

**LYNNWOOD
CITY COUNCIL
Work Session**

Date: Monday, June 29, 2020

Time: 7:00 AM

**Place: This meeting will be held electronically via
Zoom. See the City of Lynnwood website for
details.**

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|---------|----------|---|
| 7:00 AM | A | Interview: Human Services Commission Applicant Kris Hildebrandt |
| 7:10 AM | B | COVID-19 Update |
| 7:40 AM | C | Break |
| 7:50 AM | D | Update on Financial Impacts of COVID-19 |
| 8:10 AM | E | Mayor Comments and Questions |
| 8:15 AM | F | Council President and Council Comments |
| 8:20 AM | G | Executive Session: Report on Employee Complaint |
| | | Adjourn |

Memorandums for Future Agenda Items:

Memorandums for Your Information:

Contact: Executive Office (425) 670-5001

CITY COUNCIL ITEM A
CITY OF LYNNWOOD
Parks, Recreation, & Cultural Arts

TITLE: Interview: Human Services Commission Applicant Kris Hildebrandt

DEPARTMENT CONTACT: Lynn D. Sordel

SUMMARY:

Position 2 of the Human Services Commission is currently vacant. The Mayor recommends Ms. Kris Hildebrandt to fill the vacancy.

ACTION:

Interview Kris Hildebrandt for position #2 of the Human Services Commission for a term expiring December 31, 2022.

BACKGROUND:

Ms. Hildebrandt submitted her application on November 6, 2019. She was interviewed by Director Sordel on February 6, 2020 and by the Mayor on February 24, 2020. Ms. Hildebrandt attended a commission meeting on January 9. Ms. Hildebrandt's residency and voter registration status have been confirmed.

Members of the Human Services Commission serve for three-year terms, per City ordinance.

The present status of the Human Services Commission is as follows:

Position 1-Vanessa Villavicencio-Term Expires December 31, 2022

Position 2-VACANT-Term Expires December 31, 2022

Position 3-Chris Collier-Term Expires December 31, 2020

Position 4-Sandi Farkas-Term Expires December 31, 2020

Position 5-Pam Hurst-Term Expires December 31, 2020

Position 6-Michelle Reitan-Term Expires December 31, 2021

Position 7-Mary Anne Dillon-Term Expires December 31, 2021

ADMINISTRATION RECOMMENDATION:

Interview Kris Hildebrandt.

DOCUMENT ATTACHMENTS

Description:	Type:
Human Services Commission Application	Backup Material

BOARD & COMMISSION APPLICATION

Name: Kris Hildebrandt

Address: [REDACTED]

City: Lynnwood State: WA Zip: 98037

Daytime Phone Number: [REDACTED]

Secondary Phone Number: [REDACTED]

Email Address: [REDACTED]

Thank you for your interest in serving on a Lynnwood Board or Commission. Members of each of the panels are appointed for a specific period of time. Some panels may have a residency requirement. To help us get to know you and your interests better, please answer the questions that follow. Please feel free to use an attachment if you need more space than is provided. You may also submit a resume along with your application.

1. Are you a registered voter in the City of Lynnwood? Yes X ☐ No ☐
If no, are you registered to vote someplace else? Yes ☐ No ☐
2. Please place a check next to the Board or Commission that you are interested in serving on. If you check more than one please prioritize.

- ☐ Arts Commission
- ☐ Civil Service Commission
- ☐ History & Heritage Board
- X ☐ Human Services Commission
- ☐ Diversity, Equity & Inclusion Commission
- ☐ Park & Recreation Board
- ☐ Planning Commission
- ☐ Tourism Advisory Committee

3. Why do you want to serve in this position?

I would like to serve as a Human Services Commissioner to be part of a team who studies the residents' changing needs and the community's ability to address their needs. Lynnwood, like many small suburban cities, is reacting to a changing world. Fortunately Lynnwood has a network of relationships that provide resources and services to city residents. As the city's density and demographics change, Lynnwood will need to focus on growing community

resilience to adapt to urbanization and global change and react to potential natural disasters.

4. What do you perceive as the role of the Board or Commission in the community?
The Human Services Commission is part of the broad effort to achieve Lynnwood's community vision to be a regional model for a sustainable, vibrant community with engaged citizens and an accountable government. The Commission's specific role is to gather and synthesize information from residents, service providers, and existing data bases; assess outcomes; and make recommendations to the Mayor and City Council.
5. How would you represent the interests of the Community?
Commission members have a responsibility to learn about the community by focus groups, community meetings, attending relevant public and private meetings, gathering information from residents, service providers, and researching best practices in human services.
6. What experience or education do you possess that you believe would be helpful?
My degrees, Master of Public Health, Planning and Administration (School of Public Health, University of Michigan) and Bachelor of Arts, Urban and Metropolitan Studies (College of Urban Development, Michigan State University), have prepared me for a career and community service volunteer experiences in King and Snohomish Counties. While employed by Group Health Cooperative, I was the Director of Grants and Community Programs at the Group Health Foundation and Community Services Manager. While employed by the Puget Sound Neighborhood Health Center, a Federally Qualified Health Center, I was the Data Analyst and Planner whose main responsibility was to prepare the federal needs assessment to obtain federal funding. My resume was sent via email.
7. What has been your experience with committees or boards in Lynnwood?
I served on the Parks & Recreation Board from 2011 to Dec. 2019 (chair from 2016-Dec. 2019) and Visioning Task Force, City of Lynnwood (2009-2010). I also served on Lake Forest Park's Human Services Commission from 1995-2000 (chair from 1996-1999).
8. Is there anything else you would like to tell us?
Thank you for reviewing my application.

Please submit your application to:

Lynnwood City Hall
18900 44th Ave W, Lynnwood, WA 98036
jmoore@LynnwoodWA.gov | 425-670-5023

CITY COUNCIL ITEM B

CITY OF LYNNWOOD City Council

TITLE: COVID-19 Update

DEPARTMENT CONTACT: Christine Frizzell, Council President

SUMMARY:

The City continues to monitor and respond to the COVID-19 emergency. The Council will receive an update from City staff.

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM C

CITY OF LYNNWOOD City Council

TITLE: Break

DEPARTMENT CONTACT: Christiine Frizzell, Council President

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM D

CITY OF LYNNWOOD Administrative Services

TITLE: Update on Financial Impacts of COVID-19

DEPARTMENT CONTACT: Sonja Springer, Finance Director and Corbitt Loch, Senior Manager-Strategic Planning

SUMMARY:

The revenue reduction to the General Fund as a result of COVID-19 is currently estimated to exceed \$7.8 million, and in addition to \$1.6 million in reduced revenues in 2019, the total reduction in General Fund revenues in the 2019-2020 budget is \$9.4 million.

Expenditure reductions have been identified and other steps have been taken to offset this substantial decrease in revenue. The most recent update was provided to the Finance Committee on June 11 and it is attached for reference.

Now the current "gap" between 2020 revenues and expenditures is approximately \$2.2 million. The City is still working on identifying reductions in programs by prioritizing every City department's programs, using the "budgeting for outcomes" methodology. We are confident additional reductions will be found, but not enough to fill the entire \$2.2 million gap.

POLICY QUESTION(S) FOR COUNCIL CONSIDERATION:

There are six options to consider to fill the estimated remaining \$2.2 million gap in the General Fund:

- 1) Allow the City to temporarily use a portion of the General Fund unassigned fund balance or Revenue Stabilization Fund Balance as a result of this unanticipated, adverse financial condition brought about by COVID-19. The purpose of the reserves of the Revenue Stabilization Fund is to help protect the city from major economic downturns and other unanticipated, adverse financial conditions.
- 2) Consider a one-time transfer from the EDIF fund in 2020 to allow the City to meet its reserve requirements of two and one-half months at the end of the year. EDIF could be replenished when a healthier economy returns.
- 3) Institute a mandatory furlough program for all city employees, excluding the Police Department. A mandatory furlough of 8 days would save the City approximately \$641,000. A mandatory furlough of 15 days would generate over \$1.2 million of savings to the General Fund.
- 4) Achieve the \$2.2 million of savings needed in the General Fund by laying off employees. To achieve these savings, this would require laying off approximately 56 employees for the last three months of the year. We would need your help with identifying where to eliminate or severely reduce current service levels.
- 5) A combination of option #1 and #2 to fill the gap at the end of 2020.

- 6) A combination of option #4 and #5 to fill the 2020 gap.

ADMINISTRATION RECOMMENDATION:

The administration's recommendation is option #1. A draft amendment to the financial policies that would accommodate the temporary use of the Revenue Stabilization Fund or the unassigned General Fund balance to cover the unanticipated adverse financial condition brought by COVID-19 is attached for your review.

DOCUMENT ATTACHMENTS

Description:	Type:
<u>Update on Financial Impacts of COVID-19</u>	Backup Material
<u>Summary of Options</u>	Backup Material
<u>June 11 Update on Financial Impacts of COVID-19</u>	Backup Material
<u>Proposed Amendment to Financial Policies</u>	Backup Material

Date: June 29, 2020

To: City Council

From: Sonja Springer, Finance Director
Via Nicola Smith, Mayor

Subject: Status of the 2020 Financial “Gap” in the General Fund

Many updates have been shared with the City Council and the Council Finance Committee regarding the “gap” in the General Fund between revenues and expenditures in 2020 due to COVID-19. The revenue reduction to the General Fund is currently estimated to exceed \$9.4 million, of which \$1.6 million is from reduced revenues in 2019 and \$7.8 million is a result of COVID-19.

The City has taken the following steps to offset the \$9.4 million revenue shortage in 2020:

- Identified expenditure reductions in every General Fund department. These reductions include eliminating non-essential travel and training, keeping vacancies unfilled, a reduction of part time staff, reduced professional services, and reduced transfers from the General Fund for the Street Fund and Capital Projects Fund.
- Discontinued the transfer of EDIF eligible revenues to EDIF in 2020. This is estimated to be approximately \$1 million in additional revenues for 2020.
- Offered a voluntary separation program to employees.
- Offered voluntary furloughs to employees.
- Offered the “shared work” program to employees.
- We are now in the middle of a thorough review of all BFO programs for each department to identify lower priority outcomes and possible elimination or reductions of these outcomes or programs.

At the June 11 Council Finance Committee meeting, the gap between 2020 revenues and expenditures was \$3,174,300 (see the attached memo). While we will not know the exact amount of the anticipated additional savings with our continued efforts outlined above, we know that they will not come close to the \$2,174,300 that will be needed to sustain the City’s reserve requirements of two and one-half months of the previous year’s operating expenditures in the General Fund reserves.

At this point in time, there are six options to consider and for filling the remaining gap of approximately \$2.2 million.

- 1) Allow the City to temporarily use a portion of the General Fund unassigned fund balance or Revenue Stabilization Fund Balance as a result of this unanticipated, adverse financial condition brought about by COVID-19. The purpose of the reserves of the Revenue Stabilization Fund is to help protect the city from major economic downturns and other unanticipated, adverse financial conditions.
- 2) Consider a one-time transfer from the EDIF fund in 2020 to allow the City to meet its reserve requirements of two and one-half months at the end of the year. EDIF could be replenished when a healthier economy returns.
- 3) Institute a mandatory furlough program for all city employees, excluding the Police Department. A mandatory furlough of 8 days would save the City approximately \$641,000. A mandatory furlough of 15 days would generate over \$1.2 million of savings to the General Fund.
- 4) Achieve the \$2.2 million of savings needed in the General Fund by laying off employees. To achieve these savings, this would require laying off approximately 56 employees for the last three months of the year. We would need your help with identifying where to eliminate or severely reduce current service levels.
- 5) A combination of option #1 and #2 to fill the gap at the end of 2020.
- 6) A combination of option #3 and #4 to fill the 2020 gap.

The administration's recommendation is option #1. A draft amendment to the financial policies that would accommodate the temporary use of the Revenue Stabilization Fund or the unassigned General Fund balance to cover the unanticipated adverse financial condition brought by COVID-19 is attached for your review.

If the City Council's preference is to select options #4, #5 or #6, then our Human Resources staff need to begin the process in early July in order to achieve the required savings in 2020.

Options for Closing 2020 Budget Gap

Option 1

Estimated remaining General Fund Gap for 2020	\$	(3,174,300)
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Adjustments to Close Gap

* Do not transfer 2020 revenues out of General Fund to EDIF	\$	1,000,000
* Temporary use of Revenue Stabilization Fund or Unassigned Fund Balance	\$	1,900,000
* Additional expenditure reductions from BFO Reviews	\$	<u>274,300</u>
Total budget adjustments	\$	3,174,300

Remaining General Fund Gap after adjustments	\$	-
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Option 2

Estimated remaining General Fund Gap for 2020	\$	(3,174,300)
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Adjustments to Close Gap

* Do not transfer 2020 revenues out of General Fund to EDIF	\$	1,000,000
* One time transfer from EDIF to be replenished later	\$	1,900,000
* Additional expenditure reductions from BFO Reviews	\$	<u>274,300</u>
Total budget adjustments	\$	3,174,300

Remaining General Fund Gap after adjustments	\$	-
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Option 3

Estimated remaining General Fund Gap for 2020	\$	(3,174,300)
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Adjustments to Close Gap

* Do not transfer 2020 revenues out of General Fund to EDIF	\$	1,000,000
* Mandatory furlough of 8 days for all employees	\$	641,000
* Mandatory layoff of 45 employees	\$	1,523,070
* Additional expenditure reductions from BFO Reviews	\$	<u>10,230</u>
Total budget adjustments	\$	3,174,300

Remaining General Fund Gap after adjustments	\$	-
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Option 4

Estimated remaining General Fund Gap for 2020	\$	(3,174,300)
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Adjustments to Close Gap

* Do not transfer 2020 revenues out of General Fund to EDIF	\$	1,000,000
* Mandatory layoff of 56 employees	\$	1,900,000
* Additional expenditure reductions from BFO Reviews	\$	<u>274,300</u>
Total budget adjustments	\$	3,174,300

Remaining General Fund Gap after adjustments	\$	-
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Date: June 11, 2020

To: City Council and Council Finance Committee

From: Sonja Springer, Finance Director

Subject: Update on General Fund - \$3.2 Million Gap from COVID-19

Summary of General Fund Revenue – Expenditure “Gap” for 2020

Based upon the sales tax received in late May for March 2020 sales, the City Finance Committee adjusted the forecast for future sales tax revenue earned in 2020. The current estimated reduction in sales tax as impacted by COVID-19 has increased from \$4.7 million to \$5.9 million, or 34% of the original sales tax forecast for the year “Pre-COVID”.

A detailed update on the impact of COVID-19 on the City’s revenues is attached. The estimated revenue impact from COVID-19 for the General Fund is now estimated to be \$7,841,900.

The City’s General Fund revenues received in 2019 were less than the forecast, coming in at 45% of the budget, when 48% was forecasted. As a result, a \$1.6 million revenue “gap” was created beginning the year of 2020, even without the impacts of COVID-19.

Departments have identified expenditure reductions totaling \$6,267,600 within their existing 2019-2020 General Fund department budgets to offset the expected decrease in revenues due to COVID-19.

Below is a summary of the current estimated gap between General Fund Revenues and Expenditures for the year 2020:

• Revenue Gap from 2019 Revenues	(\$1,600,000)
• Updated Revenue Impacts from COVID-19	(\$7,841,900)
Total Revenue Shortage in 2020	(\$9,441,900)
• Expenditure Reductions to Offset Shortage	6,267,600
Remaining “Gap” for 2020 ¹	(\$3,174,300)

An early separation program has been offered to employees that would also save the City some employee salary and benefit costs. Other staffing cost reduction measures will be pursued if necessary.

cc: Mayor Nicola Smith
Art Ceniza
Executive Leadership Team

¹ As currently estimated. Continued monitoring throughout 2020 will be needed.

Proposed Amendment of Financial Policies**A. Reserves, General Fund**

- i. Adequate reserve levels are a necessary component of the City's overall financial management strategy and key factor in external agencies' measurement of the City's financial strength. Collectively, the adopted budget should include General Fund reserve balances equaling not less than 2.5 months of the operating expenditures of the prior fiscal year. The reserves specified by this policy consist of the aggregate total of the General Fund Unassigned Fund Balance and the Revenue Stabilization Fund balance.
- ii. The purpose of the General Fund Unassigned Fund Balance is to provide for adequate operating cash and to cover receivables until they are collected. Achieving and maintaining this unassigned fund balance is the highest priority over developing and maintaining other general fund reserves.
- iii. The purpose of the reserves of the Revenue Stabilization Fund is to help protect the city from major economic downturns and other unanticipated, adverse financial conditions.
- iv. City Council authorization shall be required for expenditure of Unassigned Fund Balance or Revenue Stabilization Fund Balance.
- v. When the Mayor or City Council propose an expenditure of reserve funds to address adverse financial conditions, the Finance Director shall provide the following information:
 - a. A description of the basis for the financial hardship, including the known and estimated timeframes.
 - b. An itemized list of measures that have or are to be implemented to increase revenues and/or decrease expenditures to mitigate the financial hardship.
 - c. An assessment of alternatives to expending reserve funds.
 - d. The proposed allocation of reserve funds to maintain General Fund services.
 - e. A detailed schedule and strategy for restoring the reserve fund balance called for subsection A.i above.
- vi. When the City Council authorizes the expenditure of reserve funds based upon information provided, and it is improbable that the required reserve balance can be restored by the close of the current budget period, the City Council may adopt the subsequent, biennial budget with an initial reserve balance less than the amount specified by subsection A.i above.

CITY COUNCIL ITEM E

CITY OF LYNNWOOD City Council

TITLE: Mayor Comments and Questions

DEPARTMENT CONTACT: Nicola Smith, Mayor

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM F

CITY OF LYNNWOOD City Council

TITLE: Council President and Council Comments

DEPARTMENT CONTACT: Christine Frizzell, Council President

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM G

CITY OF LYNNWOOD Executive

TITLE: Executive Session: Report on Employee Complaint

DEPARTMENT CONTACT: Leah Jensen

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available