



City of Kent Preliminary Financial Sustainability Task Force Report

Financial Sustainability Task Force
May 3, 2016

City of Kent
220 Fourth Avenue SW Kent, WA 98032

May 3, 2016

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This Letter of Transmittal is provided by the City of Kent Financial Sustainability Task Force (FSTF) to transmit to the Mayor and Council a report of its work over the last nine months. The intention of the report is in response to the Mayor and Councils' request for citizen-based input on the long-term financial sustainability of the City of Kent.

The FSTF comprising eighteen initial members was installed by the Council on July 17, 2015 with a goal of investigating the workings of the City of Kent and reporting back to the Mayor and Council with a preliminary progress report on May 3, 2016. A final report is due the end of June 2016. The FSTF took this challenge very seriously and over the course of 23 meetings worked on the key requests of the Mayor and Council.

The challenge the FSTF was given included the following areas: Evaluate the revenues and scope of services provided by the City, Compare Kent's finances with those collected by peer cities, Determine the cost to live in Kent, and determine the local tax burden to operate a business in Kent. In a final report include a long-term perspective on the City's financial needs (operating and capital); the community's priorities for the enhancement or elimination of mainstream functions and services; and the community's priorities for new operating and capital revenues.

At the core of the FSTF's recommendation are five priorities that focus at a high level on areas that will help the City of Kent sustain the City as an attractive place for citizens to live and for businesses to operate. These priorities include a focus on public safety and the Police Department; quality of infrastructure managed by Public Works (both arterials, streets, and road; and water, sewer, and surface water management), leveraging the Economic Development

Department to grow business interest in Kent and a focus on the importance of Information Technology to support the large number of functions carried out by all the City's departments.

Due to the challenge of available time for the FSTF members to obtain a solid background of the City's organization, services delivered and related budgets, the FSTF did not vet as fully as possible the areas of cost of living in Kent and cost of operating a business in Kent. It is possible that after reviewing the preliminary report, the Council will ask the FSTF to spend additional time on these areas or select another group of citizens with appropriate backgrounds to examine these areas in more detail.

The FSTF is confident that the Mayor and Council will find the contents of the report useful as work commences on the 2017-2018 budget cycle. The FSTF extends an offer to provide additional service to the City as the Mayor and Council deem necessary.

Sincerely,

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Alan Gray, Assistant Chair
Lew Sellers, Secretary
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Lisa Bartholomew
Delores Christianson
Parwinder Dhanda
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Executive Summary

The Financial Sustainability Task Force (hereafter FSTF) of 18 members was installed in July 2015. The FSTF met a total of 24 times between August 2015 and April, 2016. The charter established by the mayor and council was taken very seriously by the FSTF.

Following extensive background information gathering on the City of Kent's budget and operations, the FSTF has identified five priorities that it is putting forth to the mayor and council in this report. It is believed that these priorities will contribute significantly to the financial sustainability of the City of Kent.

The five priorities include: 1) A focus on police patrol staffing; 2) Quality maintenance of arterials, roads and streets; 3) Utilization of the Economic Development Department to generate growth; 4) The importance of maintenance of water, sewer and surface water systems; and 5) Development of an Information Technology Plan.

Patrol staffing ensures public safety as a cornerstone of a prosperous, growing city. Quality arterials, roads and streets are essential for good commerce, effective means of commuting and attracting business and residents to the city. Economic Development is critical for growth and presenting Kent as an ideal deal city for business growth and expansion. Water, sewer and surface water maintenance are expected systems and important for growth in the City. Finally, Information Technology is the backbone for core City services.

The FSTF was challenged by time and capability to fully explore several key charter items. The report present information about potential revenue opportunities, it does not completely answer the replacement of the revenue at risk due to the Panther Lake Sales Tax Annexation credit or the Streamlined Sales Tax credit from the State of Washington.

Additionally, neither the cost of living in Kent nor the cost of doing business in Kent was fully explored by the FSTF.

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I. Introduction

In 2015 Mayor Suzette Cook and the Kent City Council proposed the formation of a citizen's task force to evaluate the financial sustainability of the City of Kent. Several significant financial events will occur over the next five years; the known loss of the Panther Lake Annexation sales tax credit and potential loss of the Streamlined Sales Tax Mitigation monies and other state shared revenues will have significant impact on the City's revenue. The Mayor and Council look forward to recommendations from the citizen's task force.

The mayor and Council asked the Task Force to begin their work in August 2015 with the intention that the Task Force would report to the Mayor and Council on their work in May 2016. The Task Force was asked to represent, educate, and engage the community to provide detailed recommendations to the mayor and city council regarding the city's long-term financial sustainability. The Financial Sustainability Task Force's report will be a key consideration in the 2017-2018 budget planning.

II. Formation of the Financial Sustainability Task Force

Interested individuals were interviewed and selected in June and July 2015. The mayor and council affirmed the appointments to the Task Force at the Council meeting July 17, 2015. (In future reference FSTF will be utilized to represent the City of Kent Financial Sustainability Task Force.)

Eighteen members were initially selected. The members included Atama Anand, Lisa Bartholomew, Delores Christianson, Jerry Coupe, Parwinder Dhanda, Alan Gray, Ross Hardy, Andrew Hough, Michael Johnson, LaMont Palmer, Rickie Robinson, Lew Sellers, Tom Smith, Mohinder Sohal, April Sta Rosa and Richard Wilkinson. LaMont Williams left the Task Force due to illness. Dennis Manes unfortunately passed during the course of the Task Force's work.

See Appendix E for brief biographies of the FSTF members.

Jerry Coupe was asked to chair the FSTF by the Mayor. Alan Gray was elected Vice-chair by the TSTF members. Lew Sellers agreed to record meeting minutes.

The FSTF began meeting on August 6, 2015 and has generally met on alternating weeks until February 2016 when the Task Force met three times. Additional meetings were also scheduled for March and April, 2016. The Task Force will deliver a preliminary report at Council Workshop on May 3, 2016 and final report at the Council meeting on June 21, 2016.

III. The Financial Sustainability Task Force Assignment Statement of Purpose

The following statement was provided to the FSTF by the mayor and city council

- Purpose
 - Represent, educate and engage the community to provide detailed recommendations to the mayor and city council regarding the city's long-term financial sustainability.
- Structure
 - Eighteen members
 - Appointed by the mayor with the council president's consultation and confirmed by the city council
 - Represent the diversity of Kent's residents and businesses in opinions, cultures and economic status
 - Include civic leaders, business owners, property owners, financial experts, city residents and youths
 - Chair appointed by the mayor and confirmed by the city council
 - Finance Director will provide staff support
 - Community and government affairs manager will assist with public engagement
 - Mayor, city council members, and city staff may provide information but otherwise must not attempt to influence the task force
- Duties
 - Meet 1-2 times per month
 - Abide by the Open Public Meetings Act and operate transparently
 - Evaluate the revenues collected and scope of services provided by city departments
 - Compare Kent's finances with the revenues collected and scope of services provided by peer cities
 - Determine the costs to live in Kent
 - Determine the local tax burden to operate a business in Kent
 - Strive to make decisions by consensus
 - If consensus is not possible, include a minority report
 - Keep the mayor and city council informed via quarterly reports to the chair to the Operations Committee
 - Use an array of marketing mediums to keep the community informed, educated and engaged, such as the city website, newspaper, newsletter, social media, community meetings, focus groups and or surveys

- Use staff time efficiently, i.e. focus on activities with a high return on investments
- Prepare a draft report by May 1, 2016 for public review and comment
- Provide a final report to the mayor and city council by June 30, 2016, that includes ten-year perspective on:
 - The city's needs (operating and capital)
 - The community's priorities (operating and capital) within existing revenue
 - The communities priorities for elimination of functions and services
 - The community's priorities (operating and capital) for new revenue
 - The community's preferred sources of new revenue

IV. How the FSTF Approached the Request

A. Budget Overview

In late August and September 2015, the Task Force worked with Aaron BeMiller and Barbara Lopez from the City's Finance Department to obtain an understanding of the City's budget and budget process. BeMiller and Lopez led the Task Force through the structure of the City Departments. The presentations provided the FSTF knowledge of the City's use of Fund Accounting, the structure of revenue accounting for the General Fund, Restricted Funds, grants, specific fees and other revenue sources. Expenses were reviewed at a department level as well as how Capital Funds were budgeted and utilized.

B. Legal Review

In addition to the budget introduction, the FSTF met with City Attorney, Tom Brubaker. Mr. Brubaker led the FSTF through a discussion about the Task Force's open meeting requirements, explaining what this meant. In addition, he talked about the importance of agendas and meeting minutes. The Task Force also discussed concerns and requirements if sub-committees met during the course of the Task Force's work. This proved very helpful as the Task Force planned its meetings.

C. Operating Department Overviews

Through the balance of 2015, the Task Force focused on learning about the various City Departments. While the Mayor and Council are intimately familiar with all of the City Departments, the FSTF would like to acknowledge the efforts that the directors and their staffs

put into the presentations made to the FSTF. Each presentation was made with well constructed handout materials coupled with thorough discussions of staff full time equivalents, budget revenues and expenditures, current capital fund plans, future capital fund requirements and well as future operations requirements.

Finance	Aaron BeMiller
Parks and Recreation	Jeff Watling
Police	Chief Thomas
Public Works	Tim LaPorte
Administration	Mayor Cooke and Derek Matheson
City Clerk	Ronald Moore
Economic Development	Ben Wolters
Information Technology	Mike Carrington
Human Resources	Chris Hills
Law	Tom Brubaker
Municipal Courts	Judge Glenn Phillips and Margaret Yetter

In addition to the above acknowledgements, the FSTF would like to thank employees of the Finance Department including Aaron BeMiller, (Director), Barbara Lopez, Kathleen Etheredge and Michelle Ferguson for exceptional support they have provided the FSTF over the term of the Task Force. They have provided significant information and insights into the operations.

D. Additional information Sources

Andrea Keikkala, representing the Kent Chamber of Commerce, spoke at the January 7, 2016 FSTF meeting. The major portion of her presentation was background on the work the Chamber conducted with the City to structure the Business and Occupation tax on business. Highlighted were the points that the B & O tax was aimed primarily at gaining revenues to improve major traffic arterials in the City of Kent, and comments about the Chambers role in a variety of activities within the City of Kent. Andrea also highlighted some challenges the Chamber identifies based on actual use of the revenues by the City.

Ralph Fortunato, Director of Financial Services for the Kent School District, presented an overview of the Kent School District on February 11, 2016. He provided a wide range of statistics about the District including enrollment of 27,000 students, a staff of 4,000, and a large diverse student population with 130 languages represented. He highlighted an improving graduation rate, improving from 76% in 2010 to 84% in 2015. Mr. Fortunato also noted that the District is re-writing its strategic plan, as well as developing a new Vision and Mission Statement. A strong, successful school district is an integral part of a thriving city.

E. Developing FSTF Priorities and Recommendation

Following the overview presentations outlined above, the FSTF spent some time discussing how to proceed with the requirements outlined in the Statement of Purpose. An initial trial run was made with the following scope of work in mind.

- At a series of meetings during the January-April time frame, the FSTF would identify priorities for each department
- At the end of this process, the FSTF would identify a ranking approach and apply it to all priorities
- The goal would be to then advance a reasonable number of priorities in the final report to the council in May 2016
- The initial trial run of this process uncovered a tendency to identified priority items at too granular a level rather than at a policy level.

Corresponding to this trial run, a FSTF member put forth a proposal that the FSTF also needed to evaluate any priorities against four budget criteria which follow below

Propose that we do provide our budget recommendations within the context of four different budget scenarios for the City, all of which are possible in the next five years. Within each scenario we would make recommendations as to what should be increased or decreased, depending on the scenario.

1. Budget Scenario #1-Status Quo

The first budget scenario assumes the current revenue stream. The task force would recommend any changes to the current spending allocations within that revenue stream. So, if we wanted to increase a particular department's allocation so that they could spend more focus on a task or do an extra task, we would also have to come up with an equivalent decrease in another department, or a decrease in a task within the same department. Whatever we increase, we would have to decrease somewhere else. And we would not just be restricted to headcount; we could trade operating expenses versus capital expenses. (And just as a reference point, Kent is spending on average about \$120,000 per FTE for salary and benefits.) There would be no constraint on how much or how little we wanted to recommend changing, but it would have to balance. And if we wanted to be a little more specific, we could prioritize our increases and decreases.

2. Budget Scenario #2-Loss of Funding by 2020

This second budget scenario is the worst case, i.e. the City does not make up the potential loss by 2020 of the Sales Tax Mitigation and other State shared revenues and the known ending of the Panther Lake Annexation credit. In a worst case scenario, the loss of these revenue sources will negatively impact the City's General Fund by an estimated \$10.5 million. The known loss of the Panther Lake Sales Tax in 2020 results in a \$4 million reduction in revenues annually. The potential loss of the Streamlined Sales Tax and other State shared revenues are an estimated \$5 million and \$1.5 million respectively. This is a headcount loss of about 86 people out of 664, or about 13%. The recommendations the task force does under this scenario could also trade planned capital expenditures in the budget between now and 2020 for headcount, but the total reduction would have to be in the neighborhood of \$10M. (There is not a scenario 2a where the City will face even greater loss of revenue due to a recession between now and 2020.)

3. Budget Scenario #3-New Revenue to Maintain Status Quo

This third budget scenario is to maintain the current level of services by increasing the revenue \$10M. The task force job in this scenario is to come up with recommendations to raise revenue by \$10M by 2020 to make up for the expected losses. We would only concentrate on revenue increasing in this scenario.

4. Budget Scenario #4-Even More Revenue to Increase Services

This fourth budget scenario would have two parts, 1) to propose recommendations to raise even more revenue than the \$10M and 2) to prioritize all the department increases in funding that they proposed to us. We have not added up the entire list of increased headcount and capital that was requested, however, that would be a first step in order to capture the entire amount requested. We would graduate the recommended revenue increases by the priorities list. And we would recommend say three levels of priority with three levels of increased revenue just to make it manageable.

5. Summary of the Four Budget Scenarios

Now it is obvious that, in the real world, there will probably be a scenario in 2020 that is not exactly one of these. But the recommendations we make in any one of these four scenarios could be applied as a mixture to any real world scenario, based on the expected revenue for that year. The point is that 1) we do make recommendations on any current task changes within the current budget, 2) recommendations on a gradation of revenue increases, and 3) a priority list of new tasks. And each of these has the revenue level to pay for it. The City could adopt

whatever pieces of our recommendations that fit the real world budget scenario they are faced with in the next five years.

The FSTF discussed the four scenarios and decided that evaluating any proposals to the mayor and council should be made with the four budget scenarios included in the analysis.

Following the introduction of the four budget scenarios, and examining the available time to complete the report, the FSTF Chair then asked the FSTF to consider an alternative consolidated schedule to identifying recommendations. The alternative included the following steps:

- Each member would identify priorities across all city departments and present their priorities at the next scheduled meeting
- A voting/prioritization process would be determined and utilized at the next meeting
- Voting would create a natural cutoff of priorities after round one
- A second round of voting would be conducted to filter the list of priorities to a manageable number
- A third round of voting would be held if necessary
- A minority opinion option was provided to allow member(s) to surface a priority that did not have consensus support but had strong support from one or more member

The actual process took place as follows:

- At the February 11, 2016 meeting FSTF members were requested to come prepared with their individual list of priorities by department
- Each individual then recorded their priorities on large flip chart pages by department
- The FSTF divided into three working groups to analyze the listed priorities and to consolidate similar items. Each member had an opportunity to work on departments where they had the strongest interest
- A total of 39 priority statements were reviewed and accepted for consideration
- See Appendix B for a complete list of the 39 priorities.
- In preparation for the February 18, 2016 meeting, the contents of the revised flip charts were transcribed into an Excel spreadsheet, sorted by city department. No other significance was applied to the order of the items listed by department
- At the February 18th meeting, Excel spreadsheets were printed by department
- Each FSTF member was provided with ten 'red dots' for round one voting and were asked to place one dot by each department priority as they determined to be important to the city's future
- After the first round of 'red dot' voting a total of seven (7) priorities were above a natural cutoff line of 5 votes or more
- After task force discussion a second round of voting was completed. For this round each task force member was allocated five votes
- Five priorities fit in a natural cutoff off again of five votes or more for the top priorities
- The FSTF discussed the results and were in agreement that the five items identified represented the citizens input to the mayor and council

V. Five Financial Sustainability Priority Recommendations for the City of Kent

The FSTF identified five priorities. The priorities are listed below:

A. Priority: Police

The mayor and city council are encouraged to place a priority on the Police Department with the following considerations

Priority: Increase police department staffing (to comparable city levels), maintaining high quality, best-in-class training -

- increased staffing would also generate a focus on reducing mandatory overtime

B. Priorities: Public Works

Priority: Arterials, Roads and Streets Maintenance

The mayor and city council are encouraged to place a priority on the Public Works with the following considerations

- Increase street, road and arterial maintenance with an emphasis on retaining the commitment of utilizing the tax revenues as follows: Focus B & O taxes on major commercial arterials
- Focus correct portion of Utility taxes on appropriate road and street maintenance
- FSTF strongly encourages the Council to not divert these distinct tax revenues to alternative expenditures or funds

C. Priority: Economic Development:

The mayor and city council are encouraged to place a priority on the Economic Development Department with the following considerations

- Grow the City's businesses through strong support of Economic and Community Development department activities, with a focus on the downtown commercial enterprise zone (DCE), with the intention of increasing the revenue base
- Economic Development would include a focus on transportation improvements to support this growth cross-regionally with parking facilities and mass transit enhancements.

D. Priority: Public Works

The mayor and city council are encouraged to place a priority on the Public Works Department with the following considerations:

Water, Sewer and Surface Water Systems and Maintenance

- Increase maintenance of water, sewer and drainage systems to ensure a safe and viable infrastructure.

E. Priority: Information Technology

The mayor and city council are encouraged to place a priority for Information Technology Department with the following considerations:

- Develop a Strategic Information Technology Plan that incorporates all the business functions within the City of Kent. Explore the benefits of standard and common infrastructure, hardware and software, giving consideration to technology such as the “Cloud.”
- Prioritize the upgrade and/or replacement of out of date application software and related hardware where the City of Kent could realize the greatest benefit.
- Develop a plan to provide appropriate training and support for staff and users.
- Significant benefit can be realized through the use of more efficient and up-to-date technologies.

Once the five priorities were identified, the FSTF turned its attention to evaluating the priorities in light of the four budget scenarios and the following additional criteria. Also, these priorities align with the first key priority within the framework of the City of Kent Strategic Plan to Develop and Implement a Sustainable Funding Model by adopting new revenue sources”, a number of revenue options were considered. The following were considered in determining priorities:

- Why is this priority important?
- How does it make the City of Kent better?
- Are there key advantages to the citizens of Kent because of this priority?
- How does the priority fit within the four budget scenarios?

During the March 31, 2016 meeting, attending FSTF members ranked the five priorities one to five. One was assigned the most favorable priority by each member and then the rest in descending order. Eleven members were in attendance. The remaining members were queried for input by e-mail. The resultant rankings provided by 13 members of the FSTF are shown in the table below: *(note: 1 was assigned to the highest priority and 5 to the lowest priority)*

Rank	Priority	Score	Ave.
1	Increase Police Staffing	26	2.000
2	Public Works maintenance of arterials, roads and streets	32	2.462
3	Economic Development-An important focus for the future	42	3.231
4	Public Works focus on water, sewers and surface water management	45	3.462
5	Information Technology Master Plan	50	3.846

While the FSTF does not have the capacity to instruct the mayor and city council to strictly follow the ranking of the priorities as the mayor and council work on future budgets, the FSTF thought it was important to express their ranking of the five priorities.

A minority opinion regarding Parks and Recreation is presented in Appendix A.

VI. Priority: Increase Police Staffing

The mayor and city council are encouraged to place a priority on increasing police department patrol staffing (to comparable city levels) while maintaining high quality, best-in-class training with a focus on reducing mandatory overtime.

The Task Force provides the following input for the Police Department priority

- Why is a priority on Police Staffing Increases important?
 - The FSTF values public safety and security. There is a concern about the increased use of opiate drugs in the community and its adverse impact on our community. Further, the FSTF is concerned about the safety of our school zones and the ability of the Police Department to adequately patrol our school zones. A strong police force contributes to a higher quality of life for residences and business in our community.
 - There is a concern that the Police Department is at risk due to understaffing of patrol officers. In addition, forced overtime has a number of detrimental impacts including
 - Low officer morale
 - Increased risk of officer error due to fatigue that will result in unnecessary impact to citizens and increased financial liability to the city as well as
 - Potential unfavorable publicity if an officer error creates a significant situation
- How does it make the City of Kent better?
 - A well staffed Police Department contributes significantly to a community sense of well-being
 - Families are more comfortable about the safety of their children at school and participating in a variety of community activities
 - Businesses find the City an attractive, safe place to operate their businesses, leading to the growth in businesses operating in Kent
 - Public safety becomes a key selling point in attracting new businesses to the city
- If this is a priority are we willing to make cuts to other city budgets?

- In discussions by the FSTF, members concurred that this priority is important enough that the FSTF recommends looking for opportunities in the budget process to improve spending for staffing in the Police Department, even at the cost of reducing spending in other departments
- How does the priority fit within the four budget scenarios?
 - In Scenario #1, a relatively status quo budget, this Police Department priority would require the mayor and council to examine the 2017-2018 and future budgets with the potential to reduce operations and capital budget expenditures in other departments and move available money to Police Department operations and capital budget priorities.
 - In scenario #2, a loss of Panther Lake Sales Tax Credit and Streamlined Sales Tax credit, it is not realistic to plan that the mayor and council will be able to find funds to expand spending on this priority. In fact the mayor and council would need to consider reductions across the board.
 - In scenario #3, where the mayor and council find necessary revenues to replace revenue lost in Scenario #2, the mayor and council are encouraged to move spending allocations toward this priority as described in Scenario #1 above. In Scenario #4, where lost revenues in Scenario #2 is replaced and due to expanding economic conditions and growing economic footprints within the city, additional new revenues are available. This provides the mayor and council opportunities to consider both re-allocation of spending toward this priority as described under Scenario #1 as well as use incremental new revenue to increase funding of new Police Department operations and capital project spending.

VII. Priority: Public Works-Focus on Arterial, Street and Road Maintenance

The mayor and city council should consider increases in the maintenance and construction of arterials, roads and streets with an emphasis on retaining the commitment of utilizing the tax revenues as follows:

- Focus B & O taxes on major commercial arterials.
- Focus correct portion of Utility taxes on appropriate road and street maintenance
- FSTF strongly encourages the Council to not divert these distinct tax revenues to alternative expenditures or funds

The Task Force provides the following input for the Public Works priority

- Why is a Public Works-Focus on Arterial, Street and Road Maintenance priority for us?
 - The FSTF values a quality and efficient transportation infrastructure for our community. The mayor and city council need to be prepared to provide for appropriate maintenance and construction of this important infrastructure in the future. A quality infrastructure helps maintain safety and quality of life for our community and attracts people and business to it.
- How does it make the City of Kent better?
 - A good and modern arterial, road and street infrastructure has multiple benefits for the City of Kent
 - Residents benefit from quality access to residential neighborhoods, improving commute times and making access to other community locations and events time effective
 - Businesses will recognize efficient and quality access to major roads like Highway 167 and Interstate 5.
 - Additionally, businesses will be more efficient; traveling on a well maintained infrastructure, promoting Kent as a good place to locate businesses.
 -
- If this is a priority are we willing to make cuts to other city budgets?
 - The FSTF encourages the mayor and city council to examine the 2017-2018 and future budgets for potential shifts of funds to increase expenditures for arterials, roads and streets maintenance. The FSTF also encourages the examination of capital budget spending to focus available capital spending on arterials, roads and street capital projects as prioritize by the Public Works Department
- How this relates to the Four Budget Scenarios.
 - In Scenario #1, a relatively status quo budget, this Public Works Department priority would require the mayor and council to examine the 2017-2018 and future budgets with the potential to reduce operation and capital budget expenditures and move available money to Public Works operations and capital budget priorities following any changes in Police Department staffing
 - In scenario #2, a loss of Panther Lake Sales Tax Credit and Streamlined Sales Tax credit, it is not realistic to plan that the mayor and council will be able to find funds to expand spending on this priority. Realistically, costs would need to be made in Public Works.
 - In scenario #3, where the mayor and council find necessary revenues to replace revenue lost in Scenario #2, the mayor and council are encouraged to move spending allocations toward this priority as described in Scenario #1 above

- In Scenario #4, where lost revenues in Scenario #2 is replaced and due to expanding economic conditions and growing economic footprints within the city, additional new revenues are available. This provides the mayor and council opportunities to consider both re-allocation of spending toward this priority as described under Scenario #1 as well as use incremental new revenue to increase funding of new Public Works operations and capital project spending.

VIII. Priority: Economic Development-An Important Component for Future Success

While evaluating all of the information gleaned from the Department presentations, the importance of the Economic Development Department stood out as a department that needs to continue to be a priority for the mayor and city council.

The value of Economic development is that it is the avenue for positive revenue growth for the City. While other revenue growth will come from increased fees and tax rates, Economic Development potentially adds to the tax base through expansion of existing businesses and the creation or recruitment of new business within the City of Kent.

The Task Force provides the following input for the Economic Development priority

- Why is Economic Development a priority?
 - Economic Development is the outward face of the City in promoting the many features the City of Kent has to offer new or expanding businesses and organizations
 - Economic Development has the potential to expand the economic base of Kent by attracting new businesses and organizations to operate in Kent
 - The benefit of new businesses and organization is positive because they expand the revenue base for incremental sales tax revenues, Business and Occupation tax revenues as well as utility taxes and other business development fees and licenses
 - This growth in revenue is a preferred alternative to increased tax rates
- How does it make the City of Kent better?
 - New businesses and organizations bring additional job opportunities to the City of Kent which has a multiplier effect, impacting other businesses in the community by creating new business relationships and expanding customer bases
 - New Businesses and organizations coming to Kent increase opportunities for growth in residential housing, both single and multi-family units as well as a positive impact on existing real estate values.
 - Quality new businesses attract the attention of other businesses, increasing the desirability for businesses to operate in the City of Kent

- If this is a priority are we willing to make cuts to other city budgets?
 - The FSTF recommends to the mayor and city council that Economic Development is becoming a very critical operation for the city looking forward to the significant impact of the Panther Lake Sales Tax remediation expiration and the potential impact of reductions in Streamlined Sales Tax credit from the State of Washington
 - Careful consideration should be made to determine if additional funding of Economic Development resources would generate new business activity in the city to offset the impact of the Panther Lake Sales Tax remediation expiration and the potential impact of reductions in Streamlined Sales Tax credit

- How this relates to the Four Budget Scenarios
 - In Scenario #1, a relatively status quo budget, this Economic Development Department priority would require the mayor and council to examine the 2017-2018 and future budgets with the potential to reduce operation and capital budget expenditures and move available money to Economic Development priorities after addressing recommended Priorities #1 and #2.
 - In scenario #2, a loss of Panther Lake Sales Tax Credit and Streamlined Sales Tax credit, it is not realistic to plan that the mayor and council will be able to find funds to expand spending on this priority. However, given the positive nature of expanding the revenue base via efforts by the Economic Develop Department, significant effort should be made to ensure that Economic Development has adequate resources to expand business activity in the city.
 - In scenario #3, where the mayor and council find necessary revenues to replace revenue lost in Scenario #2, the mayor and council are encouraged to move spending allocations toward this priority as described in Scenario #1 above
 - In Scenario #4, where lost revenues in Scenario #2 is replaced and due to expanding economic conditions and growing economic footprints within the city, additional new revenues are available. This provides the mayor and council opportunities to consider both re-allocation of spending toward this priority as described under Scenario #1 as well as use incremental new revenue to increase funding of new Economic Development operations

IX. Priority: Public Works-Focus on Water, Sewer and Surface Water Infrastructure

The mayor and city council should evaluate the potential to increase maintenance of water, sewer and drainage systems to ensure a safe and viable infrastructure.

The Task Force provides the following input for the Public Works priority

The FSTF understands and encourages the mayor and council to continue to maintain a quality water, sewer and surface water infrastructure for our community. The mayor and city council needs to be prepared to provide for appropriate maintenance of this important infrastructure in the future. A quality water, sewer and surface water infrastructure helps maintain safety and quality of life for our community and attracts people and business to it.

- Why is a Focus on Water, Sewer and Surface Water Infrastructure priority for us?
 - The FSTF values a quality and efficient water, sewer and surface water infrastructure for our community. The mayor and city council need to be prepared to provide for appropriate maintenance and construction of this important infrastructure in the future.
 -
- How does it make the City of Kent better?
 - A quality infrastructure helps maintain safety and quality of life for our community and attracts people and business to it
 - Good water, sewer and surface water infrastructures are a valuable component of residential property and have a significant impact on current marketability and interest of developers planning new projects
 - National news stories have highlighted the concern about water quality and aging infrastructure. This is an important 'heads up' for all communities
 - Good water systems support citizen protections against fire events
 - Water can be an important factor for businesses looking to establish new locations
 - Quality sewer and surface water systems are important environmental components.
- If this is a priority are we willing to make cuts to other city budgets?
 - The FSTF encourages the mayor and city council to examine the 2017-2018 and future budgets for potential shifts of funds to increase expenditures for arterials, roads and streets maintenance. The FSTF also encourages the examination of capital budget spending to focus available capital spending on water, sewer and surface water capital projects as prioritize by the Public Works Department
- How this relates to the Four Budget Scenarios.
 - Scenario #1-a relatively status quo budget, this Public Works Department priority would require the mayor and council to examine the 2017-2018 and future budgets with the potential to reduce operation and capital budget expenditures and move available money to Public Works operations and capital budget priorities following the other Priorities addressed above in this report
 - Scenario #2-a loss of Panther Lake Sales Tax Credit and Streamlined Sales Tax credit, it is not realistic to plan that the mayor and council will be able to find

funds to expand spending on this priority. The mayor and council would be considering across the board cuts.

- Scenario #3-where the mayor and council find necessary revenues to replace revenue lost in Scenario #2, the mayor and council are encouraged to move spending allocations toward this priority as described in Scenario #1 above following consideration of Priorities #1, #2 and #3.
- Scenario #4-where lost revenues in Scenario #2 are replaced and due to expanding economic conditions and growing economic footprints within the city, additional new revenues are available. This provides the mayor and council opportunities to consider both re-allocation of spending toward this priority as described under Scenario #1 as well as use incremental new revenue to increase funding of new Public Works operations and capital project spending.

X. Priority: Information Technology-Create an Information Technology Master Plan

The mayor and city council are encouraged to place a priority on the Information Technology Department with the following considerations

- Updating and upgrading the IT infrastructure will increase operating efficiencies, which are an objective of the City of Kent's Strategic Plan goal of developing and implementing a sustainable funding model.
- Develop a Strategic Information Technology Plan that incorporates all the business functions within the City of Kent. Explore the benefits of standard and common infrastructure, hardware and software, giving consideration to technology such as the "Cloud."
- Prioritize the upgrade and/or replacement of out of date application software and related hardware where the City of Kent could realize the greatest benefit.
- Develop a plan to provide appropriate training and support for staff and users.
- Significant benefit can be realized through the use of more efficient and up-to-date technologies.
- Up-to-date technologies provide the City of Kent the opportunity to grow in size while utilizing existing supporting staffing.

The Task Force provides the following input for the Information Technology priority

- Why is this priority important?
 - All of the City departments that presented updates to the FSTF identified information technology upgrades as a current need, including the need for

updated software versions and-or increasing needs for more sophisticated, new software applications.

-
- How does it make the City of Kent better?
 - Improve software applications would make the City operations increasingly efficient and better able to support key operations and city businesses.
 - As operations grow, existing staff could support the growth in improved information technology
- Are there key advantages to the citizens of Kent because of this priority?
 - The City would have enhanced tools for effective communications utilizing the website and other social media tools increasing information available to the community
- How does this priority impact the budget?
 - There is impact to both operations and capital budgets.
 - Improving Information Technology tools and delivery will require a focus on the IT operations budget and capital budget. It will be necessary for the mayor and council to look for opportunities to increase IT operations and capital budgets.
 - Information Technology projects of all sizes require knowledgeable personnel and careful planning and execution.
 - Information Technology projects can have initial detrimental impacts on performance as employees can feel threaten by new tools until they have adequate training and experience with new tools.
- How does the priority fit within the four budget scenarios?
 - Scenario #1-a relatively status quo budget, this IT priority would require the mayor and council to examine the 2017-2018 and future budgets with the potential to reduce operation and capital budget expenditures and move available money to IT operations and capital budget priorities following actions taken according to Priorities previously outlined above.
 - Scenario #2-a loss of Panther Lake Sales Tax Credit and Streamlined Sales Tax credit, it is not realistic to plan that the mayor and council will be able to find funds to expand spending on this priority and incremental, new Information Technology projects would need to be placed on hold
 - Scenario #3-where the mayor and council find necessary revenues to replace revenue lost in Scenario #2, the mayor and council are encouraged to move spending allocations toward this priority as described in Scenario #1 above

- Scenario #4-where lost revenues in Scenario #2 are replaced and due to expanding economic conditions and growing economic footprints within the city, additional new revenues are available. This provides the mayor and council opportunities to consider both re-allocation of spending toward this priority as described under Scenario #1 as well as use incremental new revenue to increase funding of new IT operations and capital project spending.

XI. Other Key Requests to the Task Force

A. Public Input

- There is a potential need to capture additional public comment to fully comply with the initial directive from the mayor and city council for public input
 - Due to the requirements for the FSTF to fully understand the Budget and operations of the city and develop the long-term Priorities discussed in the previous section of this report, there has not been an opportunity to have a specific meeting with wide, public participation and input.
 - The Chair of the FSTF has met with Communications Director Michelle Wilmot and developed a plan to include the following items for communication.
 - Immediately after May 3, 2016 workshop presentation to mayor and council
 - Utilize website
 - Utilize social media
 - Utilize community neighborhood groups
 - Based upon input gained from public response, the FSTF would include the input in the final FSTF report.

B. Analysis of the Cost of Living in Kent

- The KFTSF was able to capture a limited amount of data on comparable cost of living in Kent, Auburn and Renton. The data collected, presented in summary format in the tables below is limited primarily to real property taxes and utilities data.

Analysis and comparison of Real Property Taxes

2016 Property Taxes based on a home value of \$266,000.

City	Levy Amount	Tax Base
Kent, Washington	\$ 12.97	\$ 3,450.00
Auburn, Washington	\$ 14.64	\$ 3,894.00
Renton, Washington	\$ 13.49	\$ 3,591.00

Analysis of Real Property Tax data

In the table above the data demonstrates the real property tax per \$1,000 for residents in Kent, Washington is lower than in Auburn (-\$1.67 per \$1,000) and in Renton (-\$0.52 per \$1,000)

This comparison suggests that there is potential look at the property tax rate assessment as an opportunity for generating new revenue in the City of Kent.

Analysis and Comparison of Utility Rates

Utility	Kent	Auburn	Renton
Storm Water	12.22	19.73	13.73
Water	22.26	15.57	34.89
Fireline	13.33	NA	6.27
Sewer	61.46	66.32	70.26
Tech Fee	1.00	NA	NA
Solid Waste	10.47	13.99	13.68

Notes to accompany the Utility Rate table

Kent: 1" pipe and \$4.18 per 1,000 cubic feet

Auburn: 1" pipe and \$3.44 per 1,000 cubic feet

Renton: 1" pipe and \$3.41 per 1,000 cubic feet

- Analysis Utility Rate data

Data in the comparison of Utility Rates indicates that residential rates in the City of Kent are lower in three areas compared to Auburn and Renton. Kent's storm water rate is less than Auburn (-\$7.51) and Renton (-\$1.51). Sewer rate in Kent is favorable to Auburn (-\$4.76) and Renton (-8.80). Solid Waste in Kent is lower than Auburn by (-\$3.52) and Renton (-\$3.41). The only category where Kent exceeds either of the neighboring cities is water where Kent is higher than Auburn but considerably less than Renton.

This information suggests that there is potential room for the City of Kent to raise rates for revenue generation and not exceed rates in neighboring cities.

The FSTF acknowledges that it has not delivered an in-depth analysis of the Cost of Living in Kent in this report. The FSTF had numerous discussions about this topic but allocated the majority of its time to developing the above priorities.

An option would be to extend the period of time for the FSTF to meet and address this report gap. An alternative approach would be to call for a separate and new task force of citizens to specifically address this issue.

C. Analysis of the Cost of doing business in the City of Kent

The FSFT acknowledges that it has not delivered a significant analysis of the cost of doing business in Kent. Limited data shown in the chart below, was developed by a FSTF member, there is potentially more work that could be completed. Additional work would take a significant amount of time and require resources very familiar with detailed accounting work.

An option would be to extend the period of time for the FSTF to meet and address this report gap. An alternative approach would be to call for a separate and new task force of citizens to specifically address this issue.

Analysis of the Cost of Doing Business in Kent

City (2016 Budget)	Kent	Renton	Auburn	Federal Way
Population	123,000	98,000	76,000	91,000
Total Expenditures	\$182M	\$240M	\$175M	\$106M
Total Expenditures Per Capita	\$1,480	\$2,450	\$2,300	\$1,160
Taxes Collected				
Property	\$22.2M	\$36.3M	\$17.1M	\$10.6M
Sales	\$30.1M	\$28.3M	\$15.5M	\$14.6M
Utility	\$23.1M	\$16.7M	\$13.3M	\$12.7M
B&O	\$5.4M	\$5.0M		
Other	\$5.3M	\$5.6M	\$7.0M	\$3.5M
Total Taxes	\$86.1M	\$91.9M	\$52.9M	\$41.4M
Taxes Per Capita	\$700	\$940	\$700	\$450
Department FTE's				
Total FTE's	668	688	416	323
Total FTE's w/o Fire**		527		
FTE's per 1000	5.4	5.4**	5.5	3.5

- Note; Renton and Auburn include 1 FTE for each of 7 council member
 - Renton is voting to move to RFA for fire
 - See full Table of Data in Appendix C
- What does this data mean for the City of Kent budget process?
 - The City of Kent is spending fewer dollars per capita than area cities with the exception of Federal Way by \$820 per capita or more.
 - At the same time taxes per capita are comparable with Auburn while Kent collects \$240 or 34.3% less than Renton. Kent does collect almost twice the tax revenue as Federal Way. In most categories Federal Way seems to be an outlier. The FSTF does not have an explanation for the difference when comparing Kent to Federal Way at this time.
 - The current actual B & O Taxes being collected in the City of Kent are higher than shown.

XII. Revenue Options for the City of Kent

Over the course of several meetings, the FSTF attempted to evaluate options to increase revenues in the City of Kent that would improve financial sustainability. A total of seventeen items were considered. A number of items on the list are set by other governmental bodies and Kent does not have options to increase the amounts. Sales tax and gasoline tax would be two examples. The complete list is shown in Appendix D.

A number of revenue options were considered significant and flexible opportunities for the mayor and council to consider in its budget planning. Included in this list are the following:

- Banked property tax: The FSTF recommends to the mayor and council that the banked property tax will need to be utilized in the future particularly when the Panther Lake sales tax credit declines in 2020 and 2021. Earlier utilization may be required before 2020 if the State of Washington's credit for the streamlined Sales Tax is significantly changed. While the total banked property tax is approximately \$6,000,000 there are considerations that limit the actual budget availability to \$3,500,000 to \$4,000,000. Currently the City of Kent is using a property tax rate of \$1.51 per \$1,000 assessed value. If a portion of the banked property tax were utilized, then the rate would change to approximately \$1.80 per \$1,000 assessed value. The maximum allowable rate for Kent is \$2.32 per \$1,000. However there are a number of potential restrictions that would limit the City from going all the way to the \$2.32 rate, including potential regional fire district contingency.

The FSTF realizes that while there are many considerations in play with increasing property taxes, the banked property tax is the most significant known revenue option.

- Auto Tabs: The FSTF discussed the potential of a car tab fee being implemented and recommends that the mayor and council consider implementing an automobile license

tab fee. An auto tab fee of \$20.00 has the potential to raise approximately \$1,600,000. It is the understanding that additional \$20.00 increments would generate additional increments of \$1,600,000 each but would be subject to voter approval.

Further it is the understanding of the FSTF that this revenue would be restricted to transportation related spending. However, some general fund spending in the Public Works Department could potentially be held in the General Fund through supplanting General Fund monies with the car tab fees. The FSTF however discussed the impact of citizen reaction if funds were supplanted and would currently recommend that the mayor and council not supplant current General Fund allocations with any portion of funds raised by the auto tab fee.

- **Utility Fees:** A third revenue item the FSTF discussed is the potential to increase residential utility user fees (water, sewer and storm). There is an indication that the City of Kent is utilities that are lower than utility fees being incurred in neighboring cities. While the FSTF thinks there is an opportunity to increase fees, it also is aware that fees should not exceed comparable fees in neighboring cities.

Additionally, the FSTF raised the question, Should the Public Works department be self-funded by commercial and residential user fees? If this could be done, revenues now allocated to Public Works could be freed up for use in the general fund.

The FSTF also discussed a concern that current commercial fees for surface water management in Kent outpace similar fees in neighboring cities. Comparable commercial utility fees should be analyzed carefully prior to any increases in Kent's commercial utility rates.

The FSTF understands that additional fees would increase the amounts subject to the City's internal utility tax that would make additional funds available internally.

- There is also a potential to increase the Utility Tax levied on services like cable TV services. The FSTF did not have adequate time to identify all of the potential services or estimate the total potential revenue of increased Utility Taxes.
- **Parks and Recreation Fees:** Increase recreation fees: The FSTF does not have specific information comparing Parks and Recreation program fees in Kent compared to neighboring cities.
 - The FSTF thinks it is important to make sure that fees are at competitive levels. At the same time, the FSTF recognizes that the Parks and Recreation Department serves a diverse group of populations in Kent and is concerned that any significant fee increases could result in overall decline in revenues as some populations would be eliminated from participation.

- Business Licenses and Permits: The FSTF encourages the City to carefully review these fees and ensure that fees are comparable to fees in comparative cities. At the same time the City needs to ensure that there is appropriate efficiency in the Business License application process:
- Marijuana businesses: The FSTF had specific discussion of potential to license Marijuana businesses in Kent: The FSTF recommends that the mayor and council look at licensing production, wholesale and retail marijuana operations in the City of Kent. The potential to generate new, incremental, business and occupation taxes, sales taxes and share in the allocation of state marijuana taxes could be the a new source of revenue for the city.

The FSTF recognizes that public safety concerns about marijuana trade were justified. It would be appropriate for the City to move forward carefully with this business segment. Opportunity to gather public input would be very important before adopting licensing requirements.

The FSTF at its last meeting also discussed two additional potential revenue items: 1) Increase the current rate of Business and Occupation Tax and 2) investigate the potential of licensing gambling businesses to operate in the City of Kent. Both of these options would add to the mayor and council's flexibility in increasing revenue particularly in light of the pending impact of the loss of the Panther Lake Sales Tax Credit and the Streamlined Sales Tax credit reduction.

It is important to acknowledge that revenue growth is a critical part of financial sustainability. The FSTF has fallen short in its effort to address this portion of defining full financial sustainability for the City of Kent. The FSTF would be willing to spend additional time on specific revenue growth or encourage the mayor and council to appoint a second citizens group to investigate revenue growth in further detail.

XIII. Cost Saving Options for the City of Kent

The FSTF scheduled limited time to discuss cost saving options for the City. Cost savings discussions are serious in nature and generally involve changes in personnel. Salaries and Benefits comprise 65% of the General Fund Budget and 58% of the total City Budget. The FSTF did not have adequate meeting time to seriously evaluate the department operations and find cost cutting opportunities. Cost cutting or reductions in services delivered by the City of Kent would certainly be a key area for the FSTF to consider in additional work and or be evaluated by a separate citizen advisory committee.

Further, following the extensive department presentations, many FSTF members were impressed with the apparent efficiency in operations that were outlined in the presentation.

XIV. Summary Statement

The City of Kent Financial Sustainability Task Force was installed in July 2015 and charged with evaluating the financial sustainability of the City of Kent. The task force was updated on both the structure and workings of the budget and also the structure and services delivered by the various city departments.

The FSTF has delivered five priority statement recommendations to the mayor and city council to be utilized as 2017-2018 budget discussions take place. The priority statements include statements regarding

- Police staffing
- Arterial, road and street maintenance
- Economic Development
- Water, sewer and surface water maintenance and management
- Information Technology Planning

These five priorities were evaluated in light of four potential budget scenarios

- Scenario #1-Status quo revenue and expense budget
- Scenario #2-Full loss of Panther Lake sales tax credit and loss of credit for Streamlined Sales Tax
- Scenario #3-City is able to find replacement income for loss of Panther Lake sales tax credit and loss of credit for Streamlined Sales Tax
- Scenario #4-City is able to find replacement income for loss of Panther Lake sales tax credit and loss of credit for Streamlined Sales Tax and additional new revenue is generated

The FSTF also examined a variety of revenue opportunities. A number of potential revenue opportunities were found and presented in this report to the mayor and council. The revenue opportunities include

- Banked property tax potential
- Implementing an auto licensing tab fee
- Residential and commercial utility fees
- Increases in recreational program user fees
- Licensing grower, wholesale and retail marijuana operations

Limited time was given to evaluating the cost of living in Kent and the cost of doing business in Kent. The FSTF recognizes that these are important considerations and that additional citizen participation in evaluating these topics would be beneficial to the city.

The final charge of the FSFT was to examine the opportunity to evaluate and recommend cuts in the services provided by City of Kent. The task force effectively ran out of time to give adequate consideration to this topic. It is a serious and sensitive area that needs significant study before recommending serious changes. A number of FSTF members are very impressed with the efficiency outlined by department directors during the course of our work.

The FSTF was fairly silent on two of the City's Strategic plan goals to Create Neighborhood Urban Centers and to Foster Inclusiveness. However our priority on Economic Development does allow for increased budget amounts for that department which does allow for progress on the objectives listed under Create Neighborhood Urban Centers.

XV. Conclusions of the Task Force

The FSTF concludes that the mayor and city council were very forward-thinking in initiating the Financial Sustainability Task Force. The future reduction in sales tax credit for the Panther Lake area and the potential reduction in the Streamlined Sales Tax Mitigation are two significant budget impacts.

The FSTF offers five priorities to the mayor and city council as work begins for the 2017-2018 budget cycle. The five priorities include focus on 1) Police Staffing; 2) Arterial, road and street maintenance; 3) Economic Development; 4) Water, sewer and surface water maintenance and 5) Information Technology Infrastructure.

These five priority statements represent guiding principles in the budget structure that will make the City of Kent sustainable and an attractive community for current and future residents and businesses.

Additionally, the FSTF concludes that the City of Kent has incremental revenue opportunities in a number of areas. Increased revenue opportunities exist including 1) auto license tab fee; 2) Banked property tax; 3) Residential and commercial utility fee increases; 4) increases in recreational program user fees; 5) Licensing grower, wholesale and retail marijuana operations.

Adoption of all or a combination of the incremental revenue sources will address current and future budget challenges, especially the revenue impacts of the Panther Lake sales tax credit and uncertainty surrounding the continued amount of the Streamlined Sales Tax Mitigation monies.

The FSTF was also charged with the tasks of evaluating 1) The Cost of Living in Kent; 2) The cost of doing business in Kent; 3) The opportunity to examine the level or types of services delivered by the City of Kent. The FSTF falls short in completing these three tasks due to the limit of time, the sensitivity of the topic of cost cutting and access to the level of data needed to make accurate conclusions. However, the FSTF recognizes the importance of these tasks and concludes that the City utilize the task force or other citizen group to address these three areas in greater detail.

Finally, members of the FSTF found the challenge to be of great interest and put forth a significant effort to deliver the best possible results to the mayor and city council. The members express their gratitude to the mayor and city council for the opportunity to participate at this level in the sustainability of the City of Kent.

XVI. Appendix A

Minority Opinion Section

Support for Funding of the Parks and Recreation Department

At least one member of the FSTF requested that a minority opinion statement be included concerning the City of Kent Parks and Recreation Department. The City's many parks have been jewels within the city for many years. As noted by Jeff Watling in his presentation, many of the city's parks were originated in the 1960s and 1970 with a distinct suburban influence. The Parks Department now sees a serious need to re-vision the parks in a new urban design.

In a recent PBS show featuring 10 influential parks in the United States, a point was made that parks initially were a gathering place in a city where diverse groups of people came together to enjoy open space and consequently had opportunities to meet people different than themselves. This concept fits perfectly for the City of Kent, home of diverse population of people. What greater opportunity for the citizens of Kent than great parks to facility meetings of many populations.

Initially five priorities were identified in the initial work on department priorities. However, in subsequent voting, Focus on Urban Parks Design scored 6 in Round One and moved on the Round 2 but only received 2 votes in round 2 and fell out of consideration. None of the other Parks related priorities scored high enough in round 1. Below is a list of the Park's Priorities

- Focus on Urban Parks concept: Quality of Parks along with selling surplus or unneeded parks to better utilize funds
- Explore expansion and partnership with regional parks and Kent School district for city recreation programs and facility use. (Metropolitan Parks District idea)
- City should spearhead program to reduce homelessness through collaborative efforts with private and community groups with data driven and outcome based efforts
- Promote park use and upkeep through focus on grants, advertising, donations and sponsorships
- Optimize cost recovery of recreation programs and park facilities through utilization and participation

The third and fifth priorities within the City of Kent Strategic Plan create connections for people and places and beautify Kent. Without any priorities from the FSTF supporting the City of Kent Parks or neighborhood community gathering opportunities, there will be a gap between the existing Strategic Plan and the future budget priorities if budget is shifted toward the five priorities advanced by the FSTF

Given the current budget concerns, the FSTF did not advance Park Priorities. However, should economic conditions improve dramatically there is interest in solving the back log of maintenance that has been identified by the Park's Department.

XVII. Appendix B

Full List of Potential Recommendations Identified by the FSTF

**City of Kent
Financial Sustainability Task Force Initial Priority Schedule**

Department		Priority Description	Round 1 Score	Round 2 Score
14	Public Works	Increase street, road and arterial maintenance	8	11
15	Public Works	Increase maintenance of water, sewer and drainage systems	8	9
26	Information Technology	Prioritize the upgrade and/or replacement of out of date application software and related hardware where the City of Kent could realize greatest benefit. (Significant benefit can be realized through the use of more efficient and up-to-date technologies.)	11	9
9	Police	Increase police staffing and reduce mandatory overtime	14	8
30	Economic Development	Grow the City's tax base through strong support for Economic Development and Community Development activities within the City of Kent	8	7
35	Miscellaneous	Increase fees to support improved cost recovery across all user fees up to 100% recovery or levels commiserate with of local cities	5	5
38	Miscellaneous	Focus on cross-regional Transportation improvements; parking, light rail & Sounder	7	5
4	Parks & Recreation	Focus on Urban Parks concept: Quality of Parks along with selling surplus or underutilized parks to better utilize funds	6	2
18	Public Works	Plan for improvement to downtown railroad crossings, grade specific, and improved quiet zones	4	2
33	Economic Development	Focuses on increasing office space in the downtown core by encouraging developers and investors. Downtown Kent is centrally located and this will increase foot traffic during the daytime.	6	2
16	Public Works	Us B & O Taxes for street maintenance and do not re-direct and expand B & O for additional revenue	4	1
24	Finance and HR	Explore collaboration with Kent School District, Regional Fire Department and Chamber of Commerce regarding potential to align vendor purchasing and benefits management to reduce operating costs	4	1

Appendix B continued

City of Kent
Financial Sustainability Task Force Initial Priority Schedule

Department			Priority Description	Round 1	Round 2
				Score	Score
25	Finance and HR		Review B & O Tax agreement and clear the air on original intent and agreed upon use in original discussions with the Chamber of Commerce	6	1
1	Mayor/Clerk Court		Improve City of Kent website to increase friendliness and ease of use (improve citizen capabilities to interact and provide feedback	3	0
2	Mayor/Clerk Court		Jail Officer, add one FTE	1	0
3	Mayor/Clerk Court		Increase fines and punishments	3	0
5	Parks & Recreation		Explore expansion and partnership with regional parks and Kent School district for city recreation programs and facility use. (Metropolitan Parks District idea)	2	0
6	Parks & Recreation		City should spearhead program to reduce homelessness through collaborative efforts with private and community groups with data driven and outcome based efforts	1	0
7	Parks & Recreation		Promote park use and upkeep through focus on grants, advertising, donations and sponsorships	2	0
8	Parks & Recreation		Optimize cost recovery of recreation programs and park facilities through utilization and participation	0	0
10	Police		Increase police presence at schools	1	0
11	Police		Upgrade and increase utilization and efficiency of technology and record management	0	0
12	Police		Prioritize consolidation of police department facilities	1	0
13	Police		Employ high quality, best in class training of officers	2	0
17	Public Works		Explore feasibility of regional fleet maintenance facility and operation	3	0
19	Public Works		Continue to enhance fiber optic systems for traffic light Coordination	4	0
20	Finance and HR		Provide good wages and benefits for city employees to attract a high quality city staff that feels empowered to contribute to all city goals	0	0
21	Finance and HR		Maintain high quality, internal support organizations that all the City to function efficiently, be transparent, deal with other public entities and comply with existing public laws	1	0

Appendix B continued

City of Kent
Financial Sustainability Task Force Initial Priority Schedule

Department			Priority Description	Round 1	Round 2
				Score	Score
22	Finance and HR		Customer Services and Accounts payable functions should received investment to get up to citizen/state of the art standards for speed and technology	0	0
23	Finance and HR		Update Information Technology to cloud based systems to provide greater access across the City and reduce hardware and IT costs	1	0
28	Information Technology		Explore the possible beneficial and efficiency of cloud based systems	1	0
29	Information Technology		Create new website that is friendly for Kent citizens to obtain all information from home or remotely	0	0
31	Economic Development		A) Promote a competitive business environment to achieve business growth in the City of Kent. B) Manage residential and commercial growth to provide high quality living experiences including preservation of historical buildings and green space	3	0
32	Economic Development		Showare; The City should focus on changes to make this venue self-sustaining and capable of paying off existing debt.	2	0
34	City Attorney		Focus on additional prosecution of illegal activities in the City of Kent	0	0
36	Miscellaneous		Introduce process fee for Public Works vegetation management that impacts pedestrian and vehicular traffic	0	0
37	Miscellaneous		Property Tax levy lid lift	2	0
39	Miscellaneous		Continue to partner with Kent Chamber of Commerce	0	0

XVIII. Appendix C

City (2016 Budget) Comparisons	Kent	Renton	Auburn	Federal Way
Population	123,000	98,000	76,000	91,000
Total Expenditures	\$182M	\$240M	\$175M	\$106M
Total Expenditures Per Capita	\$1,480	\$2,450	\$2,300	\$1,160
Taxes Collected				
Property	\$22.2M	\$36.3M	\$17.1M	\$10.6M
Sales	\$30.1M	\$28.3M	\$15.5M	\$14.6M
Utility	\$23.1M	\$16.7M	\$13.3M	\$12.7M
B&O	\$5.4M	\$5.0M		
Other	\$5.3M	\$5.6M	\$7.0M	\$3.5M
Total Taxes	\$86.1M	\$91.9M	\$52.9M	\$41.4M
Taxes Per Capita	\$700	\$940	\$700	\$450
Department FTE's				
Police	202	150	129	160
Public Works	179	141	130	44
Parks & Recreation	120	91	55	35
Economic & Comm. Dev.	41	48	26	27
Finance	35	20	23	8
IT	31	17	20	7
Municipal court	20	13		13
Law	16	13	14	12
Human Recourses	13	11	8	6
City Council, Mayor, Admin *	11	23	11	11
Fire		161		
Total FTE's	668	688	416	323
Total FTE's w/o Fire**		527		
FTE's per 1000	5.4	7.0, 5.4**	5.5	3.5
* Note: Renton & Auburn counts a full FTE for each of 7 council members				
** Note: Renton is voting to go to RFA for Fire				
*** Cities are not organized exactly by Kent organization, sub departments				
in other cities were moved in order to line up the same				

XIX. Appendix D

City of Kent
Financial Sustainability Task Force

Schedule of Revenue Options

- 1 B & O Tax
- 2 Property Tax Banked Capacity
- 3 Sales Tax
- 4 Hotel Taxes
- 5 Administration Taxes
- 6 Gasoline Tax
- 7 Utility Taxes
- 8 Marijuana Sales Tax
- 9 Fee Recovery
- 10 Local Improvement Districts
- 11 Provide Services for fees
- 12 Franchise Fees
- 13 Advertising at Parks, Playgrounds, etc
- 14 Consolidated Services
- 15 Metropolitan Park District
- 16 Land Sales
- 17 Economic Creation

XX. Appendix E

Members of the 2015-1016 City of Kent Financial Sustainability Task Force

Atama Anand

I moved to Kent almost 10 years ago for better schools for my children. We are really enjoying our time here in Kent and the different opportunities Kent has to provide.

I am a firm believer in giving back to the community and taking active role in the community as well and that is why I signed up to be a Financial Sustainable Task Force member. This has been a great opportunity since I am a finance professional specializing in budgeting and long range planning.

Lisa Bartholomew

A Kent area resident since 1976, I am currently living in Panther Lake area. I have been a Kent business owner for 35 yrs with husband (Tom) (Action Courier Services, Inc.). We expanded and have operated a Portland branch office for last 5 years also. Graduated in 1968 from Hillsdale High School, San Mateo, CA. Married in 1969 (47 yrs) two kids, five grand kids. I am a self educated person. I am always looking for ways to improve and learn in everything I do.

I signed up for this Task Force to learn about city government. I was originally rejected because, I wrote that I had seen a decline in the city over the last five years. When I contacted Mayor Cooke she very graciously met with me and allowed me to take a place on the Task Force. For that I am very grateful. It has been one of the most educational experiences of my life. The other members I have met are very seriously trying to make this city better for all of us. I personally feel that infrastructure is the most important thing this city needs to do. I urge all residents to make an effort to get involved and voice your opinions. Kent is very fragile now, I feel it could go either way and we have to make it better.

Delores Christianson

I was born and raised in the Seattle area, graduated from Renton High School in 1955 and married in 1956. My husband and I started our utility business in 1958 and as a result of a ditch cave he passed away in 1970. With a ton of bills and four kids I decided I better keep working. With a great crew and a partner I later married, it took us 3 years to get everything paid off and we grew into a medium sized underground utility company.

We did the underground utilities for the Seattle Center International Fountain, The Seafirst Bank Building (the box the Space needle came in), and the original Kingdome. Then we spent 5 years on the Trident Navy Base. One of our last projects was the underground utility for the Emerald Downs racetrack. We built our home on the east hill of Kent in 1983.

After being in business for 42 years we knew it was getting time to retire. In our preparation for retirement we built a small mobile home park in Auburn, our Mini Storage and NAPA store on Central Avenue in Kent, and on our old construction site in Renton we built a RV & Boat Storage Facility. Having these businesses in 3 cities gave me the insight how different each city is managed and how they treat their business community. With my husband passing away in 2012, our blended family of 8 kids, 11 grandkids and 5 great grandkids, and overseeing the businesses I am kept busy and I am happy that way.

Jerry Coupe

A resident of Kent since 1999, I have been very pleased to be interviewed and selected to the FSTF. I am a frequent user of multiple city parks and avid user of the Green River and Interurban Bike Trail.

My work career included 10 years in the grocery food industry as an accountant and assistant controller. I then moved to Wilbur-Ellis Company in 1985 and spent 16 years as assistant controller and controller at the major agricultural products distribution firm. In 2002 I moved into the area of Information Technology and managed the implementation of a corporate-wide, international software system. The final two years of my career, I managed a special project introducing precision gps tools and software applications to the field operations teams.

My wife, Gerry and I are very pleased to be residents of Kent. Our daughter and son-in-law also followed us to Kent and shortly we will have had three grandchildren graduate from Kent-Meridian High School.

My academic background includes Bachelor of Business degree (1971) and Masters of Business Administration degree (1974) from the University of Utah. I also earned a CPA certificate, but have not practiced public accounting.

Parwinder Dhanda

Parwinder Dhanda has resided in Kent since 2002. He graduated with a M.A in Economics from Punjab University in 1988. Since then, he has managed many small business ventures around the greater Seattle area. This has allowed him to gain experience in a number of different industries, including the hotel industry, retail gasoline industry and construction. He currently spends the majority of his time as a hotel manager and a licensed real estate broker. Over the years, he has served in many different committees related to the local Indo-American community. His son, Neil, graduated from Kent Meridian High School in 2012. His daughter, Harleen, is currently attending Kent Wood High School.

Alan Gray

Alan moved to the West Hill of Kent in 1985 with wife, Barbara, daughter Rachel and son Jonathan. He has been a Certified Public Accountant since September 1983. After working 4 years in a large local CPA firm on Lake Union, he worked for two different CPA firms in the Kent area for about six years.

In 1993 he started his own firm, working out of his home on the West Hill of Kent. Later in January 1997 he moved to his present location on Railroad Ave in Downtown Kent. When he has time and with good weather he likes to ride his motorcycle.

He likes to attend Shakespeare plays, vacation in Hawaii and Las Vegas. He likes to travel to see their daughter, her husband and two grandsons where ever they may be stationed (Japan, Hawaii, Korea, Virginia, and California) courtesy of the US Navy. He helps to take care of his 96 year old mother (who lives in an Adult Family Home in SeaTac, WA) and her finances. He has served on the City of Kent Land Use and Planning Board, three different terms. He also participates on the Green River Accounting & Business Technologies and Administrative Careers (BTAC) Advisory Committee.

Ross Hardy

Ross Hardy is a Kent resident since 2012 living in the Panther Lake area and working as a Treasury Manager at the Starbucks Headquarters in Seattle.

Even though Ross grew up Oklahoma, he now calls the Puget Sound home. The area has inspired him to become active in the local coffee culture and has renewed his passion for preserving and protecting Native American, Alaska Native and Native Hawaiian culture.

Ross joined the Financial Sustainability Task Force to extend his support of community development for the next 10-20 years in Kent. He is active in the local Kent community supporting his young children through the Kent School District Inclusive Education team, Girls Scouts of Western Washington, as a licensed Foster Parent and through intercultural student programs with AFS.

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Andrew Hough

Andy Hough is a lifetime Washington resident. Born and raised in North Seattle, he moved to Kent in 2008 with his wife and two daughters and purchased his first home. Andy has worked in

the IT field in various System Administrator/Engineer positions for 14 years, most recently for EMC Corp. In his free time Andy enjoys floating in the local lakes in his 1960's era boat and visiting his family's vacation property in South Puget Sound. You can also often find him in the garage, under the hood of a vintage car. He is an active volunteer at both his daughters' schools in the Kent School District, often attending field trips and other class activities.

Michael Johnson

Mr. Johnson was born in Seattle in 1942, grew up from the 3rd grade on Mercer Island, has been a Kent resident since the middle 70's, and currently lives in the Mill Creek Neighborhood. He is the Treasurer for the Mill Creek Neighborhood and has been a past President of the Neighborhood. He is also currently chairing a Committee to develop Design Guidelines for the Mill Creek Historic District and was very active in helping the Neighborhood apply to have 60 properties in the Neighborhood become a Historic District, which occurred in 2014. Mr. Johnson also has been the principal researcher for the three Neighborhood Plaque projects (beginning in 2009), which with the help of Matching Grants from the City, has mounted 97 plaques in the Neighborhood, noting their build date and original owner.

Mr. Johnson retired from The Boeing Company in 2004 after 38 years of service. All of his employment time was spent in the Defense side of the Company, starting out in Guidance & Navigation Engineering. He rose through the Engineering Management ranks in the Defense and Space Group, beginning in 1979, and spent a majority of his career on Air Launched Cruise Missile Programs. In 1986 he was promoted into Executive Management of the Company. He retired as Manager of a Modeling and Simulation organization in Phantom Works.

Mr. Johnson received a Bachelor of Science Degree in Physics from the University of Washington in 1964 and a Master of Science Degree in Physics from UCLA in 1966. He then joined the Boeing Company in 1966.

Mr. Johnson is married to Sharon Bersaas, also very active in the Neighborhood and also the Greater Kent Historical Society. He has 3 children from previous marriages and 4 grandchildren. His major enjoyment in retirement is playing golf, of which the highlight has been 6 golfing trips to the UK (Scotland, Ireland, and England).

Lamont Palmer

I was born and raised in a small town in Kirtland, New Mexico. I graduated from New Mexico State University with a B.S. in mathematics and did graduate work in mathematics at Brigham Young University where I met my wife, Sandi. She was from Washington so when Boeing offered me a job, we accepted and moved to Kent in 1969 when I started working for the Boeing Company. I started as a computer programmer and later I was a manager of a computer group that provided computer support to the Financial Services group in BCAG.

I retired from the Boeing Company in 2004. We raised 6 children here in Kent. They all graduated from Kent Meridian High School. All our children are married with children. Our three sons currently work for the Boeing Company here in the Puget Sound area, while 2 of our daughters live in Utah and one lives in North Carolina. We have 23 grandchildren scattered across the United States, so we spend a lot of time traveling to see them. We are members of the Church of Jesus Christ of Latter-day Saints and since retiring we have served 24 months as the Director of the Family History Center in Auburn, 18 months as the managers of the Bishops Storehouse in Kent, and 19 months as missionaries in Singapore Mission Office. My hobbies are Family History, Traveling, and reading.

Rickie Robinson

Rickie Robinson is a native Washingtonian, having been born in Seattle and raised in Eastern Washington, primarily, Pasco.

A graduate of Eastern Washington University and DeVry University, he moved his family to Kent in 1993 where his 3 children graduated from the Kent School District.

Rickie has over 35 years experience in Human Services and, in addition to serving on the Kent Financial Stability Task Force, he is currently is a Senior Manager for family programs at King County Housing Authority.

He's also a board member of the South King Council of Human Services and a founder of the Virgie Robinson Memorial Scholarship Fund.

Lew Sellers

Born and raised in the Grays Harbor area, Lew Sellers and his wife Karen, daughter Tammy and son Bob, moved to Kent from Olympia in the mid-seventies. Both children attended Kent Schools and graduated from Kent Meridian High School. Lew retired from a 44 year career in Government Information Technology in 2006. He serves in a volunteer capacity as Director of Communications for Kent Valley Ice Centre and as President of the Kent Valley Hockey Association since 2006. He is a 39-year veteran Western Hockey League Off-Ice Official with the Seattle Thunderbirds Hockey Club. Lew served as an Off-Ice Official for the Hockey Venue at the 2010 Winter Olympics in Vancouver. Lew also serves as a board member on the City of Kent's Public Facilities District (ShoWare Center), is a member of the Thunderbirds Community Sports Foundation board of directors, serves on the Kent School District Civic Advisory Team and serves as a Citizen Advisor with the Kent Regional Fire Authority. He joined the Kent Community Foundation Board in early 2009, served several terms as Vice President and President, and is currently the organization's Secretary.

Tom Smith

I attended Tahoma High School and then graduated from the University of Washington with a degree in Sociology.

I have been a police officer since October of 1994. I started my career with the Snoqualmie Police Department and after a few years I transferred to the Renton Police Department. I am currently a Detective in the Investigations Division with the Renton Police Department.

I am married with two sons. One is a senior at Kentlake High School and the other is a freshman at Kentwood High School. I became a City of Kent resident when the Panther Lake annexation took effect and almost immediately started seeing the benefits of being a City of Kent resident.

April Sta. Rosa

Having spent most of my life living and working in Kent, I have seen many changes over the last 40 years and I felt it a privilege to be asked to be a part of a group that would help plan for the city's sustainable financial health over the next 10 to 20 years.

I grew up in Kent, attending elementary, junior high and high school in the Kent School District, earned a Bachelor's of Arts from the University of Washington and returned to Kent a few years later to join my family's business, Valley Floor Company, Inc.

Through the years in business, developing a habit of civic engagement has been a priority, both personally and professionally. I currently also serve on the Kent Chamber of Commerce's board of directors and government affairs committee, as well as volunteering with Faith Church's children's and women's ministries.

Mohinder Sohal

Owner of Accurate Accounts and Taxes, Inc.

- Preparation of income tax for business and personal clients
- Successfully started up and is currently running accounting firm with a growing client base annually

Mohinder is the owner and manager of Reliance Investments, Inc. Reliance operates Shell Gas Stations. He is also principal owner of Royal Punjab Management Group, LLC which operates Dairy Queen Restaurants in Lakewood and Bremerton, WA.

From 1980 to 1995 Mohinder was a Systems Analyst with GS Autos International Limited, where he was responsible for implementation and development of computer applications for sales analysis, accounting, production planning and control, shares accounting and payroll systems.

Education

- Accounting diploma from Renton Technical College and multiple certifications for Bookkeeping and Registered Tax Return preparer.
- Bachelors degree from Punjab University, Chandigarh-India

Memberships

- National Association of Certified Public Bookkeepers
- Washington Association of Accountants
- Rotary Club of Kent

Richard Wilkinson

Retired 5 years

Former Residence: 30+ years in Minneapolis having moved from Canada.

Career: Worked 45 years in the computer industry starting in 1966. I continue to try to stay up-to-date with IT technology and I currently support a website for a non-profit organization supporting African orphans.

Personal: My wife Linda and I moved to the Seattle area to be hands-on with our now 6 year old grandson. I also enjoy the outdoor opportunities such as hiking and skiing. Linda and I have a travel van and have done some extensive traveling throughout the NW as well as travelling across the northern states and Canadian provinces.

Citizenry: I try to be an active City resident and attend various City public meetings and participate on City

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