or sell any fireworks at wholesale or retail for any use; provided, however, no permit is required for the possession or use of consumer fireworks lawfully purchased at retail;

2. Make a public display of fireworks; or

3. Transport fireworks, except as a public carrier delivering to a permittee.

~~B. An application for a permit shall be made in writing to the fire department of the city, and after investigation a report of findings and a recommendation for or against the issuance of a permit, together with reasons therefor, shall be made to the city council. The city council shall have the power in its discretion to grant or deny the application, subject to such reasonable conditions, if any, as it shall prescribe.~~

C. Permit for public display of fireworks. Any person desiring to put on a public display of fireworks shall apply in writing to the local fire official for a permit. For purposes of this chapter, the local fire official shall be the Chief of the Mercer Island Fire Department or his/her designee, consistent with RCW 70.77.177. The application shall be made at least forty-five (45) days in advance of the proposed display. The local fire official shall conduct an investigation and submit a report of findings and recommendation for or against the issuance of the permit to the city council. The city council shall have the power in its discretion to grant or deny the application, subject to such reasonable conditions, if any, as it shall prescribe.

D. All other permits. Any person desiring to manufacture, import, possess, or sell any fireworks at wholesale or retail for any use; or transport fireworks, except as a licensee or as a public carrier delivering to a licensee, shall apply in writing to the local fire official for a permit.

The local fire official shall have the power in his/her discretion to grant or deny the application, subject to such reasonable conditions, if any, as he/she shall prescribe.

E. Application for permit.

1. Any person applying for a permit for an activity listed in MICC 8.35.020(C) or (D) shall first make written application for a permit to the local fire official. The application for a permit shall be signed by the applicant. If the application is made by a partnership, it shall be signed by each partner of the partnership, and, if the application is made by a corporation, it shall be signed by an officer of the corporation and bear the seal of the corporation. The application shall be in such form as the local fire official shall require and shall include, at a minimum, the following information:

a. The true name, address and telephone number of the applicant and for any retail operation, the person in charge and responsible;

b. A statement by the applicant that he or she is over the age of 18 years;

c. A valid and current license issued by the chief of the Washington State Patrol, through the director of fire protection, pursuant to chapter 70.77 RCW authorizing the applicant thereto to engage in the requested activity;

d. The proposed location at which the applicant intends to perform the act for which the permit is sought, and, for retail sales, a diagram showing the proposed site plan of the stand location which includes distances from property lines, distances from structures, distances from other fireworks stands and vehicular traffic routes.

e. A certificate of insurance demonstrating compliance with the insurance requirements set forth in MICC 8.35.020(F).

f. For retail sales, a valid and current City of Mercer Island business license.

~~C. No permit shall be granted unless the applicant first submits for inspection his/her state license.~~

~~D. F. Insurance requirements. If the application is for a public display of fireworks, or if the application is for any other act set forth in RCW 70.77.255, †The applicant shall have in effect for the life of the permit, a public liability and property damage insurance policy with minimum coverage in the amount of \$500,000 for one person, and \$1,200,000 for injuries to two or more persons as a result of one accident bodily injury liability for each person and event, respectively, and not less than \$1500,000 for property damage liability for each event. , which insurance policy shall designate the city as an additional insured thereunder. The applicant shall furnish to the city a copy of the insurance policy or a certificate evidencing the existence of such a policy. Such general liability policy shall name the city as an additional insured, must be in full force and effect for the duration of the permit, and shall include a provision prohibiting~~

cancellation of the policy without 30 days' written notice to the city. The insurance policy or certificate shall indicate that the applicant is insured for all damages to persons or property which shall or may result from or be caused by such public display of fireworks or other act set forth in RCW 70.77.255, or any negligence on the part of applicant or his or its agents, servants, employees, or subcontractors. Such policy and certificate shall be in a form approved by the city attorney.

E. G. Temporary fireworks stands. Retail sales of fireworks shall be permitted only from within a temporary fireworks stand and the sale from any other building or structure is prohibited. Temporary stands shall be subject to the following conditions:

1. Temporary fireworks stands shall be erected under the supervision of the fire department and need not comply with the building code of the city.
2. Temporary fireworks stands shall be located so as not to be within 50 feet of any gasoline stations, oil storage tanks, or premises where flammable liquids are kept or stored.
3. Each temporary fireworks stand must have at least two exits which shall be unobstructed at all times and located as far from each other as possible.
4. Each temporary fireworks stand shall have in a readily accessible place fire extinguishers approved by the fire ~~division~~ department as to location within the stand, number and type. No smoking shall be permitted in or near a fireworks stand, and "no smoking" signs shall be prominently displayed on the fireworks stand.
5. Each stand shall be operated by adults only. No fireworks shall be left unattended in a stand.
6. All weeds and combustible materials shall be cleared from the location of the stand to at least a distance of 20 feet.
7. All unsold fireworks, cartons and other rubbish, shall be removed from the location and from the city by noon on July 6 each year. The fireworks stand shall be dismantled and removed from the location by noon on July 10 each year. (Ord. 06C-06 § 2; Ord. 04C-12 § 3; Ord. A-46 § 6, 1986. Formerly 17.70.020).

**8.35.030 ~~Restriction on common fireworks~~ Fireworks enforcement.**

A. The use, firing, exploding and discharge of ~~common~~ consumer fireworks, as defined in RCW 70.77.136, is prohibited within the city of Mercer Island except on the fourth day of July, between the hours of 11 a.m. and 11 p.m.

1. Additionally, as provided in RCW 70.77.~~305~~395, the sale and discharge of fireworks within the city of Mercer Island is prohibited on December 31 and January 1.

...

**Section 2.** **Severability.** If any section, sentence, clause or phrase of this ordinance be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

**Section 3.** **Ratification.** Any act consistent with the authority and prior to the effective date of this Ordinance is hereby ratified and affirmed.

**Section 4.** **Effective Date.** This Ordinance shall take effect and be in force 30 days after passage and publication.

PASSED by the City Council of the City of Mercer Island, Washington at its regular meeting on the \_\_\_\_ day of April, 2016 and signed in authentication of its passage.

CITY OF MERCER ISLAND

\_\_\_\_\_  
Bruce Bassett, Mayor

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Allison Spietz, City Clerk

\_\_\_\_\_  
Kari Sand, City Attorney

Date of Publication: \_\_\_\_\_



## Chapter 8.35 EXPLOSIVES AND FIREWORKS

Sections:

- [8.35.010](#) Explosives and fireworks prohibited.
- [8.35.020](#) Fireworks – State law adopted by reference – Permit requirements.
- [8.35.030](#) Restriction on common fireworks – Violation – Penalty.

### **8.35.010 Explosives and fireworks prohibited.**

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A. It is unlawful for any person, firm, corporation, or organization to make, sell, or use explosives or fireworks within the corporate limits of the city.

EXCEPTION:

1. When no other alternative means is available, the fire chief may approve the use of explosives for construction or demolition purposes.
2. Fireworks considered safe and sane and approved by the state fire marshal may be sold and used as described in MICC [8.35.020](#).

B. In the event the fire chief shall decide to approve the use of explosives as noted in the exception above, permits therefor shall be obtained and procedures adhered to as enumerated in Article 77 of the Uniform Fire Code.

C. Exception 7 to Section 77.102(a) of the Uniform Fire Code is deleted. (Ord. 04C-12 § 3; Ord. A-46 § 6, 1986; Ord. A-18 § 1, 1982. Formerly 17.70.010).

### **8.35.020 Fireworks – State law adopted by reference – Permit requirements.**

---

A. The Washington State Fireworks Law Chapter [70.77](#) RCW, a copy of which shall be kept on file in the office of the city clerk, is adopted and by this reference is made a part of this title.

B. An application for a permit shall be made in writing to the fire department of the city, and after investigation a report of findings and a recommendation for or against the issuance of a permit, together with reasons therefor, shall be made to the city council. The city council shall have the power in its discretion to grant or deny the application, subject to such reasonable conditions, if any, as it shall prescribe.

C. No permit shall be granted unless the applicant first submits for inspection his state license.

D. If the application is for a public display of fireworks, or if the application is for any other act set forth in RCW [70.77.255](#), the applicant shall have in effect for the life of the permit, a public liability and property damage insurance policy in the amount of \$500,000 for one person, and \$1,000,000 for injuries to two or more persons as a result of one accident and \$100,000 for property damage, which insurance policy shall designate the city as an additional insured thereunder. The applicant shall furnish to the city a copy of the insurance policy or a certificate evidencing the existence of such a policy. The insurance policy or certificate shall indicate that the applicant is insured for all damages to persons or property which shall or may result from or be caused by such public display of fireworks or other act set forth in RCW [70.77.255](#), or any negligence on the part of applicant or his or its agents, servants, employees, or subcontractors.

E. Retail sales of fireworks shall be permitted only from within a temporary fireworks stand and the sale from any other building or structure is prohibited. Temporary stands shall be subject to the following conditions:

1. Temporary fireworks stands shall be erected under the supervision of the fire department and need not comply with the building code of the city.
2. Temporary fireworks stands shall be located so as not to be within 50 feet of any gasoline stations, oil storage tanks, or premises where flammable liquids are kept or stored.
3. Each temporary fireworks stand must have at least two exits which shall be unobstructed at all times and located as far from each other as possible.

4. Each temporary fireworks stand shall have in a readily accessible place fire extinguishers approved by the fire division as to location within the stand, number and type. No smoking shall be permitted in or near a fireworks stand, and "no smoking" signs shall be prominently displayed on the fireworks stand.
5. Each stand shall be operated by adults only. No fireworks shall be left unattended in a stand.
6. All weeds and combustible materials shall be cleared from the location of the stand to at least a distance of 20 feet.
7. All unsold fireworks, cartons and other rubbish, shall be removed from the location and from the city by noon on July 6 each year. The fireworks stand shall be dismantled and removed from the location by noon on July 10 each year. (Ord. 06C-06 § 2; Ord. 04C-12 § 3; Ord. A-46 § 6, 1986. Formerly 17.70.020).

### **8.35.030 Restriction on common fireworks – Violation – Penalty.**

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- A. The use, firing, exploding and discharge of common fireworks, as defined in RCW [70.77.136](#), is prohibited within the city of Mercer Island except on the fourth day of July, between the hours of 11 a.m. and 11 p.m.
  1. Additionally, as provided in RCW [70.77.305](#), the sale and discharge of fireworks within the city of Mercer Island is prohibited on December 31 and January 1.
- B. Any person who violates any provision of this section shall be liable for the payment of a civil penalty in the amount of \$500 for each violation. A violation of this section is designated as a civil infraction and is not classified as a criminal offense.
- C. Whenever any person is arrested for any violation of this section, the arresting officer may serve upon him/her a citation and notice to appear in the court. The arrested person, in order to secure release, and when permitted by the arresting officer, must give his written promise to appear in court, as required by the citation and notice by signing in the appropriate place on the written citation and notice served by the arresting officer. Upon the arrested person's failing or refusing to sign such written promise to appear in court, he/she may be taken into the custody of such arresting officer and so remain or be placed in confinement. The failure to sign a written promise to appear shall constitute a criminal offense under the provisions of the Mercer Island City Code.
- D. Any person violating his/her written promise to appear in court or his/her written and signed promise to respond to a notice of infraction issued as provided in this title is guilty of a misdemeanor regardless of the disposition of the charge upon which he/she was originally cited or arrested or the disposition of a notice of infraction; provided, that a written promise to appear in court or a written promise to respond to a notice of infraction may be complied with by an appearance of counsel representing the person charged. (Ord. 04C-12 § 3; Ord. 96C-005 § 1; Ord. 95C-115 § 1; Ord. A-120 § 1, 1994; Ord. A-104 §§ 1, 3, 1993. Formerly 17.70.030).

## Municipal Research and Services Center (MRSC)

### Fireworks Laws

[The Washington State Patrol](#) enforces the state fireworks laws:

- [Ch. 70.77 RCW](#) – State Fireworks Law
- [Ch. 212-17 WAC](#) – Administrative regulations adopted by the State Patrol

### Permitting and Licensing

#### State License

A **license** issued by the State Patrol is required for:

- Manufacturing, importing, or selling (wholesale and retail) fireworks. See [RCW 70.77.315](#).
- Possession or use of fireworks, other than consumer fireworks lawfully purchased at retail. See [RCW 70.77.315](#) and [RCW 70.77.255](#)(4).
- Public display of fireworks (including those put on by local governments). A "public display of fireworks" is defined by [RCW 70.77.160](#) as "an entertainment feature where the public is or could be admitted or allowed to view the display or discharge of display fireworks."

There are licensing exceptions for the purchase and use of certain agricultural and wildlife fireworks by government agencies and for the purchase of consumer fireworks by religious or private organizations for "religious or specific purposes," provided a permit is obtained from the local fire official.

#### Local Permit

In addition to the state license, a **permit** issued by a city or county, as the case may be, is required for the above activities approved by a state license.

Application is to be made to the "local fire official" ([RCW 70.77.260](#)), who submits a report of findings and a recommendation for or against the issuance of the permit, together with reasons, to the governing body ([RCW 70.77.265](#)). The governing body, or a person designated by the governing body, must grant the permit if it meets state standards and any standards that may be adopted by local ordinance, and it must do so:

- by June 10, or no less than 30 days after receipt of an application, whichever date occurs first, for sales commencing on June 28 and on December 27; or
- by December 10, or no less than 30 days after receipt of an application, whichever date occurs first, for sales commencing only on December 27. See [RCW 70.77.270](#).

If the application is for a **public display permit**, only the city or county governing body (not a designee) may grant the permit, based on an investigation by the fire official. See [RCW 70.77.280](#).

#### Prohibited Fireworks

The sale of or an offer to sell the following types of fireworks is prohibited in Washington State by [RCW 70.77.401](#):

consumer fireworks which are classified as sky rockets, or missile-type rockets, firecrackers, salutes, or chasers as defined by the United States department of transportation and the federal consumer products safety commission except as provided in [RCW 70.77.311](#).

### **Dates and Times Fireworks May Be Sold or Discharged**

[RCW 70.77.395](#) sets the allowable times for sale or discharge of fireworks.

Fireworks may be sold and purchased on the following dates and times:

- **June 28:** noon to 11pm
- **June 29-July 4:** 9am to 11pm
- **July 5:** 9am to 9pm
- **December 27-31:** noon to 11pm

Fireworks may be used and discharged on the following dates and times:

- **June 28:** Noon to 11pm
- **June 29-July 3:** 9am to 11pm
- **July 4:** 9am to midnight
- **July 5:** 9am to 11pm
- **December 31:** 6pm to 1am on **January 1**

Cities and counties may, by ordinance, further restrict the days and times when fireworks may be sold and discharged. Cities and counties may also prohibit entirely the sale and discharge of fireworks. However, any such ordinance further restricting when fireworks may be sold or discharged, or which prohibits their sale and discharge, may not take effect until **at least one year after adoption**. See [RCW 70.77.250\(4\)](#).

### **Local Ordinances**

The state Fire Prevention Bureau, a division of the Washington State Patrol, maintains a list of all cities and counties that identifies which have adopted ordinances that are more restrictive than state fireworks laws, including those that ban fireworks entirely, and which follow state restrictions.



# MEMORANDUM

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## *2016 City Council Mini-Planning Session*

**TO:** City Council

**FROM:** Kirsten Taylor, Assistant City Manager

**RE:** Council / Staff Operations and Communications

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### **COUNCIL DISCUSSION/QUESTION PRESENTED:**

1. Provide staff and Council Subcommittee members with a check-in on priorities for Subcommittee work.
2. Discuss how Council is working together and following the norms and goals discussed at the January 2016 Council Planning Session.
3. Discuss Council effectiveness in working through Council meeting agendas and topics.

### **BACKGROUND:**

At the January 2016 Council Planning Session, Council discussed the following important question: How can Council, and Council and staff, work together for optimal operations and communications to best serve the citizens of Mercer Island? Council directed staff to establish a Subcommittee of Councilmembers and staff members to work on several key topics and return to Council with recommendations. Specifically, the direction at the January 2016 Council Planning Session was to:

1. Have the City Manager come back with a recommendation on the Subcommittee composition and goal.
2. Have the proposed Subcommittee develop a defined work plan to develop best practices for concrete changes to protocols and procedures, as well as improvements in Council and staff interactions, and bring back any recommendations for review and approval by the entire Council.
3. Have the Subcommittee work on recommendations that would result in Councilmembers having more time to review Council meeting agenda packets.

The following key work topics were identified:

1. Review the City Council Rules of Procedures for any needed changes and make recommendations, as needed, to Council.
2. Establish written protocols for effective Council/staff operations and communications.

3. Consider a number of possible changes to increase Council meeting efficiency and effectiveness, such as consider changing the day of the City Council meeting to Tuesday, and/or consider changes to the Appearances section of the meeting.
4. Develop protocol for using social media and responding to media.

The Subcommittee members will be Councilmembers Grausz, Weiker and Wisenteiner, Assistant City Manager Kirsten Taylor, Police Chief Ed Holmes and various senior staff for topic-specific items. The Subcommittee will begin its work in June 2016 following the Council Mini-Planning Session, and return to Council with recommendations later in the year.

Council is being asked to discuss the work plan topics for the Subcommittee and to prioritize the efforts of the Subcommittee.

The Mayor will lead check-in discussion of Council effectiveness in working through Council meeting agendas and topics, along with a discussion of how Council is working together internally and with staff and the progress in following the norms and goal discussed at the January 2016 Council Planning Session (see Exhibit 1).

**EXHIBITS:**

1. Minutes excerpts regarding norms and goal of the Effective Council/Council and Council/Staff Operations and Communications discussion from the January 2016 Council Planning Session.

## **EFFECTIVE COUNCIL/COUNCIL AND COUNCIL/STAFF OPERATIONS AND COMMUNICATIONS**

Facilitator Bob Ness asked the Council and staff to develop a list of rules for the conversation about communications. The agreed upon norms were:

- Respect
- Not interrupting
- Listen
- Non-judgmental
- Seek first to understand
- Assume good intent
- Frank and honest discussion
- Seek clarity
- Speak collegially
- Show respect for institution and colleagues
- Understanding varied organization mindsets (Corporation/Business operations versus Government operations)
- Open and personal. Set roles aside to talk as individuals

...

Council and staff agreed to a goal of having effective working relationships that enhance our ability to provide superior services to residents of Mercer Island.

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# MEMORANDUM

## 2016 City Council Mini-Planning Session

**TO:** City Council  
**FROM:** Kirsten Taylor, Assistant City Manager  
**RE:** Parking Lot List for Discussion

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### COUNCIL DISCUSSION/QUESTION PRESENTED:

1. Determine if there is majority Council interest in addressing any of these issues.

### BACKGROUND:

The following items of interest have been submitted by Councilmembers in advance of the Mini-Planning Session for further discussion that do not fit into the Mini Planning Session agenda. Additional items may be added to the list on the day of the Session.

1.	Drones	Wong
2.	Body cameras for police	Wong
3.	B&B regulations (only if this is deemed a problem where people are operating a B&B on the Island without a business license and paying B&O Tax)	Wong
4.	Amending Development Code to include provisions for EV charging stations and composting in new multi-family residences as mentioned at recent Council meeting	Wong
5.	Construction Noise Hours, 7am to 10pm M-F, per MICC 8.24.020(Q)	Wong
6.	Diversity and inclusion	Bertlin
7.	Amending Code to address Development Agreements	Grausz
8.	Remaining Town Center parking issues	Grausz
9.	Noise ordinance amendments	Grausz
10.	Residential density/Code update process for remainder of year	Grausz