



INFORMATIONAL MEMORANDUM

TO: Community Services and Safety Committee

**FROM: Vicky Carlsen, Finance Director
Jay Wittwer, Fire Chief
David Cline, City Administrator**

CC: Mayor Ekberg

DATE: May 6, 2020

SUBJECT: Update on 2020 Fire Department Budget Proviso

ISSUE

Update City Council on status of the 2020 Budget Proviso for the Fire Department that was included in the 2019-2020 mid-biennium budget amendment as well as an update on the Habile Consulting contract, the company that was hired in response to Budget Proviso 1d of the Tukwila City Council regarding the general fund appropriation to the Fire Department

DISCUSSION

In 2019, the Finance Committee, as well as the full Council, spent several months reviewing a number of operational aspects of the Fire Department. The review was conducted because the fire department has exceeded their authorized budget every year for the last several years. One of the outcomes of the review was to authorize a budget amendment for 2019 to true up overtime costs, fund recruits in the academy, and provide resources for leave balance payouts incurred when firefighters retired.

The City Council approved the budget amendment but included a Budget Proviso which listed conditions to be met in 2020. The Proviso is attached to this memo.

Status Update on Proviso Conditions

Condition 1a requires the “Fire Chief to deliver a 2019 annual report to the City Council by the end of the first quarter.” While delayed due to the city’s COVID-19 response, the report was transmitted to the City Council on April 27, 2020 and will be presented to the Community Services & Safety Committee on May 11, 2020.

The second condition (1b) requires the “Fire Chief to deliver quarterly reports to the City Council discussing new revenue implementation and budget status updates.” Through the end of March, the Fire Department is meeting budget, with 25% of budget spend. A summary report is attached to this memo and a full 1st quarter report will be presented to the Finance Committee in May.

The third condition (1c) requires “the Mayor and/or City Administrator to deliver a mid-year report to the City Council regarding budget status to date and projection for year end.” This report is planned to be delivered in July or August after the 2nd Quarter closes.

The fourth condition (1d) states, “The City will hire a third-party consultant to review the Fire Department budgetary and management practices.”

In response to Item 1d, the City contracted with Habile Consulting to perform the review. The contract was signed on December 23, 2019. Habile Consulting began work by interviewing Councilmembers and various City staff. Interviews were completed in mid-January. A meeting was scheduled for March 11, 2020, when the City expected to receive an update on the progress of the review. However, the meeting was canceled by the contractor and the City was notified that, due to a serious medical issue with a family member, the meeting would need to be rescheduled. Since that date, the City has had no response from the consultant even though multiple attempts to contact the consultant have been made. Attempts included emails as well as phone calls. At this time, the City has not paid Habile Consulting.

Options moving forward include the following:

1. Hire another consultant to perform the independent study as required by the Budget Proviso.
2. Defer this item until the next biennium.
3. Other options Council may wish to consider.

The fifth condition (1e) requires the Fire Department to “implement revenue sources and operational efficiencies while considering cost savings wherever appropriate.”

The following chart shows revenue collected through the end of the March for Fire related activities. Of note, is that False Alarm charges are being charged, the monthly Ambulance Service fees are being received, and the department has collected funds from Haz Mat Response Recovery (accidents).

GENERAL	JAN	FEB	MAR	YTD TOTAL
Fire Tech Fee	\$ 698	\$ 802	\$ 773	\$ 2,273
EMS Participation Grant	-	-	1,260	1,260
Haz Mat Response Recovery	4,485	3,064	2,800	10,349
Emergency Services (EMS Levy)	2,000	2,000	2,000	6,000
Fire Inspections	15,595	7,207	7,095	29,897
Planning Review Fees - FMO	14,747	12,780	12,157	39,684
False Alarm Charges	400	150	200	750
Ambulance Services	2,000	2,000	2,000	6,000
Totals	\$ 39,925	\$ 28,002	\$ 28,284	\$ 96,212

In addition, the Fire Department has continually looked at operational savings throughout its department and has implemented these where possible.

RECOMMENDATION

Staff is seeking direction on the preferred option to meet the Proviso condition of Item 1d regarding hiring a third-party consultant to review the Fire Department budgetary and management practices.

ATTACHMENTS

Attachment 1: Budget Proviso of the Tukwila City Council 2019 – 2020 Mid-Biennium Budget Amendment

Attachment 2: Fire Department Budget to Actual Report as of March 31, 2020

Attachment 1

**Budget Proviso of the Tukwila City Council
2019-2020 Mid-Biennium Budget Amendment**

The following is hereby declared to be the legislative intent of the City Council regarding the General Fund appropriation to the Fire Department:

1. The City Council approves the \$522,900 amendment to the Fire Department's 2019 budget with the expectation that the following conditions be met in 2020:
 - a. The Fire Chief will deliver a 2019 Annual Report, per RCW 35A.92.030, to the City Council by the end of the 1st Quarter.
 - b. The Fire Chief will deliver quarterly reports to the City Council discussing new revenue implementation and budget status updates including overtime and training.
 - c. The Mayor and/or City Administrator will deliver a mid-year report to the City Council regarding budget status to date and projection for year-end.
 - d. The City will hire a third-party consultant to review the Fire Department budgetary and management practices.
 - e. The Fire Department will implement additional revenue sources and operational efficiencies while considering cost savings wherever appropriate.
2. It is expected that the Fire Department will operate within the adopted budget for 2020. If the above proviso conditions are met, the City Council may reconsider a budget amendment following the mid-year report.

Attachment 2

FIRE

YTD AS OF MARCH 31, 2020

CITY OF TUKWILA
GENERAL FUND EXPENDITURES

EXPENDITURE TYPE	BUDGET		ACTUAL			VARIANCES			
	2020 ANNUAL	2020	2018	2019	2020	ACTUAL OVER/(UNDER)		% CHANGE	
		ALLOCATED				ALLOCATED	BDGT	EXPENDED	2018/2019
11 Salaries	7,666,823	1,916,706	1,814,823	1,910,209	2,002,445	85,740	26%	5%	5%
12 Extra Labor	-	-	825	-	-	-	-	-	-
13 Overtime	534,648	170,822	121,036	207,665	106,435	(64,387)	20%	72%	(49)%
15 Holiday Pay	295,454	-	2,443	-	-	-	-	-	-
21 FICA	208,956	52,239	33,511	38,196	35,719	(16,520)	17%	14%	(6)%
22 Pension-LEOFF 2	446,274	111,569	96,434	106,396	105,306	(6,262)	24%	10%	(1)%
23 Pension-PERS/PSERS	51,129	12,782	12,517	13,551	8,650	(4,132)	17%	8%	(36)%
24 Industrial Insurance	422,619	105,655	66,953	102,081	96,946	(8,709)	23%	52%	(5)%
25 Medical & Dental	1,548,497	387,124	364,164	376,823	420,224	33,100	27%	3%	12%
Total Salaries & Benefits	11,174,400	2,756,897	2,512,706	2,754,921	2,775,726	18,830	25%	10%	1%
31 Supplies	206,877	84,753	38,063	56,102	29,641	(55,112)	14%	47%	(47)%
35 Small Tools	87,268	2,132	3,307	276	26,898	24,766	31%	(92)%	9643%
41 Professional Services	302,945	18,442	74,446	54,160	70,932	52,490	23%	(27)%	31%
42 Communication	32,170	6,321	8,318	7,169	8,620	2,298	27%	(14)%	20%
43 Travel	7,000	757	1,788	2,355	468	(290)	7%	32%	(80)%
45 Rentals and Leases	654,151	162,974	151,209	168,731	164,060	1,086	25%	12%	(3)%
46 Insurance	199,922	172,182	191,453	164,888	173,213	1,031	87%	(14)%	5%
47 Public Utilities	73,360	15,575	23,270	23,846	35,354	19,780	48%	2%	48%
48 Repairs and Maintenance	36,921	8,218	11,418	11,876	16,121	7,903	44%	4%	36%
49 Miscellaneous	143,874	18,750	82,056	22,512	22,517	3,767	16%	(73)%	0%
64 Machinery & Equipment	200,000	-	-	-	-	-	-	-	-
Total Operating Expenses	1,944,488	490,104	585,328	511,914	547,824	57,720	28%	(13)%	7%
Total Expenses	13,118,888	3,247,001	3,098,033	3,266,836	3,323,550	76,549	25%	5%	2%

Percent of year completed 25%