

Covington Budget Priorities Action Committee

Final Recommendations

January 22, 2013

The budget priorities action committee (BPAC) learned a lot about municipal finances during the past nine months. Arguably our biggest take away was how “lean and mean” most of the Covington’s city departments were and that the stereotype of “big government” couldn’t be further from the truth. We were impressed with the dedication and professionalism of Covington staff, how committed they were to their vocation and to the city, and how well city staff and council work together (which is apparently contrary to many of our neighboring cities).

We also discovered that many of our concerns, thoughts, and discussions had been previously explored due to cost cutting that the city had already undertaken because of the past, current, and potentially future ramifications of “The Great Recession.” The fact that the city has performed relatively well given these challenges could be a double-edged sword...often with an expectation of similar future performances without consideration of the stress and toll extracted. Nonetheless, we will likely repeat what city staff may have already discussed in the past with the hope that council will take due consideration, given its support of the concept of BPAC.

BPAC does in fact comprise a broad spectrum of Covington residents. We’re young and not so young, some of us are in school and some are fortunate to be retired (although not from civic involvement). Some of us have raised their families while others are just starting out. There are those who began this endeavor seeking employment (and finding it!), those that are underemployed and looking for opportunities, and those that protect us from others (and ourselves). We all have a vested interest in the health and vitality of this young city.

BPAC has committee members that were residents “back in the day” and members that are relative newcomers. We’re red, we’re blue; some have implicit faith in city government while others wouldn’t trust it any further than they could throw it—cynicism balanced with pragmatism. BPAC itself raised the issue of whether we were merely “players” to rubber stamping future tax increases or revenue-raising levy lid lifts. We got beyond that, and this is where we are....

Covington is a very well run city with an excellent “corporate culture.” In reviewing the department budgets BPAC could not find any apparent cost savings or revenue possibilities in the following departments:

- General Fund
- City Council
- Municipal Court
- Executive
- Finance
- Legal Services
- Personnel
- Central Services
- Community Services.

BPAC also has no recommendations for any of the city committees, with the exception of the Human Services Committee. There were several discussions about the purpose and funding of that commission, which are summarized after the department list.

BPAC looked intently at the details of each of the listed departments' budgets, found that they were very sensible and streamlined, and decided that making any cuts to these departments would be the equivalent of squeezing blood from the proverbial turnip.

There was much discussion in BPAC meetings about law enforcement and parks, specifically the Aquatic Center. We could not come to complete consensus on our recommendations for these areas and have therefore presented the majority opinion first and the "on the other hand" minority opinion second.

Law Enforcement (Public Services):

BPAC analyzed the police contract with a critical eye looking for ways to add value and services to the largest single line item in the budget. The police contract is unique to the rest of the city as many of the terms and provisions in the police contract are driven by King County policies or models, and not policy or culture set within the leadership of the City as a standalone department.

There is no doubt that the city has high quality, dedicated and hardworking members of the King County Sheriff's Office representing the city. Any analysis contained within this recommendation is directed at the structure of the contract, not the professionals currently servicing our community. The police contract is a complicated budgetary matrix where the city is charged for services and the partial use of services; that number is added to the number of officers at a price of \$173,000 per officer FTE (as reported to committee for 2012). The FTE price represents a deputy, police vehicle, other necessary equipment, and miscellaneous overhead.

This contract provides Covington with stability and low risk for low-frequency but high-liability incidents that cannot be planned or budgeted. Police services are a tricky business with liability and risk management a huge concern. The structure of the contract does limit the city's ability to save money through competitive non-union bidding. It also restricts the implementation of policies and procedures specific to Covington. The large FTE cost is consistent with a county policing model, but not a municipal policing model. This makes it more difficult to stretch Covington's law enforcement dollar or to make meaningful additions to staffing with the high threshold of \$173,000 per head. The FTE cost is significantly higher than other municipal agencies in the area. In the final assessment, it appears the city has been diligent in balancing the limitations of King County's model and contract with the stability and budgetary benefits of no or low additional costs for unplanned major incidents. Several cost saving measures have already been explored through a professional consulting firm and it revealed that merging with Maple Valley or having a standalone department was not cost effective. BPAC endorses the current police services contract, but we feel that the following recommendations merit strong consideration:

- Implement a police volunteer program by utilizing local residents in nontraditional ways to interact with the police, business, civic groups, and residents.
- Fund a civilian educator position employed by the city to address the perception of crime in Covington and forge productive relationships between the police and victims, businesses, residents, civic groups, and schools. This position could be responsible for crime prevention through environmental design, block watch, youth programs, grants, and social media. The position would also act as a liaison between other departments within Covington to identify and solve issues at the lowest level.
- Explore the feasibility of splitting one FTE with the city of Maple Valley for a Directed Enforcement Officer to analyze every case taken by both cities, looking for trends and taking a regional approach to identifying the root cause of problems. A Directed Enforcement Officer would develop a strategy for addressing recurring problems and work through the

chain of command towards a solution, either by emphasis patrols or referral to another department within the city.

- Explore ways to enhance opportunities for deputies that work for Covington. Becoming the top destination for patrol assignments will ensure the best employees will be serving the community. Those employees will become vested in Covington and less likely to leave, giving the citizens opportunities to build strong relationships with Covington's deputies.
- Explore utilizing other in-service training opportunities through the Small Cities Coalition or other police agencies in the area in addition to the mandatory training required by KCSO.
- Implement an annual mandatory training day for all police personnel that outlines the City of Covington's mission, vision, and how that relates to day to day operations in police services. The intent would be to create a Covington Police culture within the overall KCSO culture.
- Explore the feasibility of contracting future police services with the City of Kent. Kent is a full service police agency capable of providing high quality service, including necessary specialty units.

Parks Fund: Covington Community Park

BPAC affirms the value of parks as a community benefit. We agree with the PROS plan that Covington needs multiple parks that serve the spectrum of ages and needs within the city. We are especially interested in the development of Covington Community Park and marketing that park as a community gathering point. Many on the BPAC committee feel that Covington does not have within the city a physical place to anchor a community identity on; the feeling is that Covington is mainly a highway separating several unremarkable strip malls. We believe that Covington Community Park has good potential to become that community identity point the city is lacking (and currently seeking). To that end, we would like to see the city finish the park completely and quickly—all three phases. We know Phase One is almost done and, given current funding and income levels, finishing Phases Two and Three in any small amount of time is more or less an impossibility. However, we know there will be community excitement and momentum after Phase One is completed and the soccer field is open and useable. As much as possible and reasonable, we would like the city council and city staff to capitalize on this momentum to propel Phases Two and Three forward. As revenue frees up or is generated, consider allocating additional money to parks in order to complete Phases Two and Three. In our meetings, BPAC discussed the following as potential revenue sources for Covington's parks:

- The creation of a Metropolitan Parks District in three or four years when the economic climate hopefully improves (we feel that including a sunset date and asking for a modest dollar amount would make an MPD more palatable to voters),
- granting park or field naming rights to businesses in exchange for funding (one-time or on-going),
- and partnering with service clubs to promote or fundraise for parks.

BPAC also feels like Covington's parks are "under-marketed." Many members on the committee didn't know Covington had parks beyond Jenkins Creek and the Community Park. The thought among the committee is that the average person in Covington is not aware of where the parks in our city are and the amenities in each park. We would like to see the parks marketed more publicly.

On the other hand: There are those on the BPAC committee who were here when the Metropolitan Parks District proposal that was placed before voters in 2006 was soundly defeated; there is a lingering feeling that the people have spoken—parks are not a priority in Covington. Revenue that is allocated for parks should instead go to reducing the city's debt burden or lowering the citizens' tax burden.

Parks Fund: Aquatic Center

The majority of BPAC believes that the Aquatic Center is a community asset. However, given the city's tight finances, we would like to see the city's subsidy of the pool shrink considerably or become unnecessary. BPAC had several long discussions about potential and best ways to accomplish this. The prominent thought among members of the committee is that the Aquatic Center needs better marketing. About half of BPAC didn't consciously realize that the "Tahoma Pool" was a part of the City of Covington. There is little sense of community ownership in the pool since there is the perception the pool is not a part of Covington—it's the Tahoma Pool. The pool has an identity problem. We would like to see the pool marketed as *Covington's* pool—a place that is a part of the city. BPAC also recommends heavy marketing for the pool just to get more people in the door. We don't feel that the pool is under-utilized, but we see more marketing as way to improve the pool's revenues by increasing the number of people using (and therefore paying entrance fees for) the pool. We know that the pool has a marketing budget, but it is small and doesn't buy much; we also feel like the Aquatic Center's ads in the Covington Reporter are not effective enough to be the pool's main source of advertising. For better or for worse, the sentiment on BPAC is that very few people read the Covington Reporter so there is the concern that the pool's ads are not reaching many people. In summary, BPAC would like to see the pool heavily marketed both to bring more people in the door and to make the Covington community more aware that the Aquatic Center is their pool.

The following are thoughts and ideas from BPAC discussions on increasing revenue for the pool:

- The pool could be endowed as a regional entity if some kind of taxing district could be created for it.
- Would a business be willing to sponsor the pool or have naming rights to the pool in exchange for funding?
- The committee also discussed the pool's existing fee structure. Some on the committee were concerned that the pool uses the honor system for determining who pays the resident fee. They would like pool staff to consistently check addresses on IDs. BPAC also talked about creating a "swim card" for Covington residents. A Covington resident who could prove his address within the city limits would receive a "swim card," which would allow him to enter the pool at the Covington resident discounted rate. A Covington resident who did not bother to get a "swim card" would pay the non-resident rate. We do, however, recognize that the modest revenue increases these changes to the fee structure would bring must be weighed against the expense of additional work for Aquatic Center staff and additional inconvenience for pool patrons.

On the other hand: Management and/or finances of the pool could be turned over to a third party, such as the YMCA, so that the city would not be financially responsible for the pool. Similar to Central Park in New York, the pool would be managed and run through a non-profit regional entity or foundation. Through this arrangement the name and/or ownership of the pool does not have to change; the financial and maintenance responsibility would be removed from the city and transferred to a regional area because the pool is really a regional facility. The YMCA has apparently expressed interest in coming and looking at the Aquatic Center to see if there is the potential for the pool to be maintained and managed as a YMCA facility.

Finally, BPAC would like to acknowledge the hard work the Aquatic Center staff does every day. Many of the revenue-generating ideas brainstormed by the committee had already been investigated by the Aquatic Center staff. We recognize that many on the Aquatic Center staff are

working very earnestly, wearing multiple hats, and maintaining an excellent facility with a very small staff. We are not unappreciative of their diligent efforts.

Human Services Commission:

While the majority of BPAC felt that the \$105,000 budget of the Human Services Commission spent towards the needy was worthwhile, there was also a minority that felt this is not a government responsibility. However, given that “an unmatched quality of life” cannot be achieved or “seeded” without the support of city government, BPAC recommends continuing to fiscally supporting the Human Services Commission at a level of \$105,000 or 1% of the general fund, whichever is greater.

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BPAC also looked carefully into the few revenue-raising options that Covington has available to it. As the BPAC committee began, many members were not in favor of new taxes. However, as BPAC examined the city’s revenue streams and department budgets, most opinions changed. The following are our thoughts about raising additional revenue for Covington:

Transportation Benefit District (TBD):

BPAC unanimously supports a Transportation Benefit District that would go in front of the voters as soon as possible. The TBD should be funded by a 2/10ths of a percent increase in sales tax, from 8.6% to 8.8%. It’s estimated that an additional \$600,000 in sales tax would find its way to the Street Fund and funded by everybody...not just Covington residents.¹

Levy Lid Lift:

It is the majority opinion of BPAC that Covington forgo seeking a levy lid lift at this time. Rather, BPAC believes the city’s lid lift difference should be held for future critical priorities. However, BPAC did agree that if the Transportation Benefit District (TBD) failed, a lid lift could be sought to fund short-term infrastructure needs. If this is the case, the BPAC recommends a “basic lift” that would sunset at a predetermined date. This approach would raise needed funds but allow the lift to reset to its current level, thereby providing the city with revenue but also sending a message of moderation and prudence to voters by not maintaining the increase beyond its designated use.

Rental Tax:

A new idea that came up towards the end of BPAC’s discussions is a “rental tax.” BPAC is aware of other jurisdictions within the United States utilizing rental taxes in various forms. New York allegedly has a rental tax and Arizona has one as well; the tax differentiates between commercial and a non-commercial rental rates. BPAC would like to include the concept as a talking point to Staff and Council as they search for new sources of revenue. Assuming that such a tax is not in lieu of the owner paying property taxes, it is arguably justified in light of the disproportional municipal services required in places of higher densities. A “rental tax” is new and somewhat out of the box thinking but other cities are talking about it. In Covington, with few apartment complexes to date, it may be an easy tax to enact now instead of later.

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In BPAC’s discussions, we kept coming back to a few key ideas and aspects of Covington’s development that do not fit under a specific department or revenue. We present those here for the Council’s consideration:

¹ An increase from 8.6% to 8.8% equates to an additional \$10 on the purchase of \$5,000 of taxable commodities.

Marketing:

BPAC strongly believes that Covington would benefit from a marketing professional. This individual would assist departments and commissions that are searching for ways to better promote and fund their respective areas. In just about every BPAC discussion, regardless of city department or service, there was strong desire for a marketing person to create synergy and to promote city services and amenities. Think a marketing professional drawing in Valley Medical and MultiCare to partner with the parks department or aquatics to help defray some of their costs; think a marketing person that could assist Community Services and CEDC in making the Town Center become a reality; think a Covington marketer to expand Covington Days so it rivals Kent Cornucopia Days. There is much possibility in Covington and we strongly feel that a marketing-savvy individual would be a catalyst for expansion and propelling forward some of the positive changes Covington's citizens have been wishing and waiting for.

Legislative Initiatives:

Although the politics of Olympia are another animal all by itself, and Covington utilizes a lobbyist, BPAC sees that it is counterproductive to have rules and regulations governing fees that go towards infrastructure improvements, yet prohibit said fees for maintenance of said improvements. BPAC specifically recommends Covington's lobbyist work towards a change in the rules and regulations governing impact fees to include maintenance of infrastructure and not just creation of infrastructure.

Town Center:

BPAC supports the concept of the Town Center and the benefits (and pride) that such a focal point can provide to residents and visitors alike. Having said that, we didn't go beyond the concept other than discussing how the grounds of Covington Elementary School are integral to the Town Center's development and the financial challenges ahead in developing that site.

Nor did we discuss the expansion of the health care industry in Covington, specifically MultiCare and Valley Medical, and that industry's effect on the Town Center. Those two organizations will likely spin off ancillary care facilities which will likely fuel the town center in the not so distant future.

BPAC Itself:

As earlier noted, the city invested a lot of time with BPAC and we really appreciate it. There wasn't anybody who walked away from the experience without learning something about city government and city finances. We recommend that BPAC continue on in some form, perhaps as a commission that meets once a month. The mission of BPAC could include:

- educating Covington residents on city finance and government,
- learning from Covington residents' experiences and skills (this inaugural group included those with law enforcement, human resources, business management, real estate and marketing experience among others)
- working with the various committees.

BPAC's new goals could include:

- using social media to inform the populace and
- creating top-of-the-mind awareness of issues with financial repercussions that face the city (the Town Center, northern notch annexation and/or development, etc).

Lastly, former BPAC members may be willing to work with a new BPAC in order to lessen monthly city oversight and to impart what they learned during their experience – why reinvent the wheel?

Finally, BPAC must state how we deeply appreciate all of those who helped us through this experience, particularly Rob Hendrickson and Casey Parker of the finance department. Thanks to the City Manager, Derek Matheson, and to all the department heads who gave us their time and insight into how their respective departments operate. Thank you, Covington City Council members, for the time you invest in our city and your sincere desire to receive input from Covington's citizens. We hope our report has provided you with insight into the priorities and wishes of the people who live in this growing and changing city.

Appendix: Department Directors' Priorities

At one point, BPAC asked if each Covington department director would write a paragraph about their department's most pressing needs and where they would allocate any extra money that came their way. We have included each director's response as an appendix for your own information and to compare against what BPAC felt were priorities and necessities.

Law Enforcement

1st priority would be to add at least one FTE, two if there is enough money.

With any additional revenues in the future, here is the direction we would like to go:

As the City's resident population increases, more businesses locate in Covington and hopefully the economy turns around, we need to look to the future needs of the Police Department over the next several years. Below are some of the services the Covington Police will need in order to respond to the demands of the community and improve the level of service we provide.

1. Special Emphasis Detectives (2) for narcotics, gang and other special investigative functions
2. Achieve two patrol officer minimums on all shifts, 7 days a week
3. Partner with Kent School District to fund a School Resource Officer
4. Additional Traffic Enforcement Officer (Swing shift/evening hours)
5. Crime Prevention/Storefront Officer
6. Dedicated DUI Officer
7. Increased office space with reception area
8. Dedicated Police Support Staff person (Receptionist)

Community Development

OPERATIONS FUNDS:

1. Increase the Code Enforcement Function from Half-Time to Full-Time

The code enforcement function was reduced from full-time to half-time in 2009 at the beginning of the recent economic recession. Since that time the demand for code enforcement services has increased, with a rise in the number of cases filed with the city. Even with more productivity, greater efficiency in prioritizing cases and improved resolution of long-standing enforcement cases; the demand for enforcement services continues to increase, and the complexity of enforcement cases is expanding. With the addition of city responsibility in our Public Works Department for administration of new National Pollution Discharge Elimination System (NPDES) standards, Covington has a new enforcement component that will have to be assumed by the city. Violations of these new storm water pollution standards will require action and enforcement by the city to comply with federal standards. Our code enforcement officer will have to assume these new responsibilities.

CAPITAL OR INVESTMENT FUNDS:

2. Set- aside of general funds for Town Center Infrastructure and a Public Space

As a driving force in creating new jobs, expanded employment, and increased sales tax revenue for Covington, a new pedestrian-friendly town center with a public gathering space should become the focal point of downtown Covington. This new public space should be anchored by a new city hall, along with other retail, office, and residential uses including major entities such as a movie theater, hotel, a public/private parking facility, and new residential uses. It can then also tie directly into a loop trail system along Jenkins Creek that is linked to our neighborhoods, schools sites, the new Covington Community Park, the Aquatics Center, and eventually the Soos Creek trail.

The city has an opportunity over the next several years to influence and stimulate this type of development, simply by working in a partnership with the private sector, specifically existing land owners and potential developers. The city has recently obtained a First Right of Refusal Agreement with the School District, a major property owner of 20 acres of land in the southern area of our downtown. The District intends to sell the property, possibly in the next 5 years. Under this agreement the District will notify the city and provide us with the opportunity to obtain the property. This land can then be used as leverage through a public private partnership to stimulate new development that will provide a long-term tax base for the city to pay for increased city services to our citizens. In addition the new development can provide new business types which our citizens have expressed a desire to have in Covington that will create an improved quality of life. Downtown Covington can then become a diverse mix of uses where people can work, shop, live and play. The new downtown Covington would be anchored by a new city hall, a public gathering place, a movie theater, a hotel, new retail/office uses, and new residential development.

The City should set-aside, on an annual basis, a small percentage of general fund revenues and deposit that revenue into an Opportunity Fund to be used to further this vision of our Town Center. As such it could fund new capital improvements, assist in acquisition of land, or leverage other public/private partnerships, such as a parking facility, that will create jobs and employment, develop new public spaces, support new retail and commercial growth, and encourage new residential dwellings in our Town Center, so it becomes a vibrant, diverse, unique pedestrian-friendly destination shopping complex not only for Covington citizens but also residents of the surrounding regional area.

Parks and Recreation

At some point in the future, the city will need to increase funding for parks planning, acquisition and development in order to catch up with, and keep up with population growth and meet goals established by the city council in the comprehensive plan. The comp plan sets a level of service for a variety of park and trail facilities in order to equitably provide an unmatched quality of life throughout the city, regardless of neighborhood, income, etc. The city needs to catch up with park and trail development in order to remain an attractive community and to protect property values over time.

Below is the information included in my presentation to the BPAC on April 4th, the needs are the same today as they were in April and they will only increase over time as the city grows without commensurate growth in parks and trails.

Over the last three years or so park system planning has been focused on Covington Community Park, development and implementation of the PROS Plan, adoption of the Parks Element in the Comp Plan, trail system planning such as the Pipeline Trail, Jenkins Creek Trail and the Tri-city

Trail, along with planning for park access, repair, renovation and enhancement, such as the tremendous needs to provide access, renovation and maintenance at Jenkins Creek Park.

According to the comp plan, unfunded needs during the next eight years include:

- Concept plans and cost estimates for: Town Center Park, South Covington Park, Covington Community Park Phase II, Jenkins Creek Trail, Pipeline Trail, and the Tri-city Connector Trail.
- Acquiring 21 acres for 4 – 7 new neighborhood parks
- Acquiring 50 acres for two new community parks
- Concept plans, cost estimates and grant funding for developing those six to nine new parks
- Acquiring r-o-w for approximately 11 miles of new trails

Why are we so far behind? Our development code requires new developments to provide recreation space to address the comp plan goals, or pay a “fee-in-lieu” which the city combines with other funds to provide parks and trails. However, the nature of development primarily produces private mini parks and a few private neighborhood parks. The city has 17 HOA parks, most of which have been built since incorporation. Only four of these are large enough to be considered neighborhood parks (2+ acres), with 40% of the acreage in one park (16 out of 40). Thirteen of the new parks range in size from .05 acres to 1.85 acres, with an average of .64 acres. Alternatively, if the private HOA mini park acreage had been consolidated into public neighborhood parks, we could potentially have four two-acre parks, cutting the current need for new neighborhood parks in half.

Relying on private development to provide the city’s park system is clearly not working. The city will need to increase its investment in park planning, acquisition and development or we will not meet our goals.

Public Works

In the very near future, as everyone knows the street fund will no longer be viable. This means that the Maintenance Team is also in peril of becoming non viable. Regardless of which revenue package is utilized the items listed below are what is needed to maintain the current basic services and provide the currently non funded basic services.

Programs

- Overlay program \$200,000 per year minimum(streets)
- Small capital program for streets and sidewalk projects \$50,000 minimum (streets)
- Crack sealing program \$25,000 minimum for equipment rental and materials (streets)
- Increase in operating supplies and rental for asphalt and sidewalk repairs and small installations by city crew - \$25,000 minimum combined (streets)
- Parks maintenance materials, supplies and basic equipment. This function is currently underfunded (Parks and Recreation)
- In-house sweeping program under evaluation in 2013. This could be partnership with other agencies. (while this primarily funded out of SWM currently some street, parks and facility funds should be assigned in the future)
- Facilities maintenance - If any expansion of the City owned facilities occurs resources to include staff will be needed to protect the investment and oversee operation of those facilities. (General)
- Fleet maintenance contract or coalition – As the fleet grows so does the maintenance need particularly with the new green fleet requirements and specialized equipment. A regional

coalition would be an effective way to address this issue. Cost sharing would lower the financial impact but not eliminate the costs. (All funds)

- Large capital program funding - While development provides this function somewhat and provides some impact fees, the cost of major capital programs are too costly to fund without grant funding. While grants are an effective way to provide these programs the control of the project goals are in the hands of the granting agencies not the community (CIP).
- Development opportunity fund.

*NOTE: The TBD revenues should they become available could be: \$250,000 to make up for general fund subsidy; \$250,000 overlay and small CIP; remainder (initially estimated \$170,000) to Street operations

Staff

- Maintenance Workers – Somewhere between 2 and 6 full time and 2 – 4 seasonal workers in the next ten years depending on development and growth of the parks system 2 – 4 FTE in Parks Maintenance (1 – 3 seasonal) and 1 SWM and street (1 seasonal and possibly 1 Streets and SWM for sweeper operator).
- Engineering Staff – 1 additional engineer tech to provide oversight of transportations program including overlay, asphalt condition, small CIP for transportation and pedestrian programs and manage grants: also one project manager/inspector/engineer tech to oversee all large capital programs throughout the city.
- Administration Staff – 1 part time office assistant to support basic administration functioning such as payroll, reporting, finance, grant and operational support.

**NOTE: Each addition of a staff member will be evaluated against contract services as always. For short term projects contractors can be effective and less costly. Long term projects or programs are clearly cheaper and more efficient with in-house professionals who have “buy in” to the city vision and provide multiple opportunities to utilize their skills at the same cost. The current staff cannot absorb any more programs or workload than it currently has. Prioritizing workload already occurs with many lower priorities remaining undone for long periods.

Equipment

- Multiple basic vehicles for engineering and maintenance field staff.
- Specialized park maintenance equipment based on future developed parks features.
- Specialized street maintenance equipment such as grinder, roller and crack seal machine
- Sweeper – if program is determined to be viable in 2013 study
- Fully operational Maintenance Facility within the next decade (could be a partnership with multiple agencies).