

**City of Lynnwood
Budget Options**

Prior Budgetary “Fixes” Presented to Council

OPTION	BENEFIT (PRO)	DETRIMENT (CON)
Proposed Third Amendment (No Fundamental Structure Changes):		
1. Cash Transfers- \$3,260,000	➤ Cash is available and transfer won't harm existing programs/services.	<ul style="list-style-type: none"> ➤ One-shot, can't be used again. ➤ Eliminates existing cushion for adverse developments. ➤ Assumes debt repayment and future changes in budget behavior that may be unrealistic.
2. Reduction in Expenditures (1.6%)- \$581,662	➤ Allows Department Managers control over method of implementation.	<ul style="list-style-type: none"> ➤ Without specifying nature of budget cuts, reductions may not be realized. ➤ Not a structural change that would benefit future periods.
3. Other Reductions (over 1.6%)- \$260,000	➤ Provides a solution identified by operating manager.	➤ Delay of printer replacement could cause operating issues or extra maintenance costs.
4. Suspend IF Transfers	➤ Cash is available and suspension won't harm very near term operations.	<ul style="list-style-type: none"> ➤ ERF is already behind in accumulating cash reserves in relation to scheduled replacements (\$3 million available, \$5 million needed). ➤ Extending replacement lives typically results in additional maintenance costs.
5. Additional Costs- \$94,000	No comment, immaterial effect	No comment, immaterial effect
March 17, 2010 Options (Some Fundamental Structure Changes):		
Expense Reductions	See item # 2 above	See item # 2 above
Extend the Life of Vehicles	See item # 4 above	See item # 4 above
Transportation Benefit District \$20 vehicle tabs	New tax that provides benefits for future years (a fundamental structure change)	<ul style="list-style-type: none"> ➤ Implementation Issues ➤ General Tax Concerns
3% Utilities Tax	New tax that provides benefits for future years (a fundamental structure change)	<ul style="list-style-type: none"> ➤ Implementation Issues ➤ General Tax Concerns
Business and Operations Tax (.05%)	New tax that provides benefits for future years (a fundamental structure change)	<ul style="list-style-type: none"> ➤ Implementation Issues ➤ General Tax Concerns

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Other Ideas for Future Consideration

OPTION	BENEFIT (PRO)	DETRIMENT (CON)
Banked Property Tax	Legally available to the City	Can't be implemented until 2011
Furloughs (e.g. 1 day per month)	<ul style="list-style-type: none"> ➤ Could save \$62,000 per furlough day or \$371,000 for six months beginning June 2010 (excludes public safety). ➤ Could be a structural change or a temporary change. 	<ul style="list-style-type: none"> ➤ Hard to implement, especially for complex public safety scheduling and contractual work week requirements. ➤ Likely would require renegotiating Collective Bargaining Agreements.
Program Elimination (shed unnecessary, unprofitable or undesirable programs)	<ul style="list-style-type: none"> ➤ Should be subject of POG or BFO Efforts ➤ Benefit from ongoing cost savings (structural improvement) 	<ul style="list-style-type: none"> ➤ Only provides cost savings if FTEs or vendors are eliminated. ➤ Some unprofitable programs may be citizen favorites (requires additional communication effort).
Privatization analysis that cuts both ways (sending work out, bringing work in). Typical targets: <ul style="list-style-type: none"> • Vehicle Mechanics • Central Stores (warehouse) • Facilities maintenance/ custodial services • Legal Council • Engineering /design 	Turns "fixed" costs into variable costs, good for periods of declining workload.	<ul style="list-style-type: none"> ➤ Requires good analysis to determine actual cost/benefit. ➤ Additional oversight function to assure vendor quality for work sent out. ➤ May require training for work brought in.
Tie staffing to volumes (when workload goes below preset level position is eliminated)	Policy provides automating triggers when community's construction activity slows or the city's own capital programs are reduced.	<ul style="list-style-type: none"> ➤ More HR effort in ramping down (layoffs) or ramping up (new hires). ➤ Difficult to manage. ➤ May lose experience/capabilities that are not easily replaced when volumes increase.