Designed to Endure: Strategies to Navigate Budget Cuts

ANGIE FESER & ROB FREEBORN, CITY OF EDMONDS

Me: this is a hard escape room.
Boss: you're at work.

Overview

- Budget 101
- Edmonds Situation
- Budget Cuts Approach
- Lessons Learned

Budget 101 - Types

<u>Operating</u>

- *Temporary/used up*
- Salaries/benefits
- Materials and Supplies
- Small equipment/tools
- Professional services*
- Intergovernmental Svcs

BARS #	EXPENDITURES	2021 Actual	2022 Actual	2023 Budget	2023 YE Est	2024 Budget
001.000.64.576.80.11.00	Salaries	$ 964,044	$ 1,032,206	$ 1,621,858	$ 1,383,445	$ 1,621,93
001.000.64.576.80.11.11	Seasonal Staff Salaries	$ 16,822	$ 49,027	$ 81,145		$ 71,71
001.000.64.576.80.12.00	Overtime	$ 16,781	$ 28,609	$ 10,000	$ 30,000	$ 10,00
001.000.64.576.80.23.00	Benefits	$ 394,774	$ 411,536	$ 584,798	$ 516,260	$ 613,87
001.000.64.576.80.24.00	Uniforms	$ 3,784	$ 5,893	$ 8,120	$ 8,120	$ 11,20
001.000.64.576.80.31.00	Supplies	$ 124,646	$ 169,061	$ 330,000	$ 330,000	$ 298,90
001.000.64.576.80.35.00	Minor Equipment	$ 792	$ 4,774	$ 81,100	$ 81,100	$ 81,10
001.000.64.576.80.41.00	Professional Services	$ 63,351	$ 41,107	$ 60,700	$ 60,700	$ 60,00
001.000.64.576.80.41.50	Intergovernmental Service (	$ -	$ 12,141	$ 86,200	$ 58,000	$ 58,72
001.000.64.576.80.42.00	Communications	$ 6,242	$ 6,913	$ 6,800	$ 6,800	$ 7,50
001.000.64.576.80.41.40	Advertising			$ 700	$ 700	$ 70
001.000.64.576.80.43.00	Travel	$ -	$ 863	$ 1,500	$ 500	$ 75
001.000.64.576.80.45.00	Rental / Lease	$ 78,309	$ 85,092	$ 85,000	$ 50,000	$ 99,00
001.000.64.576.80.45.10	Interfund Rental	$ 58,600	$ 122,610	$ 188,190	$ 188,190	$ 219,74
001.000.64.576.80.47.00	Public Utility	$ 249,431	$ 302,682	$ 331,000	$ 331,000	$ 331,00
001.000.64.576.80.48.00	Repair / Maintenance	$ 12,514	$ 911	$ 27,700	$ 27,700	$ 27,70
001.000.64.576.80.49.00	Miscellaneous	$ 7,053	$ 5,710	$ 9,900	$ 9,900	$ 7,42
001.000.64.594.76.64.00	Equipment			$ 90,000	$ 90,000	$ -
	TOTAL:	**$ 1,997,144**	**$ 2,294,243**	**$ 3,604,711**	**$ 3,172,415**	**$3,521,26**

Budget 101 - Types

Capital

- Permanent/long term
- One-time expenditure
- Larger amounts
- Professional services*

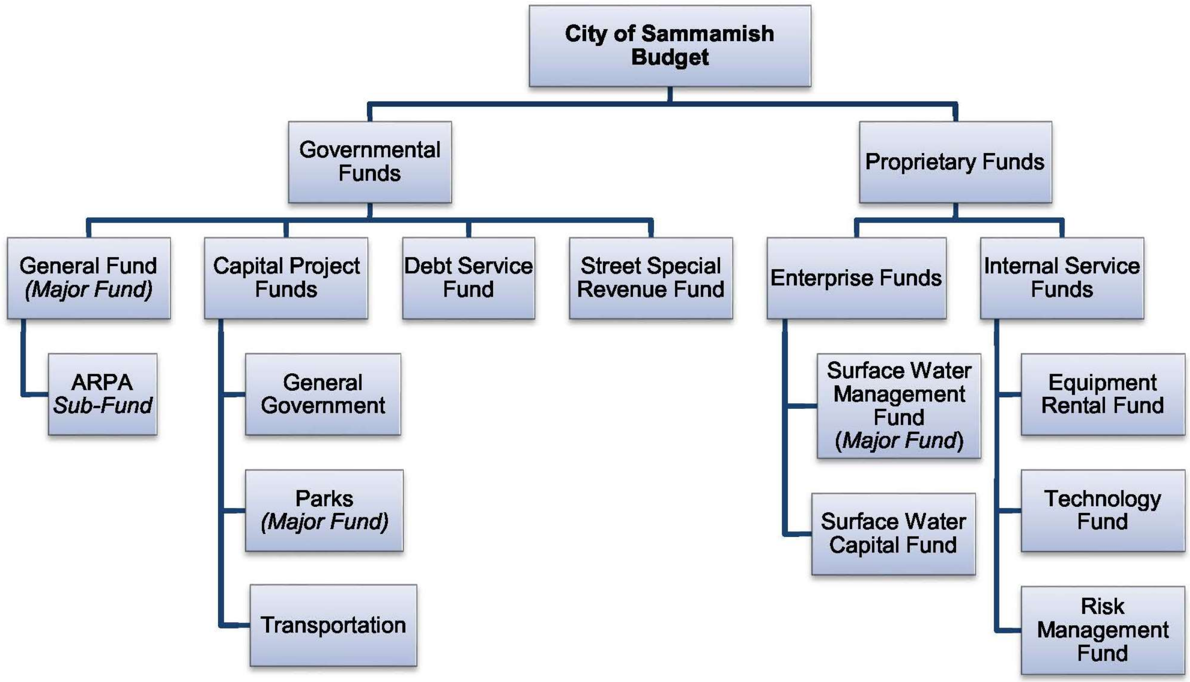
Budget 101 - Funds

Primary

- General Fund
- Capital

Specialty

- Enterprise
- Program
- Special Purpose/Restricted



General Fund

Uses

- Operating
- Capital

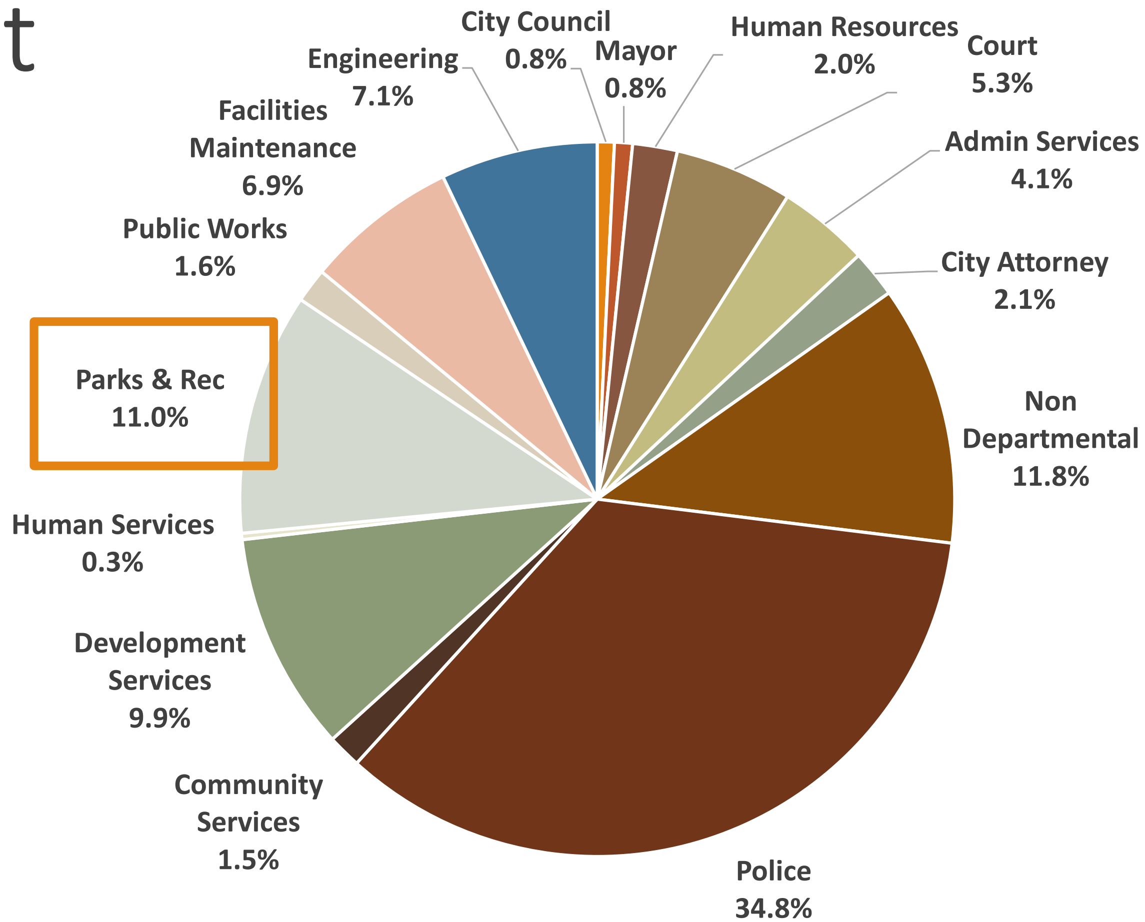
Supports entire organization

Discretionary and competitive

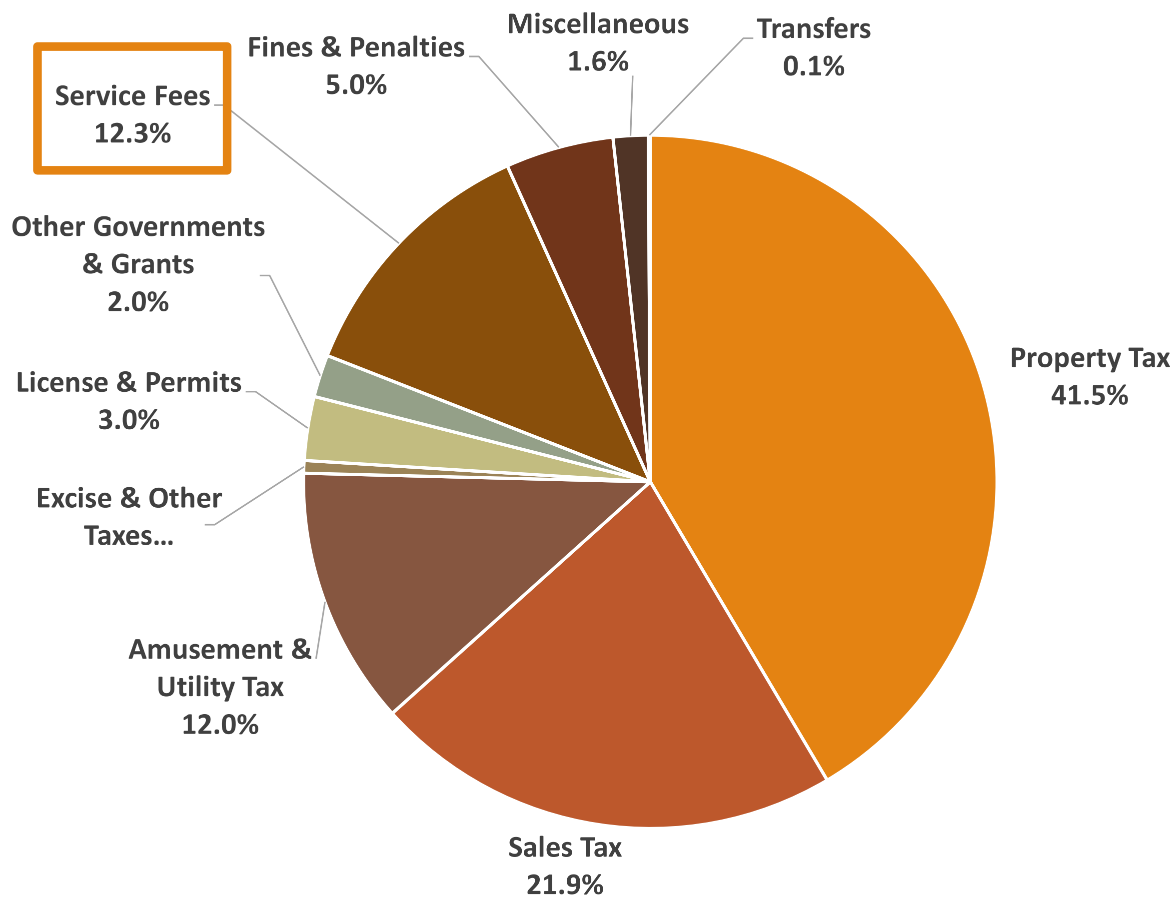
- **Sources (Revenue)**
  - Taxes
  - Levy
  - Program Fees*
  - Concessionaire*
  - Rental Fees*
  - Grants*
  - Donations*
  - Leases*

***** Parks & Recreation Departments can provide revenue through these sources***

2026 General Fund Expenditures by Department



2026 General Fund Revenue Sources



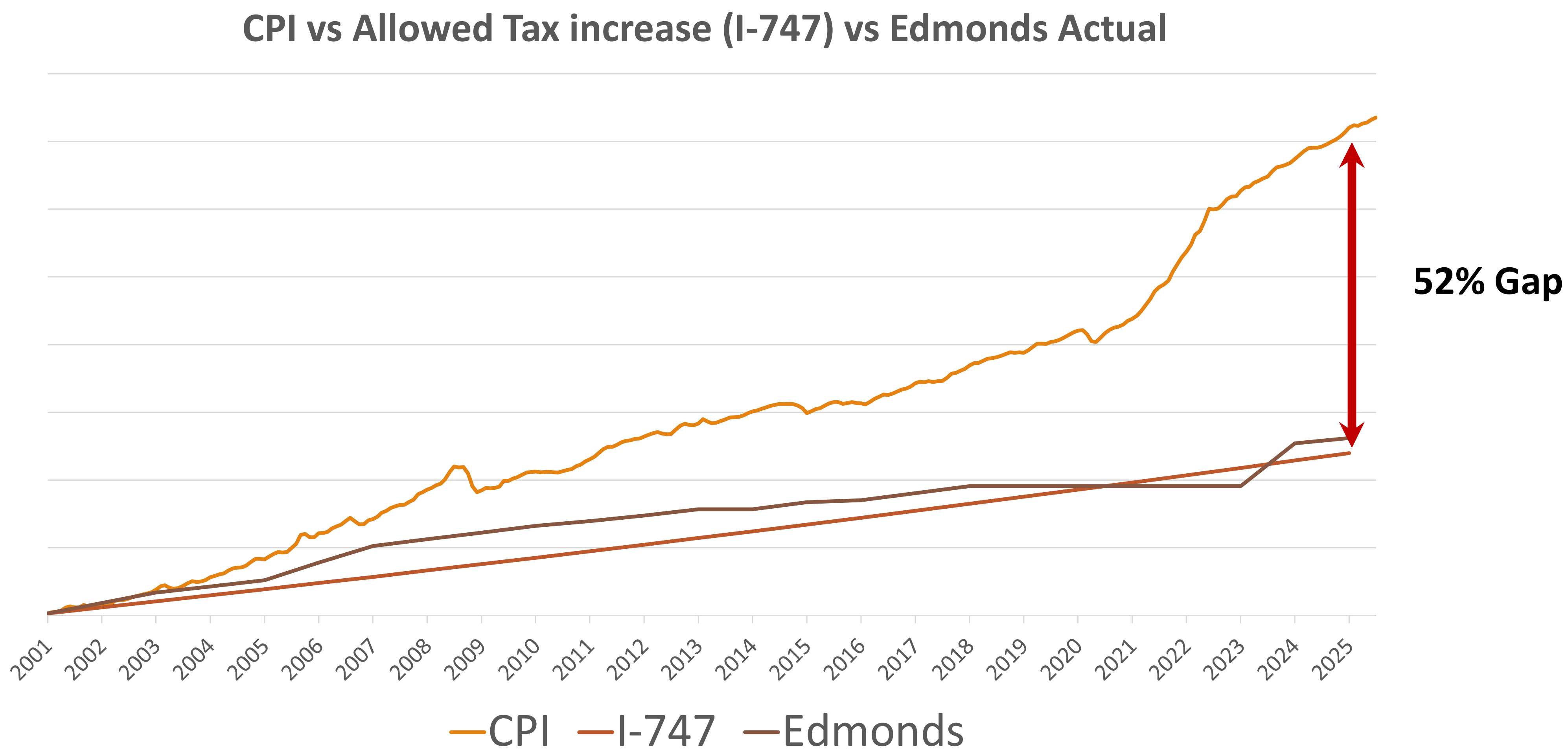
City of Edmonds Situation

Structural budget shortfall =

Ongoing costs
exceed revenues

City of Edmonds Situation

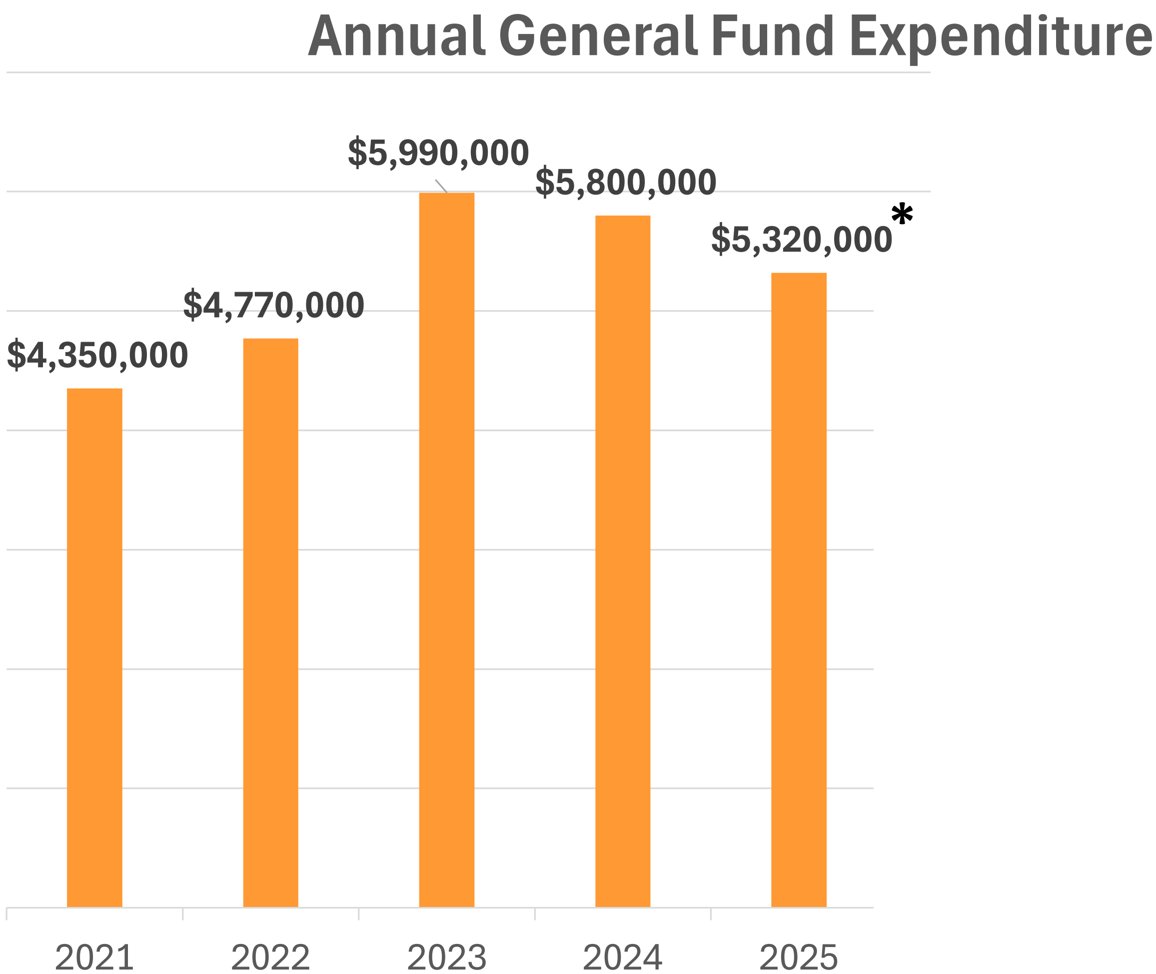
- Heavy property tax reliance vs sales tax
- Lack of diversity of revenue sources
- 1% property tax limit (I-747)
- Edmonds skipped 5 years
- One-time funds CARES? ARPA
- Salary & benefits right sizing
- Part-time employees: full benefits
- New capital = new maintenance costs


CPI vs Allowed Tax increase (I-747) vs Edmonds Actual
52% Gap
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
CPI
I-747
Edmonds

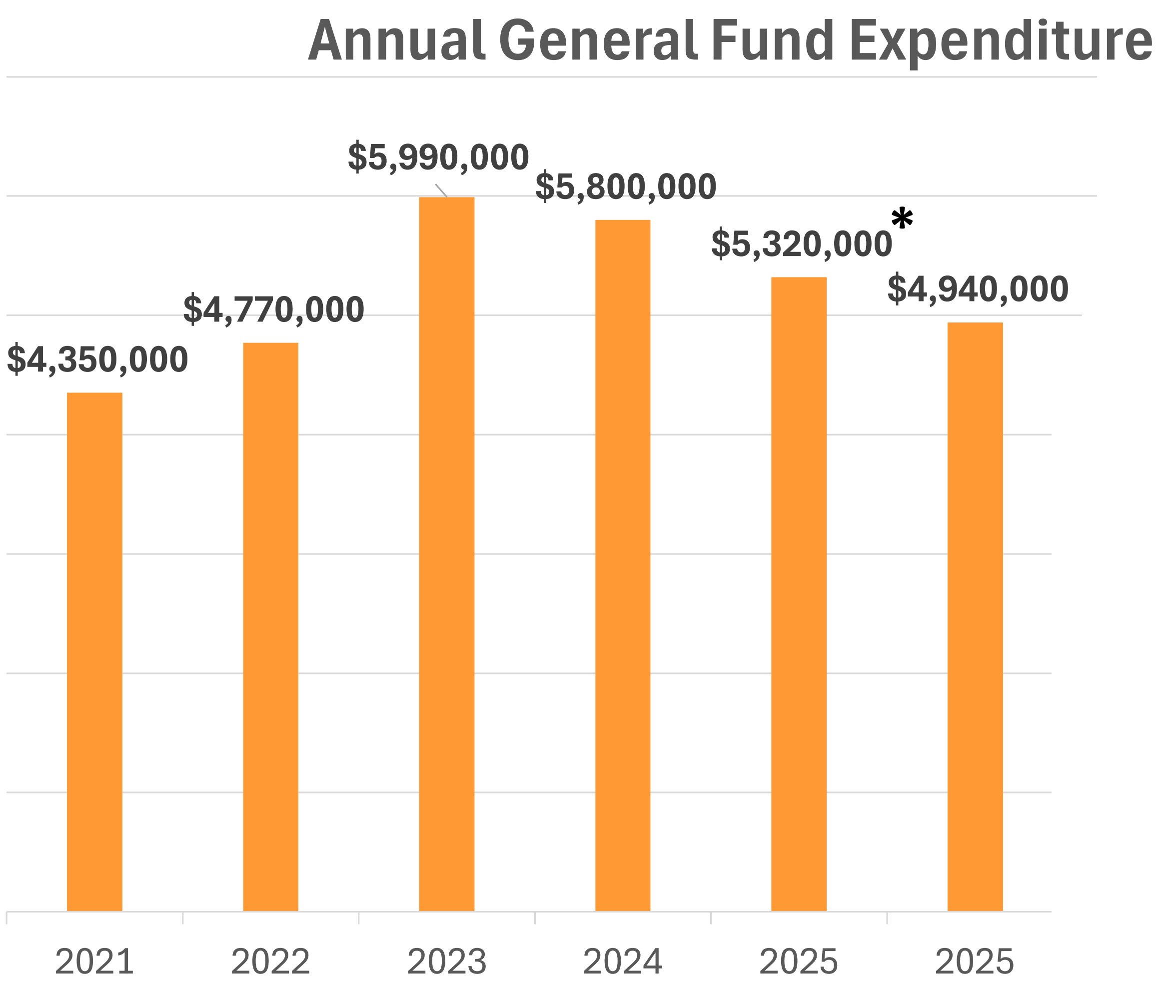
Edmonds Parks, Recreation & Human Services

- 230 acres of Parks and Open Space
- 47 Parks
- 1 mile of Puget Sound Shoreline
- Citywide Beautification and Streetscapes
- Recreation Services
  - Classes, camps, leagues
  - Field & facility rentals
  - Special Events
- Human Services
- Cemetery Services

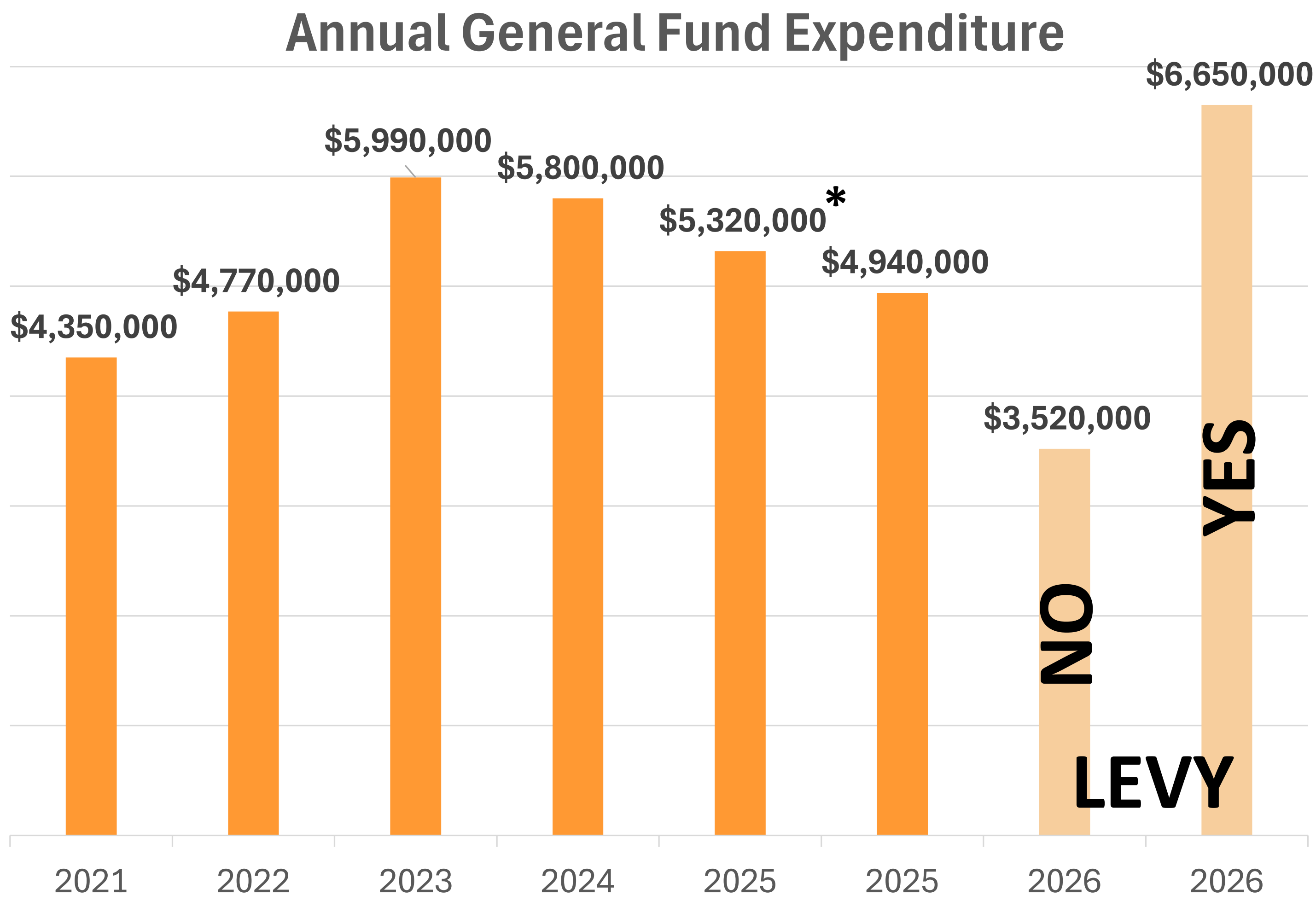
2021 – 2026 Budget



2021 – 2026 Budget



2021 – 2026 Budget



Budget Cuts – Approach

- **Priorities City-Wide**
  - Leadership (Council/Mayor/Administration)
  - Planning documents (Comp Plan, Budget, Policies)
  - Community Survey

- **Priorities: Department**
  - 2022 Parks, Recreation & Open Space (PROS) Plan
  - Safety and sanitation for public, staff and visitors
  - Preservation of natural and built assets
  - Cost recovery within department programs
  - Programs which provide more diverse and equitable participation opportunities

Budget Cuts – Approach

- **Involved Staff**
  - ALL divisions
  - Ownership in process
  - Great ideas and insights
  - Part of the decisions
  - Shared lay-offs in person
  - Offered to help them find other work

- **When communicating with Staff**
  - Know the audience
  - Frequently
  - Be honest
  - Share as much as you can
  - Help them through the process

Budget Cuts – Approach

- **Communication: Public**
  - Increased fees/rates - why
  - Decreased levels of service
  - Furlough messages – voicemail, email
  - Why not use volunteers?
  - Town Halls
  - Service Groups
  - Various locations/method
    - Parks
    - Community Center

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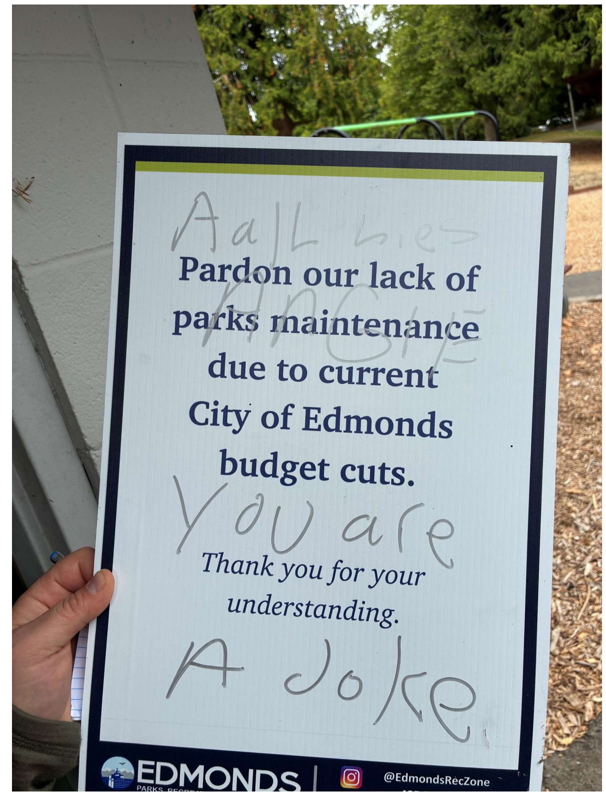


Budget Cuts – Implementation

1. Priority Based Budgeting (PBB)
2. Increase in Revenue
3. Decrease in expenditures
   - Reduction in programs/staff
   - Level of Service reduction

1. Budget By Priorities

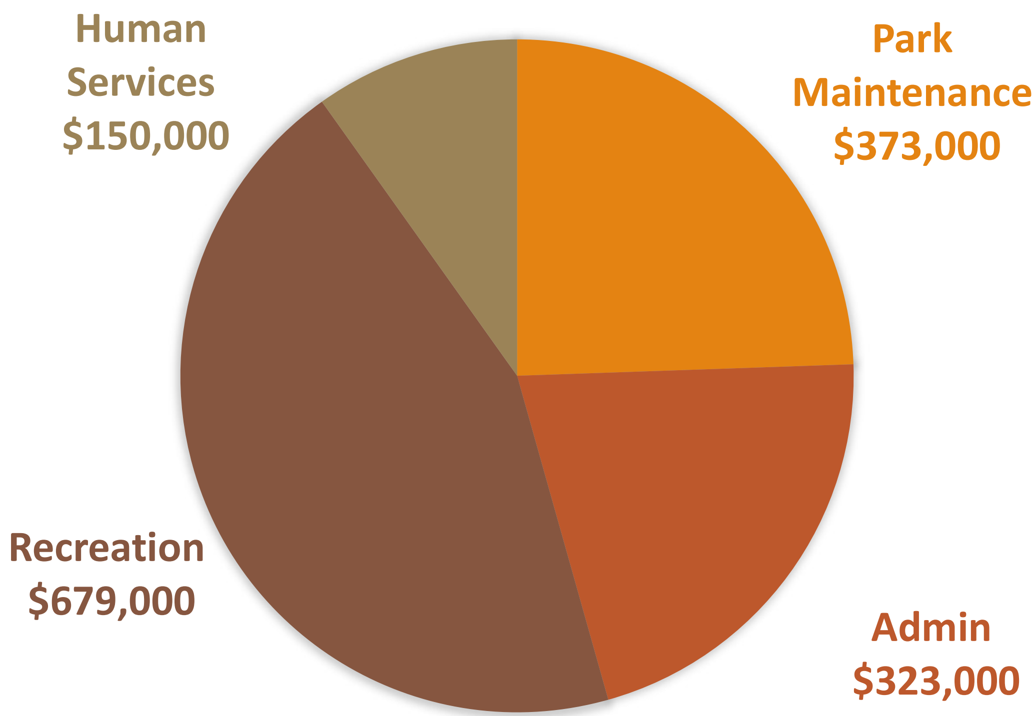
- **Create Programs**
  - Ex: Pool operations, Adult Sports
- **Determine true cost**
  - Expenditure/
  - Revenues)
- **Programs are evaluated and scored**
  - Community priorities
  - Council priorities
- **Resource Allocation**
  - Varying funding levels

2. Revenue Increase

- Increased Fees
  - Program fees: 5% in 2025 / 3% in 2026
  - Cemetery fees by 20%
- Credit card charges paid by customers
- Cost Recovery Emphasis
  - Recreation programs – contracted instructors
  - Shelter Rentals –
    - Split to 2 x day
    - Online reservations
  - Flower basket/Corner Park adoptions
- Concessionaires
  - Outdoor Pool Operations
- Sponsorships donations

3. Expenditure Decreases - $1.5M / 23%

- **11%** Park Maintenance
- **42%** Administration
- **30%** Recreation
- **47%** Human Services



Cut Programs and Staff

- **Meadowdale Preschool**
  (2 x .8 FTEs)
- **Summer Day Camp**
  (.25 FTE, 4 hourly positions)
- **Gymnastics** Program
  (.63 FTE, .5 FTE,
  4 hourly positions)
- Olympic Beach **Visitor Center** closed
  (approx. 6,000 visitors per year)
- **Environmental Education** Program
  (.5 FTE, 1 hourly position)
- **Environmental Stewardship** position reduced to .5 FTE and changed to PT Volunteer Coordinator
- **Beach Ranger** and **Docent** Program
  (6 hourly positions + volunteers)
- **Administrative staff** reduction
  (1 FTE, .5 FTE & 4 hourly positions)
- Reduction of **Parks Maintenance** staff
  (2 FTE and 3 Seasonals)

2024 Budget vs. 2025 Budget – Position Reduction

	Title	FTE %
1	Front Desk Receptionist	.06
2	Front Desk Receptionist	.20
3	Front Desk Receptionist	.20
4	Front Desk Receptionist	.50
5	Program Assistant	1.0
6	Youth Commission Coord.*	.50
7	Rec. Coord. Gymnastics	.632
8	Rec. Leader Gymnastics	.50
9	Gymnastics Assistant	.04
10	Gymnastics Assistant	.42
11	Gymnastics Assistant	.10
12	Gymnastics Instructor	.32
13	Rec. Leader Preschool*	.44
14	Preschool Assistant*	.44
15	Interpretive Specialist*	.50
16	Ranger Naturalist*	.18
17	Ranger Naturalist*	.18

Laid off/not hired in 2024

***Reduced to .50 FTE from 1.0*

	Title	FTE %
18	Ranger Naturalist*	.18
19	Ranger Naturalist*	.18
20	Ranger Naturalist*	.18
21	Ranger Naturalist*	.18
22	Day Camp Asst. Discovery*	.08
23	Rec. Leader Day Camp*	.25
24	Day Camp Assistant*	.21
25	Day Camp Assistant*	.21
26	Day Camp Assistant*	.21
27	Day Camp Assistant*	.21
28	Park Maintenance Worker	1.0
29	Park Maintenance Worker	1.0
30	Seasonal Maintenance LTE*	.75
31	Seasonal Maintenance LTE*	.75
32	Seasonal Parks Maintenance LTE*	.75
33	Environmental & Sustain Coord.**	.50
	Total:	12.85

Decrease Level of Service

- Water/Irrigation
  - Water service
  - Decommissioning water meters
- Maintenance Services
  - Weekly – Quarterly - Semi Annual / Stopped all together
    - Edging/weeding/vegetation management
    - Lawn mowing frequency
    - Fewer repair projects
    - Longer response time to vandalism and graffiti
    - Deferred maintenance continues
- Community Center
  - Front counter closed throughout day

Lessons Learned

- **Department's Value**
  - Continuously promote work and benefits provided
  - Collect and use quantifiable data to demonstrate work. (Ex: parks maintenance weekly hours)
  - Collect data on park users (Placer.ai)
  - Community partners and partnerships (Allies)
  - Economic Development – tourism, sales tax, businesses
  - Communication – internal (organization, department) and external
- **Generate Non-General Fund revenues** (decrease vulnerability)
  - Concessionaire agreements
  - Increase self sufficiency
    - Cemetery paying a portion of GF salaries
    - Opioid Funding supporting Human Services
    - Capital Project Manager salary – REET funds
  - Tenants/Leases – CPI-U increases and utilities

Just because we are government,

doesn't mean we have to conduct business like it.

Lessons Learned

- **Prepare for Inflation and Hard Costs**
  - Water, power, sewer, stormwater
  - Intergovernmental costs
  - Fleet costs
- **Workforce Resiliency**
  - Involve staff in solutions
  - Eliminate funding, not positions (FTE Schedule)
  - Salary & Benefits largest portion of budget
  - Staff Training – efficiency, retainage
- **Know the Department's Priorities**