

Report of the Everett Fiscal Sustainability Advisory Committee

November 2020

Executive Summary

The City of Everett is experiencing a financial crisis that, if left unaddressed, will continue to worsen each year, putting the City in an ever more precarious financial situation. After years of working to balance its General Government deficits with relatively minimal impact to the public, the City's ability to insulate residents and business owners from this problem appears to have ended. The General Government budget deficit can no longer be bridged by deferring maintenance of city facilities, further reductions of remaining administrative staff, or modest fee increases. Although the budget variance has been a major help in balancing the budget in the past decade, and will again help in 2022, it is volatile and unlikely to generate nearly the savings needed to cover projected General Government deficits after 2022. The problem has been developing over nearly two decades, but has been made much worse by the COVID-19 pandemic and the October 2020 announcement by Boeing that it will cease production of 787s in Everett.

The City's General Government operations include crucial public services: police, fire, emergency medical response, parks, street maintenance, library, and the municipal court, among others. The City projects that between 2022 and 2027 it will face an *annual* gap between revenues and expenditures equating to an estimated ten to fifteen percent of total General Government expenditures. The deficit in 2022 is projected at just over \$14 million, and grows to over \$30 million by 2027. With a legal obligation to balance its budget each year, the gravity of the situation cannot be overstated.

City leaders and the public must understand and acknowledge that the City is in a financial crisis. City leaders will need to implement bolder measures than they have taken in the last decade. It serves no purpose to look backward and point fingers. City Hall, and City residents and business owners need to own the current reality and look forward.

The Fiscal Sustainability Advisory Committee, composed of thirteen citizen leaders from a wide array of backgrounds, was created by Mayor Franklin and launched in June 2020. The Committee was tasked to look beyond the 2021 budget and make recommendations for improving the General Government funding situation. This report presents the Committee's assessment of the City's current situation and offers 24 recommendations for further exploration (See **Attachment C**, end of report).

The Committee concludes that the City's General Government operations are currently not fiscally sustainable. Dramatic action, and shared pain – impacting City Hall as well as residents and businesses -- will be required to work our way out of this challenge. There is no silver bullet here. It is imperative that the City respond to this crisis in a balanced way. Additional efficiencies alone will not be enough. Relying solely on budget cuts would be detrimental to the community. Relying solely on new revenues is not realistic. A broad array of strategies must be pursued, simultaneously.

Our 24 recommendations fall into seven categories: **Efficiencies; Additional Cuts; Additional Revenues; Transfer of Service responsibility and Partnering with Others for Service Delivery; Legislative Advocacy; Adjusting City Land Use and Economic Development Goals; and Public Information.** Pursuing all 24 recommendations simultaneously is beyond the City's capacity. The Mayor and Council will need to prioritize where they focus their energies. More work is necessary to frame out the implementation and expected results of our recommendations and select the most promising.

The General Government budget deficit is not a short term challenge; however, the Committee believes the City has a very short window to act in order to forestall dramatic cuts to programs defining our quality of life and Everett's attractiveness as a location for businesses while working to implement longer-term solutions. Work must begin immediately in 2021.

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Introduction

The City of Everett is experiencing a financial crisis. After years of working to balance its General Government budget deficits with relatively minimal impact to the public, the City's ability to insulate its residents and business owners from this problem may have ended. The General Government budget deficit can no longer be bridged by deferring maintenance of city facilities, further reductions of the minimal remaining administrative staff, staff who are direct service providers, or implementing modest fee increases. Although the budget variance has been a major help in balancing the budget in the past decade, and will again help in 2022, it is volatile and is unlikely to generate nearly the savings needed to cover projected deficits after 2022.

The onset of the COVID-19 pandemic has required two rounds of budget re-balancing efforts this year. The October 2020 announcement by Boeing that it will cease production of 787s in Everett has made the budget hole substantially deeper for the next several years at least. The City now projects that between 2022 and 2027 it will face an annual gap between revenues and expenditures equating to ten to fifteen percent of total General Government expenditures.

The City's General Government operations include crucial public services: police, fire, emergency medical response, parks, street maintenance, library, and courts, among other programs. These services are fundamental to the quality of life and business climate in Everett.

City leaders and the public must understand and acknowledge this crisis and be prepared to implement bolder measures.

The Fiscal Sustainability Advisory Committee ("Committee") was convened by Everett Mayor Cassie Franklin in late June, 2020. The Committee was tasked to look beyond the 2021 budget and make recommendations for improving the General Government funding situation. The Mayor asked the Committee to respond to the following questions:

- Does the City of Everett have a structural funding gap between expenditures and revenues?
- What does a "fiscally sustainable" Everett look like?
- What is your assessment of the work the City of Everett has done in recent years to cut services, implement efficiencies and explore new non-tax revenues?
- Is the status quo "fiscally sustainable?"
- If you agree there is a structural funding gap between projected revenues and expenditures, what strategies should the City further explore to address this in order to balance the City's budget in 2022 and beyond?

This report sets forth our responses to the Mayor's questions. We begin with an overview of the process we went through as a Committee, then discuss the current fiscal challenge as we see it. We then present twenty-four (24) recommendations that we believe merit further exploration by the City.

Committee Members, Timeline and Process

Committee Members were appointed by Mayor Franklin. We come from a broad range of backgrounds and hold a wide array of political views, which has made for lively discussions at times. Those of us who participated through the entire process and have approved this report are identified on **Attachment A**.

Mayor Franklin appointed local businessman Dan Leach to serve as our Committee Chair. The Committee was supported by City staff and an independent facilitator. We met approximately twice a month starting in late June 2020; each of our eight meetings lasted about an hour and a half. Due to the COVID-19 pandemic, all our meetings were held remotely via Microsoft Teams. We added one additional meeting to the original seven planned in order to complete our work. Our final meeting was held on November 5.

All our meeting agendas, meeting summaries and meeting materials were posted online on the City's website. Staff kept a log of any unanswered questions that arose during meetings and ensured we were later provided with a written response to all such questions.

Our first several meetings were dedicated to learning about the City's General Government budget structure and challenges. None of the Committee Members are public finance experts, so this was an important foundation for us. Our last few meetings were focused on developing findings and recommendations. Both Mayor Franklin and Councilmember Scott Murphy (Chair of the Council's Budget and Finance Committee) made helpful introductory remarks at our first meeting.

Major topics we reviewed over the course of this process are outlined below:

- We began by learning about the City's General Government funds: what they pay for, where their revenues come from, and the ongoing gap between General Government revenues and expenditures that the City must, by law, close each year in some manner.
- We reviewed the steps that the City has taken in the last twenty years to close the General Government deficit and looked at the projected gap between revenues and expenditures through 2027.
- We looked at the results of a benchmarking study comparing Everett to peer cities—what services are offered by other cities, their demographics and comparative revenue strategies. We also heard what some of these cities are planning to do in response to their current financial challenges—Everett is not alone in facing difficult times.
- We reviewed detailed proposals by each General Government department of how they would implement a hypothetical 15% expenditure reduction if needed, and we had the opportunity to ask questions of the police chief and fire chief as well as other department heads about these hypothetical cuts. These presentations illustrated the extent of cuts made to date, and emphasized that further significant cuts potentially mean eliminating staff positions—and accompanying reduction in the service levels supported by those staff – assuming status quo conditions with existing salary and benefit plans.
- Staff reviewed with us the ideas they presented to the Mayor and City Council at the beginning of 2020 for closing the ongoing gap between General Government revenues and expenditure. These ideas generally can be sorted into three categories:
 - (1) Making further service cuts
 - (2) Shifting some city functions to new taxing districts; and

(3) Seeking additional revenues.

- We were given the opportunity to identify our own ideas for addressing the General Government deficit, and we also reached out to the City Council for any additional ideas they had.
- All these various ideas were combined into an online survey. Between our fourth and fifth meeting, we each took time to complete that survey, rating thirty-two separate ideas, and providing feedback on the various questions posed by Mayor Franklin.

Through discussion in our last three meetings, we reviewed and refined the survey results and confirmed how we would answer the five questions posed by the Mayor. It was during this time that Boeing announced it would be closing production of the 787 line in Everett; at our seventh meeting, the City Finance Director was able to provide us with the updated – and worsening -- General Government budget deficit forecast through 2027.

We were provided a draft of this report, prepared by the facilitator, in advance of our eighth and last meeting. We spent our eighth meeting reviewing the report together, confirming direction to finalize the report, and approving the report. We reconvened for a short ninth meeting to consider additional information about the anticipated 2020 budget variance and approved additional edits to the report.

We would note that all the financial data in this report has been provided to us by the City Finance staff and has not been independently verified.

An Overview of the General Government Budget Challenge

What are “General Government” services, and how do they support our quality of life in Everett? What is the nature of the funding challenge? We think it is important to preview our further findings and recommendations with a high-level overview of the General Government budget situation as we understand it.

Figure 1 below lists the City’s General Government services. A quick glance will confirm these are the basic services that residents and businesses rely upon to make Everett a safe and livable city.

Figure 1: City General Government Services

- | | |
|-----------------------------------|---|
| ▪ City Council | ▪ Legal |
| ▪ City Administration | ▪ Municipal Court |
| ▪ Police | ▪ Human Resources |
| ▪ Fire | ▪ Communications |
| ▪ Parks, Senior Center | ▪ Finance |
| ▪ Animal Services | ▪ Information Technology |
| ▪ Municipal Arts | ▪ Community Planning and Economic Development |
| ▪ Library | ▪ Facilities |
| ▪ Construction permitting | ▪ Jail contract with Snohomish County |
| ▪ Traffic Engineering and Streets | |

These General Government services are supported by the City’s General Fund and a number of other dedicated funds that are technically separate from the General Fund, including:

- Parks & Community Services Fund
- Library Fund
- Municipal Arts Fund
- Conference Center Fund
- Street Improvements Fund
- Streets Fund

References in this report to General Government budget, or General Government deficit, include all these funds, as well as the General Fund.

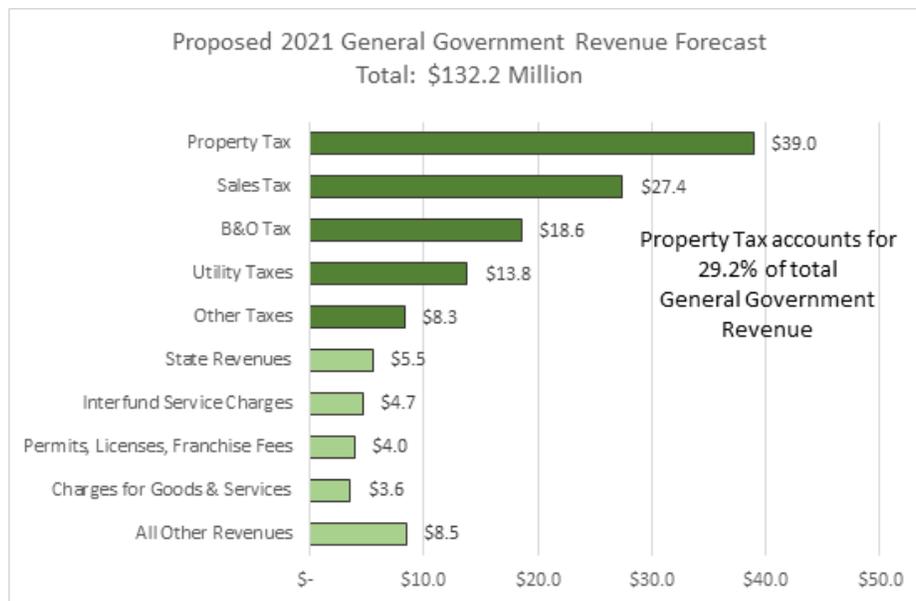
It is important to note that the City’s current financial challenges are in the General Government services and operations. In contrast, City utilities and other enterprise operations outside the General Government are generally healthy (with the exception of Everett Transit): these include water, sewer and drainage, solid waste, the Everpark Garage, and operation of the two City golf courses. These non-General Government programs are self-supporting, primarily or exclusively through fees for service and do not rely upon general City taxes for support. Everett Transit is struggling, but it is not subsidized by the General Fund; its primary revenue sources are a 0.6% sales tax, federal grants, and fares. *These utility and enterprise are not the focus of our mission.*

The **City’s 2020 General Government budget**, as originally approved in November 2019, was **\$140.7 million**. The Mayor’s proposed 2021 budget calls for General Government spending of **\$136 million**.

- **General Government Revenues**

Figure 2 identifies the major sources of revenue supporting General Government operations.

Figure 2



Source: City Finance Dept.

Like most cities, property tax is the single biggest revenue source for the General Government. And here is perhaps the single biggest revenue constraint that Everett (and other cities) face: Initiative 747 (I-747), approved by Washington state voters in 2001, capped the amount a government jurisdiction in Washington can collect from property tax in any year to no more than 1% more than the prior year, plus the value of property taxes on new construction. The I-747 cap results in this major revenue source lagging behind general inflation every year. Voters must approve any increase in property collections above the I-747 cap, through what is known as a “property tax lid lift.”

Sales tax and business and occupations taxes – the second and third largest sources of Everett’s revenues respectively-- are sensitive to economic cycles. In boom times, they can grow faster than inflation, but in an economic downturn such as that we are now experiencing, the amount of resources these revenues produce can drop significantly.

Everett’s fourth largest revenue source—utility taxes—have been on a declining trend over the past several years. A combination of factors, including consumer behavior, weather, conservation, and billing structures have all come together to reduce utility tax receipts that support General Government services.

Virtually all of the City’s current General Government revenues are being levied at the maximum rate allowed by law without a vote of the people. Everett has not asked its voters for an increase in property taxes—to fund operations or new capital projects for over thirty years—since 1988¹.

- ***The Gap between General Government Revenues and Expenditures***

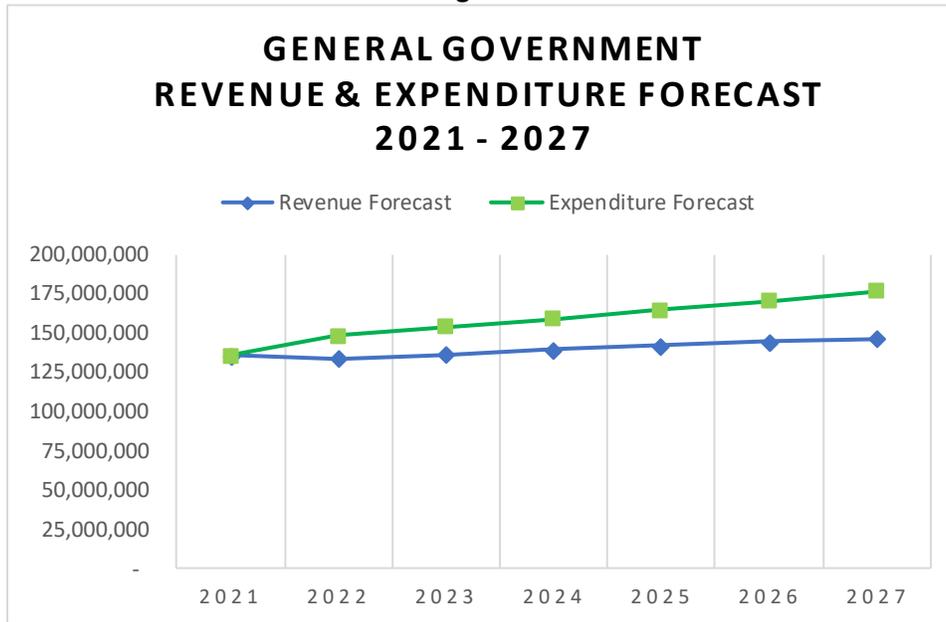
Figure 3 below shows the projected growth rate of General Government revenues and expenditure from 2021 through 2027. **Figure 4** breaks down the revenues and expenditures into sub-categories to highlight the different growth rates between major components. **Figure 5** shows the resulting General Government deficit forecast between 2021 and 2027—increasing from an estimated \$14 million in 2022, to just over \$30 million by 2027. These estimates are based on information as of October 2020 and incorporate the impacts of the Boeing 787 shutdown and ancillary impacts on the broader Everett business community.

The current budget forecast anticipates **General Government revenues** to grow at an annual average rate of **2.0% per year between 2022 and 2027**. In contrast, **General Government expenditures** – the cost of supporting the programs listed in **Figure 1** -- **are projected to grow at 4.5% per year over the same period**. The expenditure forecast is artificially increased due to the suspension of the LEOFF 1² Pension prefunding allocation and other one-time adjustments proposed to balance the 2021 budget; these expenditures are restored in the forecast for 2022. Removing 2022 from the measurement period results in an average 3.5% expenditure growth rate, which more closely reflects the actual anticipated trend. Under either calculation, the gap between revenues and expenditures is a major problem for the City – and for the residents, employees and business owners who live or work here.

¹ This was for the construction of the Senior Center and Senior Housing. In 1987 voters approved an unlimited tax general obligation bond for the expansion of the main library and construction of the Evergreen Branch library.

² LEOFF: Law Enforcement Officers and Fire Fighters. The state has established two pension funds for police and firefighters. LEOFF 1 was the first such program.

Figure 3



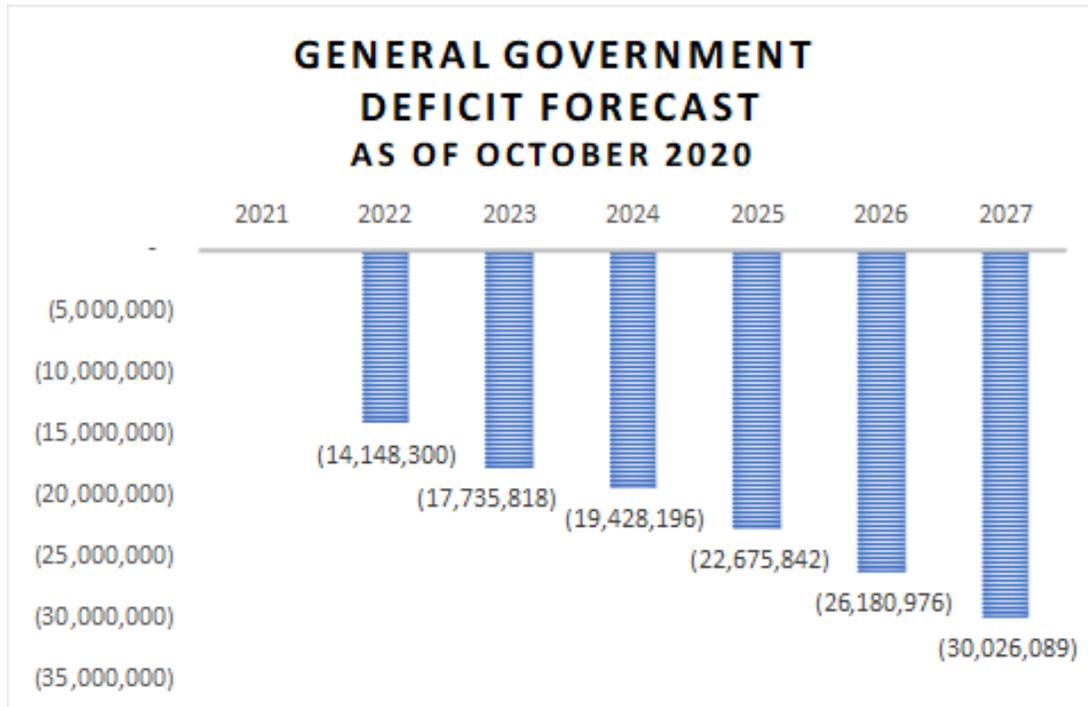
Source: Everett Finance Department

Figure 4:
2021-2027 General Government Expenditure and Revenue Growth
Forecast by Source and Use

Average Growth Forecast Revenues	% growth per year	Average Growth Forecast Expenditures	% growth per year
Property Tax	1.3%	Labor	4.1%
Sales Tax	2.6%	Department maintenance and operation	3.0%
Business Occupations (B&O) Tax	3.5%	Reserve Contributions	9%*
Utility Taxes	1.6%	Debt Service Contributions	0%
Other taxes	3.1%	LEOFF 1 Pension Funds Contributions	19%*
State revenues	0.5%		
Permits, licenses, franchise fees	0.7%		
All other revenues	0.7%		
Interfund service charges	2.6%		
Charges for goods and services	0.9%		
Weighted average annual forecast growth in all revenues:	2.0%	Weighted average annual forecast growth in all expenditures:	4.5%

Source: City Finance Dept. (*Note: the percent growth rates for reserve contributions and LEOFF 1 Pension Fund Contributions are distorted by the suspension of funding in 2020. The actual annual growth rate for these items is closer to 2% - 3%.)

Figure 5:



Source: City Finance Dept.

Every year, the City will have to undertake some mix of cuts, revenue adds, and other adjustments in order to balance the General Government budget. Looking forward, the gap is greater than it has been in the past six years. Key contributors are the 1% limit on property tax growth; COVID-19, which deeply impacted revenues; Boeing’s announcement; and pension fund obligations, including the proposal to avoid deeper cuts in 2021 by deferring funding of LEOFF reserve contributions to later years.

Is this problem – slower revenue than expenditure growth – a new situation? In a word, no. This has been the City’s reality for nearly twenty years with the inception of I-747 and the escalation of costs related to employee pension fund obligations and benefit programs. Between 2010 and 2019, the City made a total of **\$104.45 million** in General Government program and service cuts, expenditure deferrals, or other budget adjustments in order to balance the General Government budget each year. While acknowledging these cost-cutting measures, it is also important to recognize that the City has not been able to implement retirement and benefit plan reforms that would make these programs fiscally sustainable. The resulting “crowding out” effect has required cuts in programs and services in the absence of additional tax revenue.

- ***What are the biggest pressures on General Government spending?***

Labor costs are the largest single category of spending for General Government. Overall, employee salaries and benefits will comprise 72% of General Government spending in 2021, with 19% being dedicated to benefits alone. City services are by and large provided by people, the civil servants employed by the City: police officers, firefighters, finance and human resources staff, city judges, urban

planners, construction inspectors, civil engineers, economic development specialists, street maintenance crews, etc. Some of these jobs do not have equivalents in the private sector. The City competes with other cities and counties that have historically offered comparable compensation and benefit plans to attract quality and qualified employees, but like the City, now face severe financial challenges.

The City is subject to a variety of limitations on its ability to control employee salaries and benefits. Eighty percent of the City's workforce is unionized: changes to salaries, benefits and working conditions of union employees must be negotiated with their unions. Union contracts and state laws impose a variety of restrictions on the City's ability to control its labor costs. For example, disputes between the City and its police and fire unions are subject to binding arbitration. The rate of growth in labor costs for General Government programs has exceeded the rate in growth of General Government revenues for years, and as shown in **Figure 4**, will continue to do so without voluntary participation from the City's unionized workforce to help our community achieve fiscal sustainability.

As part of our due diligence, we asked City staff to estimate the potential annual savings if all eligible City employees participated in a standard 401k program vs. existing pension plans. While this was a hypothetical exercise, the projected savings was estimated to be \$5.1 million per year (See **Attachment B**, end of report). This provides a sense of scale and magnitude as to how the City's benefit structure is impacting funding for community services and programs. We also noted that the City's healthcare benefits exceed what is typically provided in the private sector. While the City is limited in its ability to negotiate compensation and benefit reforms, we encourage all parties to come together to help our community achieve a fiscally sustainable path.

Another cost pressure comes from the fact that the City offers a broad array of General Government services. In comparison, several cities in Snohomish County have taken steps in recent years to eliminate the cost of fire and emergency medical services -- by joining or forming regional fire authorities. Cities elsewhere have offloaded other services such as parks to parks districts, or have joined regional library systems rather than continue to offer their own library services. Everett has implemented none of these changes – but has begun to consider them.

Unfunded state and federal mandates have also contributed alarmingly to the gap between revenues and expenditures problem. The City estimated that the *annual cost* of unfunded state and federal mandates between 2016 and 2018 was \$16.5 million.³

- ***What major cuts and adjustments have been made to balance the General Government budget so far?***

All General Government departments have faced cuts in the last decade. But nearly half of the General Government budget gap in the past decade has been resolved by reallocating the annual “budget variance” – appropriated funds remaining unspent at the end of the year. Budget variances are largely the result of savings from staff vacancies that occur throughout the year. In addition to applying budget variance, a variety of small tax and fee increases have been imposed. Examples include raising gambling

³ The City stopped tracking this data in 2018; the main reason for collecting it was to highlight the issue for state legislators.

taxes, utility taxes, and license fees, and implementing fees for commercial fire inspections and police false alarms.

As of late November 2020, it appears that the budget variance from 2020 is going to be relatively large due to under-expenditures by the City this year, as well as slightly better revenues than initially projected. As a result, the City may be able to close much—but not all—of the projected 2022 General Government deficit with the 2020 budget variance, should the City so choose. This would also provide the City valuable time to implement strategies to avoid deeper service cuts in 2023 and beyond. As noted above, although the budget variance has been a major help in balancing the budget in the past decade, it is volatile, and is unlikely to generate nearly the savings needed to cover projected deficits after 2022.

In terms of other savings, labor cost reductions have been secured through attrition, layoffs, furloughs, and revisions to salary and benefit costs. Over the past two years, 73.5 General Government positions were eliminated or reallocated to functions outside General Government operations. In 2020, 58 positions were temporarily furloughed in response to the pandemic. The City is in the process of negotiating increased healthcare premium sharing with employees, and has also introduced a high deductible healthcare plan this year designed to lower the City's premium costs by incentivizing a more consumer-based approach to the use of healthcare. The City has also opened its own healthcare clinic and introduced a new telemedicine option to provide care at a lower cost. On the other end of the spectrum, the City still provides healthcare coverage to all employee family members at a significantly reduced cost which continues to have adverse impacts to the budget.

The City has deferred costs of facilities maintenance for many years in order to help balance the General Government budget. A study recently completed for the City recommends it set aside approximately \$5.7 million per year to fund facility needs identified as critical deficiencies. In contrast, the City was able to set aside only \$2.2 million for these purposes in 2020. Any homeowner knows that at some point, deferring maintenance leads to bigger and more expensive problems; we seem to be approaching that point with City buildings.

The two largest General Government operations are the police and fire departments. Together, spending on these departments comprises about 45% of General Fund spending in the proposed 2021 budget. Interestingly, City Finance Department analysis shows that **the per capita expenditure on police and fire services, adjusted for inflation, is essentially the same today as it was a decade ago.**⁴ This has been accomplished through a variety of cuts over time, primarily to maintenance and operations and administration: front line staffing levels have not been reduced.

While most of the cuts and efficiencies the City has implemented in the last ten years have not been experienced by residents and businesses as direct service cuts, the ability to insulate the public from cuts has ended. In mid-2020, as the impact of COVID-19 on city revenues (and operations) became clear, the City closed the City pool and Senior Center; eliminated all recreation programs and public events; curtailed library hours and services; eliminated the sidewalk program; and reduced staffing across most departments.

⁴ This calculation excludes the cost of funding LEOFF 1 for former police and fire employees.

Given the magnitude of the projected General Government budget deficit, we expect that additional service cuts are inevitable.

- ***Historically slow population and job growth, and a local economy facing new threats***

Our discussion to this point has focused on what is happening inside City government. It is equally important to look at the external realities. For decades, the City has experienced relatively slow population and jobs growth compared to peer cities. The City has taken many steps to become a thriving urban center over the years-- supporting development on the riverfront and waterfront, promoting passenger air service at Paine Field, developing a convention center, performing arts theater, arts programs, tourism, special events, and tax incentives for multi-family residential construction in designated growth areas. But our community still lacks the vibrancy of smaller neighboring cities. Most of the job and retail growth in Snohomish County in the last two decades has happened outside of Everett.

The Boeing announcement of closure of the 787 line brings much more pressure to bear on City Finances. Thousands of jobs are expected to be lost as a result of Boeing's decision with regard to the 787s and the pandemic's catastrophic impact on aerospace and the airline industry. The City estimates the incremental impact of the projected General Government budget deficit is an additional shortfall of \$3.5 million each year through 2027 (this estimate includes losses across the entire business community from the ripple effect of this significant economic hit on the aerospace sector).

Committee members see the current business climate in Everett as fragile. Many of us operate businesses in the community, and are particularly concerned about the detrimental impact that higher B&O, sales, or property tax rates could have on the City's ability to attract and sustain economic development, which in turn, support vital services and programs.

The City's response to the budget crisis must also be based on an understanding that the median household income in Everett is relatively low, at just \$57,205 per household in 2018⁵. In comparison, peer city median income in Western Washington ranges from \$66,011 to \$109,715⁶. The reality of Everett's modest household income is in our view a blinking caution light when considering the need for new City revenues.

In sum, development in recent decades has not positioned the City well for strong future revenue growth for the City. City Hall's options to address this crisis must include longer term thinking about our vision for the future of Everett. Where will Everett be if current trends and land use plans continue? Can the City improve the current trajectory by adjusting its economic development and land-use goals? We think these are important questions to be addressed as part of the solution to the ongoing General Government deficits.

⁵ www.census.gov/quickfacts

⁶ *Id.*

Findings: City's Financial Sustainability and Recent Efforts

Each and every year, the City must take steps to close the gap between General Government revenues and expenditures. While it may be possible to forestall some major cuts in the next year or two through sale of public assets (generating one-time revenue), at this point there is no pain free way out of the General Government deficit. As things now stand, actions that City leaders have not wished to pursue in the past --because they are politically unpopular or have significant impact on quality of life--arguably characterize most of the options remaining on the table.

- ***Does the City of Everett have a structural funding gap between General Government expenditures and revenues?***

Our answer to this question is quite simply, yes. This conclusion is amply supported by the data presented above. Revenues supporting General Government programs continue to grow more slowly than General Government revenues, and the size of the gap is increasing. The two single largest factors here are the I-747 cap on property tax collections and the rate of growth in labor costs.

It is important to understand that Everett is not unique in facing this situation. Most, if not all, cities and other local governments face a similar challenge. Like Everett, most cities and other municipalities in the state (counties, school districts, fire districts, etc.) depend on property taxes for a significant portion of their revenues. Most local governments also have highly unionized workforce and are subject to the same state laws and limitations as Everett faces. The problem is more intractable in Everett because of our relatively modest household income and slower rate of growth in jobs and population.

- ***How does the Committee define fiscal sustainability?***

In our view, there are three major parameters to fiscal sustainability. At the most basic level, it means the ability to balance the City's budget while sustaining maintenance and operations levels. By this definition, the City has not been fiscally sustainable for years.

For us, fiscal sustainability further means having the capacity to weather some moderate level of revenue loss or unanticipated expense year to year by spending down existing reserves, rather than implementing staffing and program cuts. Again, the City does not meet this test of fiscal sustainability, and has not for some time.

A third, arguably more subjective way of looking at fiscal sustainability is to combine the above concepts with the goal that the City's adopted budget be able to support programs, services and infrastructure that together make the City an attractive place to live, work and play. While different Committee members would define this condition in different ways, our consensus is that Everett is not currently meeting this definition of fiscal sustainability.

- ***Is it important to be fiscally sustainable? Why?***

The Committee believes it is very important for Everett to be fiscally sustainable. City government programs, services and infrastructure to a large extent define the quality of life for citizens and

determine whether the City will be an attractive location for existing and new businesses to operate. The City's role is to facilitate the planning, services and infrastructure that will ensure this.

We have a long way to go before Everett is a vibrant regional center. Progress towards that will take time. How the City responds to the current financial crisis will determine the pace of that progress. If Everett can become a very attractive place for new businesses to locate, for all types of residential development, with retail and other services that makes us a destination for visitors—this in turn will generate more robust revenues for the General Government. In the immediate future, however, the General Government situation is critical: will the City's actions in the next two years involve dramatic service level cuts, or can we buy time to implement the larger options that can right the ship? This is the challenge before City leaders.

- ***Is the City fiscally sustainable?***

By any manner in which the Committee defines this term, the answer is a resounding “no.” The City has for at least a decade now sought to balance its General Government budget through what some have called “death by a thousand cuts.” COVID has amplified this, leading to many programmatic reductions and outright closures of programs and facilities. Even before the news that Boeing will be closing the local 787 assembly line, there was no cushion in the City's finances.

The structural gap between revenues and costs is real, and worsening. The current General Government budget forecast for 2022-2027 indicates that the City will need to close increasingly larger gaps. As discussed above, City General Government revenues are projected to grow at 2% per year over the next six years, while growth in the cost of current General Government programs is projected to grow at an annual average of 4.5% per year.⁷ By no stretch of the imagination is this sustainable.

To put the current situation in somewhat daunting perspective, the City could close the entire parks department and barely begin to plug the multiple year funding gap: parks spending proposed for 2021 is \$6.6 million; the General Government budget deficit forecast grows from an estimated \$14M in 2022 to just over \$30M in 2027.

To its credit, the City has implemented a number of important efficiencies over the last decade—including actions to control the cost of employee benefits at the margins. The City has implemented both cuts and new revenues. However, despite these actions the City's budget has reached a crisis point. Without dramatic change in the revenue and expenditure picture, it will be years before recently cut programs and services can be restored. In our view it simply is not possible nor prudent to kick the can down the road and hope economic recovery addresses the situation. It will require bold action and shared pain to overcome this challenge.

- ***Has the City done a thorough/good job in the last several years to address its financial challenges?***

On this question, we give the City a mixed review. The City has done a tremendous amount in the last decade to address the General Government structural deficit: as noted above, over \$104 million cuts or

⁷ Deferral of contribution to Law Enforcement and Fire Fighter (LEOFF) pensions and reserve funds in order to help balance the 2021 budget shift this expenditure growth rate up from 3.5 % per year to 4.5%.

other adjustments have been made to balance the General Government budget in the last 10 years. But the structural deficit remains and is projected to get worse: much more needs to be done.

We do not believe the deficit can be addressed simply through finding efficiencies in current operations or relying on tax increases alone. Action will be needed in many areas.

Regardless of how one rates the City's actions to date, it serves no purpose to look backward and point fingers. City Hall, and City residents and business owners need to own the current reality and look forward.

- ***What are the Challenges for the City in its effort to become more fiscally sustainable?***

We chose to slightly reframe this question to consider both barriers and opportunities for the City to become more fiscally sustainable.

Barriers to fiscal sustainability:

We identify four significant barriers:

- ***Initiative 747 limitation on growth in property tax revenues.*** Having a major revenue source – property taxes --growing at less than inflation every year poses obvious challenges. Getting around this will take an act of the legislature, which has for decades now declined to repeal the initiative.
- ***The ability to control growth in public employee salary and benefit costs.*** Although there are actions the City has taken here, and can continue to push on, the current trajectory in the cost of public employee salaries and benefits is not sustainable. The rate of increase in cost of the City's labor force annually exceeds the growth rate of the City's revenues. We are at the point where cutting General Government costs largely means cutting public employees. We cannot make progress towards being a vibrant City center if we are constantly closing or cutting back programs because the staff to operate them are no longer on the payroll. This leads us to the next barrier.
- ***Perceived reluctance to address labor costs.*** The importance of having high quality public employees serving the City with dedication and integrity cannot be understated. We are fortunate to have a skilled and dedicated workforce in City Hall –working ever harder as their numbers have been reduced in recent budget years. Most of the constraints the City faces are a result of state statutes—many of them probably well intentioned, but which frankly need to be re-examined in our current economic climate. That said, the growth in City labor costs—salaries, benefits and pensions--is not sustainable. While the City has limited flexibility as an employer as compared to the private sector, this cannot be an excuse for the City to walk away from this challenge. The City must push hard to control growth in salaries and benefits. With labor being the largest single component of General Government expenditures, and those costs growing at nearly twice the rate of growth in revenues each year, there is simply no choice but to re-examine labor contract terms and related state statutes to find a way to reduce the escalation in these costs.
- ***Relatively low median household income in Everett.*** With household median income at \$57,205 (compared to over \$100,000 in Seattle or Kirkland) it may be very difficult to build voter support for significant tax increases. Everett's vision of its future must address this reality.

Opportunities to help build towards fiscal sustainability:

We see several opportunities for the City to help stabilize the General Government budget crisis. These are generally presented below in our recommendations. Larger contextual opportunities we see for Everett include:

- An opportunity to gain from Seattle’s current challenges in retaining and attracting employees
- An opportunity in the wake of Boeing’s 787 line closure to pivot to becoming more of a green infrastructure technology center
- A competitive advantage in having much more land capacity than most other urban centers in King County

These points underscore our recommendation below to reframe the future vision for how Everett will grow over time, particularly in our downtown, to a plan that will support stronger revenue growth for the City.

Recommendations: Actions the Committee Endorses for Further Exploration

We have identified twenty-four (24) recommendations that we believe the City should further explore in order to stabilize the City’s General Government budget. Because our time together as a Committee was limited and our knowledge of the situation is relatively high-level, more work is needed to frame out the details of most of our recommendations, which in turn means it is now difficult to assess their financial impact. Some of our recommendations may not pan out – they may be too complicated to implement or generate too little in the way of savings or revenues. Several of our recommendations are items that the Mayor and Council have been considering in the past year.

Our recommendations are not ranked, nor are they presented in any order of priority. As noted, we are a diverse group: we did not seek to develop a short list of priorities, and it is not clear we could have reached agreement on one. Rather, we concluded that the most helpful contribution we could make as a Committee is to offer a longer list of recommendations that we all could support for further exploration by the City. The Committee has unanimously endorsed this slate of recommended areas for further exploration by the City.

To revisit an earlier statement: there is no silver bullet. Seeking to squeeze additional efficiencies out of City operations will not yield enough savings. More cuts, alone, are not the answer and could in fact be very detrimental to the already challenged quality of life and business climate in Everett. Relying only on new revenues, alone, is not realistic or fair to citizens and businesses. We firmly believe the City must take action across a range of areas. We have identified seven categories of action. Since the problem is long-term, we also characterize each recommendation by how long we think it may take to see positive results for the General Government budget.

Figure 6 summarizes our approach; **Table 1** presents our recommendations by category, with a brief statement on the rationale for each and a note as to the time frame in which we would expect to see results. **Attachment B** presents all the recommendations in a summary matrix.

Figure 6: Committee Recommendations: Categories and Timeframes

Categories of Recommendations	Timeframes for Recommendations
<ul style="list-style-type: none"> • Efficiencies—doing the same or more with less • Additional Cuts --to programs, staffing • Additional Revenues—increase taxes, fees • Transfer of Service Responsibility and Partnering with Others for Service Delivery • Legislative Advocacy—seek changes in law • Adjusting City Land Use and Economic Development Goals • Public Information 	<ul style="list-style-type: none"> • Near term – can be accomplished in 1-2 years. • Mid-Term – 3-5 year • Long-term > 5 years • Ongoing – changes to implement now that will continue

Table 1: Committee Recommendations

#	Recommendation / Rationale	Anticipated Timeframe
Category: Efficiencies		
1	Review police and fire department operations for efficiencies. As these are the two largest departments, it makes sense to us that a particular focus be on driving efficiencies here, while seeking to maintain public safety. We understand a study of the police department is under consideration in the 2021 budget and we support this.	Near Term
2	Audit fire and police department gross compensation, overtime, etc. If there are changes in policies and practices that can reduce total cost of salaries and overtime (for example, by adjusting schedules, overtime assignment rules, or FTE count), we think these should be pursued. An audit may identify such opportunities.	Near Term
3	Explore revisions to City compensation policies that could reduce the need for layoffs, including salary freezes and reductions. We understand that this type of change would need to be negotiated with unions, and that there are pressures on the City to offer competitive salaries. However, without controlling the growth in compensation, more layoffs and accompanying service reductions to the public are inevitable. In this time of financial crisis, we think it is important that the City pursue this type of policy change.	Near Term
4	Aggressively manage cost of employee benefits. This recommendation addresses labor costs other than salaries. We applaud the City for its recent success in deploying a new and lower cost health care benefit option for employees: this type of cost reduction is important to being able to forestall additional layoffs and service reductions. State law drives the City’s pension costs, and negotiation with unions is required. That said, as per the recommendation above, it is important for the City to creatively and aggressively work to find ways to control the cost of labor.	On-going

#	Recommendation / Rationale	Anticipated Timeframe
5	<p>Explore ways that reduced operational expenditures realized during the COVID pandemic can translate to permanent reductions in the City’s cost of doing business. The City has made many adjustments in response to COVID. For example, many staff are able to work from home, raising the question of whether it is possible to reduce City office space in the future. The City has had to increase the use of digital solutions and increase the public’s access to services online: can this be expanded to additional programs (for example, permitting), and further reduce City overhead costs? The reduced County jail capacity has correspondingly reduced the City’s jail bill in 2020: can an increased focus on alternatives to detention extend at least some of this savings into future years? Did the experience of the past year suggest any options to reduce the costs for police and fire response? These are just some possibilities to explore. The point is that the “new normal” once COVID is in the rearview mirror has yet to be defined. We hope the City will work with staff at all levels to apply the lessons of COVID and identify changes in City operations to reduce the costs going forward. (Note: This idea also supports the category of recommendations for Additional Cuts.)</p>	Near Term
Category: Additional Cuts		
6	<p>If paratransit service offered by Everett transit is higher than minimally required levels, consider reducing to minimal required levels. Although Everett Transit is not subsidized by the General Fund, and we are told that current service levels are relatively close to minimal levels, we think this action could reduce the risk that the City will feel the need to seek a local sales tax increase to fund transit. A sales tax increase would have a detrimental impact on the City’s ability to retain and attract businesses—tax revenues from which support the General Government.</p>	Near Term
Category: Additional Revenues		
7	<p>Propose a voter approved property tax lid lift, either targeted to specific services or to support all General Government services. The level of service reductions required to balance the budget without additional revenues could be very damaging in the long term for Everett’s economic future. In reviewing the few taxing options available to the City, a property tax lid lift requiring simple majority voter approval seems one of the most plausible approaches, and is certainly one used by many other cities. Everett has not asked its voters for a property tax increase since 1988. We think that in this financial crisis, it is appropriate to give City voters the chance to decide for themselves whether to stabilize or improve City service levels or endure more service reductions.</p>	Near Term
8	<p>Raise fees for service. Where the City is in a position to charge fees for service, it should consider raising those to cover operating costs. Accommodation for low income individuals should be made.</p>	Near Term

#	Recommendation / Rationale	Anticipated Timeframe
9	Engage large businesses in Everett that are in effect private regional service providers serving the broader Snohomish County population in a dialogue to identify ways they can assist the City with its financial challenges. As the County seat, Everett is a central location for both public and private businesses. These businesses have a vested interest in the City’s economic success. It is time to start a conversation with these businesses to explore ways to build economic synergy between these private organizations and City (and County) government.	Near Term
10	Continue to strategically pursue sale of surplus City assets to generate near-term revenue. Given that new revenues or efficiencies may take two or more years to be realized, we think it is important to consider some near-term actions that could forestall the need for deeper operational cuts. Sale of surplus assets can provide a near-term cash opportunity. We emphasize that such sales should be strategically considered in light of potential long-term value for the City’s quality of life and economic development potential.	Near Term
11	Explore opportunities to re-purpose City-owned properties as a mixed-use campus location (for example, a portion of Legion Golf Course). We see strong economic development potential in mix-use business campus development. For example, perhaps part of one of the City’s two golf courses could be redeveloped in part, retaining the balance of the acreage in park use. There may be other opportunities to partner and redevelop City-owned properties with a goal of securing higher revenue growth for the City as compared to current uses. (Note: This idea also supports the category of recommendations for Adjusting City Land Use and Economic Development Goals.)	Long Term
12	Institutionalize thinking about revenue opportunities across all City initiatives (zoning, parks, etc.) This recommendation is calling for a change in mindset at City Hall to deploy creative thinking across the agency for new ways to generate revenue, even in untraditional areas. There are limitations in state law here, but challenging times call for new approaches where possible.	Ongoing
13	Raise new revenues. While very general, this recommendation is also very important. We cannot climb our way out of the fiscal crisis and maintain an acceptable quality of life in Everett by cuts and efficiencies alone. New revenues will continue to be needed.	Ongoing
Category: Transfer of Service Responsibilities/Partnering with Others for Service Delivery		
14	Partner with others for service delivery in senior services. We strongly endorse the City’s recent action to issue a request for proposals seeking private entities to operate the City’ senior center. We hope this effort will come to fruition in the near term and enable the senior center to fully reopen when it is able to do so from a public-health perspective.	Near Term

#	Recommendation / Rationale	Anticipated Timeframe
15	<p>Transfer service responsibilities to other taxing districts. Everett is notable for the breadth of services it provides in comparison to peer cities. Significant relief on the City’s General Government operations could be provided if some General Government departments or programs were transferred to other taxing districts. This strategy can take many forms, and all the examples we have reviewed require a vote of the people. The government entities assuming responsibility for service will impose their own taxes, typically property taxes, to support their operations. The financial impact of this strategy is dependent upon how the City adjusts its general property tax levy after the shift of service responsibility. However, making the transfer of responsibility revenue neutral to taxpayers buys no relief to remaining City service departments. We reviewed several possibilities within this general concept; the two we favored the most are detailed below:</p> <ul style="list-style-type: none"> • Transfer of Fire/EMS responsibility to another taxing district <p>15.A This is likely the single most significant step the City could take to reduce pressure on the General Government budgets in the near term, given the high cost of funding fire services. Several other Snohomish County cities have already completed or are currently pursuing this same strategy, including the Cities of Lynnwood (creating a Regional Fire Authority (RFA) with Fire District 1), Marysville (creating an RFA with Fire District 12), Stanwood and Arlington (Stanwood recently annexed into North County Fire & Rescue (an RFA) and Arlington is seeking voter approval to do so in early 2021). Other cities in the County are annexed into fire districts (for example, Monroe). We support the City exploring this option—either creating a new RFA or annexing into an existing RFA. Annexing into a fire district is another option, but offers somewhat less flexibility for the City than participating in an RFA in terms of maintaining City property tax levy rates and conferring a solid level of governance control over transferred operations.</p> <ul style="list-style-type: none"> • Transfer City parks to another taxing district <p>15.B This concept would seek voter approval to create a metropolitan parks district or another type of parks district authorized by state law. If approved, that new agency would take on operation and maintenance of City parks, alleviating the need for the City’s General Government revenues to continue to support them. The potential relief to the General Government of this transfer would be less than transferring the Fire District since the cost of Parks operations is much smaller than the Fire Department.</p>	Near Term
16	<p>Partner with faith-based and other non-governmental organizations to develop a new multi-service shelter in a less impactful location than downtown, with a more effective service model. The primary goal of this recommendation is to make the Everett downtown a more attractive location for new jobs and housing, while better addressing the needs of our homeless population.</p>	Mid-Term

#	Recommendation / Rationale	Anticipated Timeframe
17	Adopt new methods of delivering administrative services—partnering with other governments or outsourcing them to the private sector. We anticipate that it may be possible to secure some economies of scale through partnering with others on administrative service delivery. Private sector service providers may also be able to offer less expensive service options than the City can provide itself. We understand that there are legal limitations on the ability to contract out union work, but feel this concept merits exploration.	Mid-Term
18	Explore additional public-private partnerships that could potentially support a range of opportunities – economic development, permitting operations, other service responsibility transfers, etc. The regional businesses located here in Everett may find synergy in partnering with the City on new downtown development. For example, perhaps a new health care technology hub could be built around our regional hospital. Along other lines, the City should explore the benefits of engaging private contractors to address staffing needs in a less expensive way. For example, there are firms that provide permitting departments with surge staffing capacity. (Note: This idea also supports the category of recommendations for Adjusting City Land Use and Economic Development Goals.)	Mid-Term
Category: Legislative Advocacy		
19	Seek repeal of I-747. By limiting the growth of property tax receipts to 1% more than the prior year, plus the value of tax on new construction, I-747 is one of the major barriers we see to fiscal sustainability for Everett and many other municipalities. The City should work with the Association of Washington Cities and other local government groups to secure legislative action to repeal this initiative and institute more realistic caps in year-to-year growth of property tax collections.	Near Term
20	Seek changes in law to provide public employers greater leverage in controlling labor costs. It is dismaying to us to see the disparity between the rules applying to private versus public employers, and the limitations on the City’s ability to control wages, salaries, benefits and contract work. We believe that the City should have a greater ability to shape its labor costs and policies. Most of these limitations are imposed by state law.	Near Term
Category: Adjusting City Land-Use and Economic Development Goals		
21	Review the City’s development, construction, permitting practices to increase business attraction / retention. It is imperative that the City be perceived as welcoming new businesses to the City. We understand there is an ongoing review of the City’s permitting office. Several of us on the Committee believe that the current staff levels in the office are inadequate.	Mid-Term

#	Recommendation / Rationale	Anticipated Timeframe
22	Aggressively expand our economic base in addition to aerospace. The Boeing 787 line closure is a both a wake-up call and an opportunity. The City and the local business community should strategize on how to diversify our employment base in Everett to grow a stronger tax base in the future. We should start this effort now, in partnership with local businesses, but it will take years to come to fruition.	Long-Term
23	Provide a livable city to promote a strong economy. This recommendation resonates with us for many reasons, and it also highlights the peril of the next few years. Aggressive cost cutting could further harm the vitality of our City, negatively impacting property values and our ability to attract new businesses. A vital City with strong neighborhoods and a healthy downtown will generate healthy revenues for the City. But in this economic climate, with a population of modest means, we are concerned about asking taxpayers for more money. Moving ahead, budget decisions need to be made with this in mind.	Long-term
Category: Public Information		
24	Track and increase transparency of wage, benefit and diversity comparisons between city employees and the Everett general population. Everett is a City with a notably low median household income. The median household income data includes households who are not working (relying on federal income supplements), which somewhat distorts the salary comparison. That said, average salaries of City employees are much higher than the median for the City's residents – nearly twice as high as the median in the case of Police and Fire employees. The skills of many City employees (including but not limited to Police officers and Firefighters) are specialized and without peer in the private sector, and the City operates in a highly competitive market to attract and retain qualified City employees. In terms of benefits, private sector employer offerings are rarely as generous as those in the public sector. Like many employers, the City is also working hard to secure a more diverse workforce. While we do not expect that publication of the data described will change many of these facts, we think it may be helpful in making visible and front of mind for City leaders the need to control the growth of City labor costs.	Ongoing-start now.

Attachment C to this report presents the above recommendations in summary form.

As noted above, we have not had an opportunity to dive deeply into the implementation and expected financial outcome of our recommendations. For this reason, our recommendations are posed as ideas we support *for further exploration* by the City. Pursuing all 24 ideas presented above would require an enormous amount of time and expense by the City and is simply not feasible. Realistically, the Mayor and Council will need to prioritize where they focus their energies. Success will also require a measure of luck—to the extent that changing state laws and securing public support for change is never a certainty.

Conclusions

The City is in the midst of a major financial crisis in its General Government operations. The next two years will be critical to determining whether City leaders will act to stave off massive public service cuts and move to implement longer-term solutions to stabilize City General Government revenues and expenditures—or if we lack the political will to act, and as a result spiral into a major economic decline in Everett. The problem has been developing over many years, but has been made much worse in 2020 with COVID-19 and the departure of the Boeing 787 line. The choices on the table are not easy to implement nor are they universally popular.

It will take shared sacrifice by the public and City Hall alike, and a broad array of solutions over time to stabilize the City's funding for services and programs that are essential to our quality of life.

It is imperative that the City respond to this crisis in a balanced way. The answer is not all in finding new revenue, nor is it all in implementing further cuts. A mix of both *and more* is needed. Our recommendations are based on the belief that a broad array of steps must be taken, with both short-term, mid-term and long-term implementation paths. This is not a “one-and-done” situation. The work will be ongoing for years. Dramatic change is required and much of it may be painful. That pain must be shared by all who are part of this community, both inside and out of City Hall.

We hope our report will help lend support to City leaders agreeing to take bold steps in building a path forward. Because the situation is so dire, we believe agreement on a set of actions must come soon, in our view – no later than mid-2021. We would be glad to reconvene in 2021 to hear more from the City about how it plans to proceed.

In closing, we thank the Mayor for convening this Committee to learn about the City's financial challenges, and to the Council for their support of our work. Finally, we extend our deepest appreciation and thanks to the City staff who supported our work: they were transparent and thoughtful in their presentations and took pains to answer all of our questions along the way. The City is very fortunate to have such impressive public servants working on our collective behalf.

Attachment A:
Everett Fiscal Sustainability Committee Members⁸

Name	Title	Company
Chris Adams	Partner	Adams and Duncan Law
Crystal Donner	President and CEO	Perteet Engineering
Carlton Gipson	Retired	City of Everett
Joe Hull	Student	Youth Advisory Board
Tom Lane	President	Dwayne Lane's
Dan Leach	Senior Vice President	DA Davidson
Alan Mizuta	Principal	Built Design
Eileen Simmons	Retired	City of Everett
Craig Skotdal	President	Skotdal Real Estate
Eric Sprink	President and CEO	Coastal Community Bank
Clay Wertheimer	M.D.	Orthopedic Surgeon
Brenda White	Government Affairs	Snohomish County PUD
Kim Williams	Chief Executive Officer	Providence Northwest

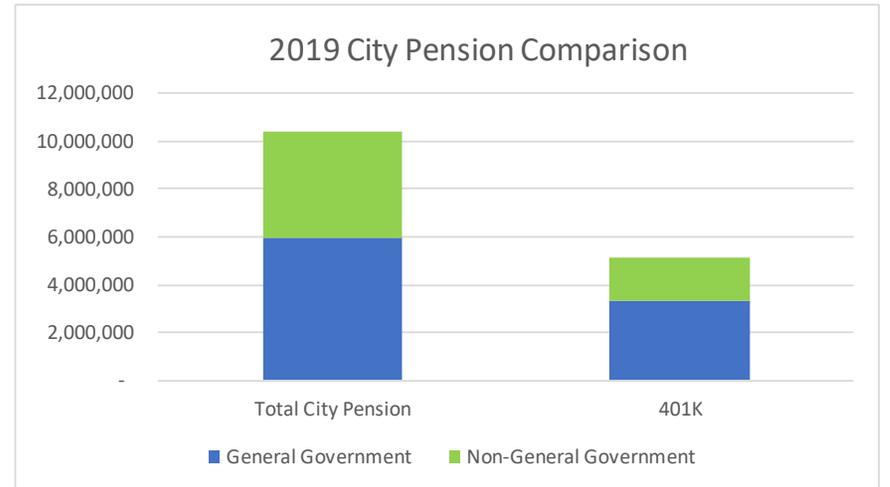
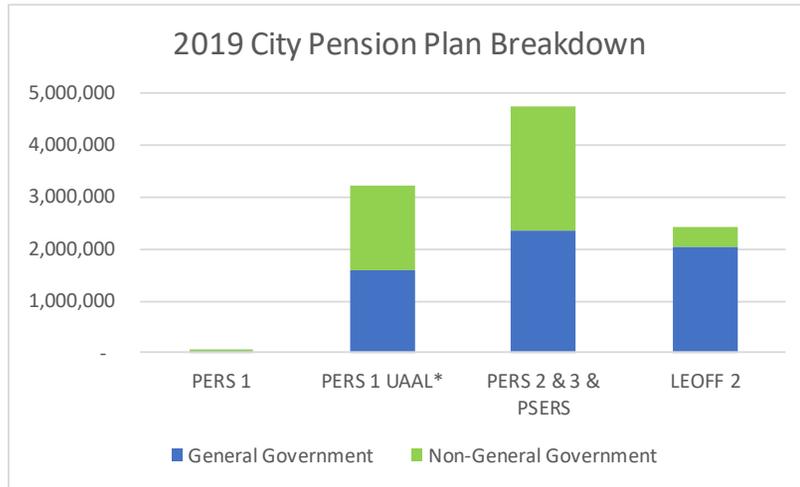
Note: The Committee Members participated in their individual capacity, not as representatives of their employers.

⁸ Three additional individuals were named to the original committee by the Mayor but elected to withdraw early on.

Attachment B: City Pension Plans Comparison with 401K

2019

	City Salary	PERS 1	PERS 1 UAAL*	PERS 2, 3, & PSERS	LEOFF 2	Total City Pension	401K**
General Government	\$ 70,855,057	\$ 30,351	\$ 1,574,838	\$ 2,343,572	\$ 2,046,555	\$ 5,995,316	\$ 3,330,188
Non-General Government	37,806,161	45,392	1,625,273	2,404,556	360,489	4,435,710	1,776,890
Total	\$ 108,661,218	\$ 75,743	\$ 3,200,111	\$ 4,748,128	\$ 2,407,044	\$ 10,431,026	\$ 5,107,077



*PERS 1 UAAL is the Unfunded Actuarial Accrued Liability for the PERS 1 Retirement Plan. Because the PERS 1 Plan closed to new members in 1977 and there are very few active members remaining, the employer contributions to PERS 2 and 3 and the PSERS plans include a contribution to the PERS 1 unfunded liability.

** Employer 401k contribution assumption is 4.7%, based on 2019 average contribution rate reported by Fidelity Investments.

- The chart on the left shows the breakdown between General Government and Non-General Government pension costs by plan for 2019.
- The chart on the right compares the total 2019 pension costs to what they may have cost under a less expensive 401K structure. A 4.75% employer contribution rate was used for the 401K example, which was the average rate reported by Fidelity Investments for 2019. Fidelity manages approximately 30% of 401k plans nationwide.

Attachment C: Summary Presentation of Fiscal Sustainability Advisory Committee Recommendations – November 2020

Recommendation numbers correlate to numbers in Table 1 of the Committee Report; Asterisked items (*) appear in two categories on the matrix

<i>Expect to see results in...</i>	Efficiencies	Additional Cuts	Additional Revenues	Transfer of Service Responsibilities / Partnering with Others for Service Delivery	Legislative advocacy (State or Federal)	Adjust land use and economic development goals	Public Information
<i>Near Term Actions (1-2 yrs.)</i>	1. Review police and fire for efficiencies 2. Audit fire/police gross compensation/overtime, etc. 3. Explore revisions to city compensation policies that could reduce the need for layoffs, including salary freezes and reductions 5. Explore ways that reduced operational expenditures realized during the COVID pandemic can translate to permanent reductions in the City's cost of doing business.*	6. Reduce paratransit service to minimal required levels 5. Explore ways that reduced operational expenditures realized during the COVID pandemic can translate to permanent reductions in the City's cost of doing business.*	7. Propose a voter-approved property tax lid life, either targeted to specific services or to support all General Government services. 8. Raise fees for service 9. Engage businesses located in Everett serving the broader Snohomish County population to identify ways to assist the City financially. 10. Continue to strategically pursue sale of surplus city assets to generate near term revenue.	14. Partner with others for service delivery in senior services 15. Transfer service responsibilities to other taxing districts 15.A. Transfer Fire/EMS to another taxing district 15.B Transfer parks to a parks district 16. Partner with faith-based and other Non-Governmental Organizations to develop new multi-service shelter in less impactful location than downtown with more effective service model	19. Seek repeal of I-747. 20. Seek changes in law to provide public employers with greater leverage in controlling labor costs.		
<i>Mid Term Actions (3-5 yrs.)</i>				17. Adopt new methods of delivering administrative services—partnering w/other gov't.'s or outsourcing to private sector 18. Explore additional public private partnerships that could potentially support a range of opportunities—economic development,		21. Review City's development, construction, permitting practices to increase business attraction/retention 18. Explore additional public private partnerships that could potentially	

<i>Expect to see results in...</i>	Efficiencies	Additional Cuts	Additional Revenues	Transfer of Service Responsibilities / Partnering with Others for Service Delivery	Legislative advocacy (State or Federal)	Adjust land use and economic development goals	Public Information
				permitting operations, other service responsibility transfers, etc.*		support a range of opportunities— economic development, permitting operations, other service responsibility transfers, etc.*	
<i>Long Term Actions (>5 yrs.)</i>			11. Explore opportunities to re-purpose City-owned properties all/part of Legion Golf Course as a mixed-use campus location (for example, a portion of Legion Golf Course) *			22. Aggressively expand our economic base in addition to aerospace 11. Explore opportunities to re-purpose City-owned properties Re-purposes all/part of Legion Golf Course as a mixed-use campus location (for example, a portion of Legion Gold Course)*	
<i>Ongoing –start now, continue</i>	4. Aggressively manage cost of employee benefits =		12. Institutionalize thinking about revenue opportunities across all city initiatives (zoning, parts, etc.) 13. Raise new revenues			23. Provide livable city to promote strong economy	24. Track and publicize increase transparency of wage, benefit and diversity comparisons between city employees and the/ Everett general population