CITY OF Vancouver WASHINGTON

City Council Budget Retreat Summary Report July 11, 2020

This retreat was conducted remotely over video conference utilizing a GoToMeeting platform. Members of the public were invited to call in to the conference call. Retreat materials and a link to the full video recording of the retreat is available [on the City's website here](#).

Mayor Anne McEnerny-Ogle convened a retreat of the Vancouver City Council at the 8:32 a.m. on Saturday, July 11, 2020.

Council present:	Mayor McEnerny-Ogle, Councilmember Bart Hansen Councilmember Ty Stober Councilmember Linda Glover, Councilmember Laurie Lebowsky Councilmember Erik Paulsen Councilmember Sarah Fox
Staff & presenters present:	Eric Holmes, City Manager Carol Bua, Communications Director Brian Carlson, Deputy City Manager Amanda Delapena, Assistant to the City Council Natasha Ramras, Chief Financial Officer Jonathan Young, City Attorney

8:30-8:35 a.m. Welcome/Objectives for the Day

Mayor McEnerny-Ogle welcomed Council, staff and members of the public present.

City Manager Eric Holmes oriented Council to the agenda, materials provided to them in advance, and the objectives for the day.

Objectives for the Day

- Establish a shared understanding of 2020 Community Survey results
- Review current financial policies
- Establish a shared understanding and consensus on 2021-2026 financial forecast
- Review and endorse a 2021-22 biennial budget framework

8:35-9:17 a.m. Community Survey Results

Presented by Carol Bua, Communications Director

Segment objective: Establish a shared understanding of the 2020 community survey results as a source of data to consider in budget preparation, as well as the limitations of the survey data.

Key Discussion Points

- Overview of survey structure, timing related to the onset of the COVID-19 pandemic and state of emergency, and demographics of survey respondents.

- Acknowledgement that demographics reflect an older population skewed toward homeownerships and pre-pandemic timing may have contributed to results that are no longer applicable to the current environment. Proposal to conduct additional non-scientific surveys and mini polling over the summer to evaluate any shifting priorities of the community since the pandemic and to capture perspectives from communities not represented in the Community Survey results.

- Discussion regarding specific priorities and community satisfaction reflected in the survey, with focus on an overall decline in satisfaction since the 2017 survey from respondents regarding how the City is doing in: delivering services efficiently, overall, keeping citizen informed, managing the public's money, and focusing on the priorities that matter most to residents. Discussion regarding similar comparative trends at the national state and levels, and general strengths and weaknesses of the survey as a tool.

Council Consensus – Community Survey Results:

✓ **Confirmed:** Additional polling and surveys should be conducted over the summer in order to evaluate current priorities from residents since the onset of the pandemic and resulting economic challenges; to reach underrepresented communities; and to inform future budget discussion.

✓ **Confirmed:** Evaluate data where available from comparative jurisdictions and national trends regarding constituent satisfaction.

9:17-11:23 p.m. Review of Current Financial Policies

Presentation by Natasha Ramras, CFO

Segment objective: Establish shared understanding of current financial policies and identify potential policy changes, if any.

Ms. Ramras provided Council with an overview of the budget process and a snapshot of the City's current 2019-2020 Operating and Capital Budget.

Ms. Ramras presented an overview of the current financial policies, including the overall purpose and goals of the policies, as well as detailed information and the current status of each individual policy and each reserve fund.

Key Discussion Points

- Concerns and questions about specific language under the Long-Range Financial Planning and Resource Utilization section of the financial policies.
- Concerns regarding the current cost recovery target related to building fees, land use fees, development review fees, and recreation fees and discussion regarding how those targets are set and whether they are currently at the appropriate levels.
- Discussion regarding the need for application of an equity lens throughout the entire document, as well as potentially reflecting climate action and resiliency.
- Discussion regarding capital planning and asset management related to potential reprioritization of streets projects to provide more investment into safety improvement projects, while also maintaining current investments and honoring the public engagement process from the 2015 Streets Funding Initiative.
- Discussion regarding the role of the Transportation System Plan update process and policy guidance from the recently established Transportation and Mobility Commission that may influence budget considerations.

Council Consensus – Review of Financial Policies:

✓ **Confirmed:** Conduct a thorough review of polices and add a clear articulation of safety and equity throughout the financial policies that would be implemented in a priority array. Staff to draft relevant updates and conduct some analysis related to the potential budget impacts of the updates in the short and long term. Analysis to include review of the user fee target recovery levels.

✓ **Confirmed:** Incorporate climate action and resiliency throughout the financial policies.

Council recessed for a break from 11:23-11:35 a.m.

11:35-1:54 p.m. 2021-2026 Preliminary Forecast and 2021-22 Budget Framework

Presentation by Natasha Ramras, CFO, and City Manager Eric Holmes

Segment objective: Review and confirm key policy assumptions for six-year revenue and expenditure forecast

Segment objective: Review and confirm initial budget development policy framework for preparation of the 2021-22 budget.

Ms. Ramras provided a detailed six-year financial forecast, based on best available data, for the City's General, Street and Fire funds, followed by presentation of the proposed framework for development of the 2021-22 budget.

Key Discussion Points

- Acknowledgement that the current state of the economy is volatile and this forecast is a starting place for staff and Council in these early budget discussions. Staff will continue to monitor the data and utilize most current information in the fall when putting together the final budget recommendations.

- Overview of major assumptions related to expenditures and major revenue sources, such as property tax, sales tax, utility tax, and business license fees. As well as assumptions related to personnel costs, intergovernmental contracts, and professional services. Discussion regarding proposed modest wage increases and ensuring CPI is weighed prior to implementing increases.

- Discussion about City budget contributions related to homelessness services and the Navigation Center. Acknowledgement that a broader, more in-depth conversation related to homelessness services is needed outside of this initial budget forecast.

- Overview of proposed budget framework, including continued utilization of City cash reserves in 2021 and 2022 and a proposed 4.2 percent budget reduction for all City departments. Discussion about whether it is appropriate for all service areas to start with the same reduction target or whether certain areas, such as public safety, should be preserved at higher levels than others.

- Overview of projected 2022 ending fund balances if the proposed framework is implemented for the biennium, including discussion regarding certain reserves falling below minimum balances as called for in the current financial policies and the use of debt for purchase of Chkalov police headquarters and training building.

- Overview of policy framework for funds other than the General, Street and Fire, including proposed increases to park impact fees, dedication of Real Estate Excise Tax (REET) funds to high priority economic development projects, and developing a proposal for funding with the Affordable Housing Sales Tax Credit.

- Discussion regarding moving forward with developing a body-worn camera program for the Vancouver Police Department.

Council Consensus – 2021-22 Budget Framework:

✓ **Confirmed:** Overall budget framework as proposed by staff.

✓ **Confirmed:** Begin with 4.2 percent budget reductions for all departments and services as a baseline, acknowledging that further evaluation of specific reductions may be needed once the initial proposals are presented and impact is reviewed.

- ✓ **Confirmed:** Council comfortable with use of debt to support purchase of Chkalov police headquarters and training building.
- ✓ **Confirmed:** Continue to move forward with the Operations Center replacement project as previously proposed, supported by rate adjustments and moving forward with investments in design and bid documents.
- ✓ **Confirmed:** Comfort with utilization of previous analysis and engagement conducted as part of the Stronger Vancouver initiative as one source of information in budget preparation. Specifically prepare parks capital program in anticipation of Park Impact Fee increases consistent with Council direction on the PIFs that came out of the Stronger Vancouver discussions of early 2020.
- ✓ **Confirmed:** Continue to dedicate REED funds to high priority economic development projects.
- ✓ **Confirmed:** Develop a proposal for funding with the Affordable Housing Sales Tax Credit.
- ✓ **Confirmed:** Move forward with developing a body-worn camera program for VPD.

ADJOURNMENT: 1:54 p.m.

Submitted by:

DocuSigned by:
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Eric Holmes, City Manager

Approved August 3, 2020:

DocuSigned by:
Anne McEnerny-Ogle
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Anne McEnerny-Ogle, Mayor