

Introduction: A small group of Mercer Island citizens are committed to the affordability and livability of Mercer Island. Critical in maintaining the Island’s affordability is the efficient use of Island tax revenues. MISS uses primary City financial documents to analyze City finances. The analysis should help concerned Citizens and City Officials better understand how its Council spends tax revenue.

Summary: The City Manager with the Council’s support did a better job in managing salaries vis a vis hours and overtime.

- Covid adjustments validate minimum staffing of 432,500 hours
- Police and Fire managed lowest OT in six years (24/7 ops regardless of Covid adjustments)
- Fire improved OT distribution
- Top 20 salaries decreased 3.9%
- Counselors were fully funded from the General Fund

Chart 1 – MI Salary and Hours % Change: After record expansion in 2016, the Council thought it wise to review staffing levels in 2017 in anticipation of the Prop 1 campaign. In response to the Nov 2018 defeat of Prop 1, the Council had the mandate to adopt more efficient operations resulting in staff hours decreasing 2.4% in 2018 and decreasing 3.2% in 2019. Salaries have a direct correlation with hours. The 2020 decrease in salaries and hours was the result of Covid adjustments. Of the 71 employees leaving the city in 2020, 24 were from Youth and Family Services (Thrift Store) and 24 from Parks & Recreation.

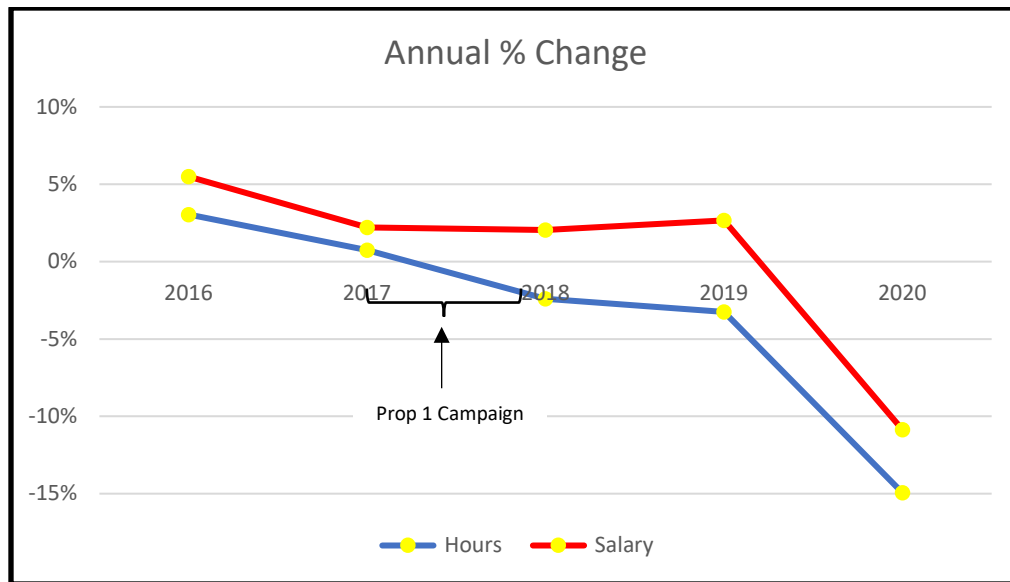


Chart 2 – MI City Hours: There is often discussion of minimum staffing levels. Covid19 took the minimum staffing levels from the theoretical to the actual. The City’s most accurate estimate of minimum staffing is 432,500 hours. **Note, the 432,500hrs included six school counselors. Counselors have sustainable funding from the General Fund.** Calculating actual head count (FTE) is not straight forward and has not yet been published by the City.

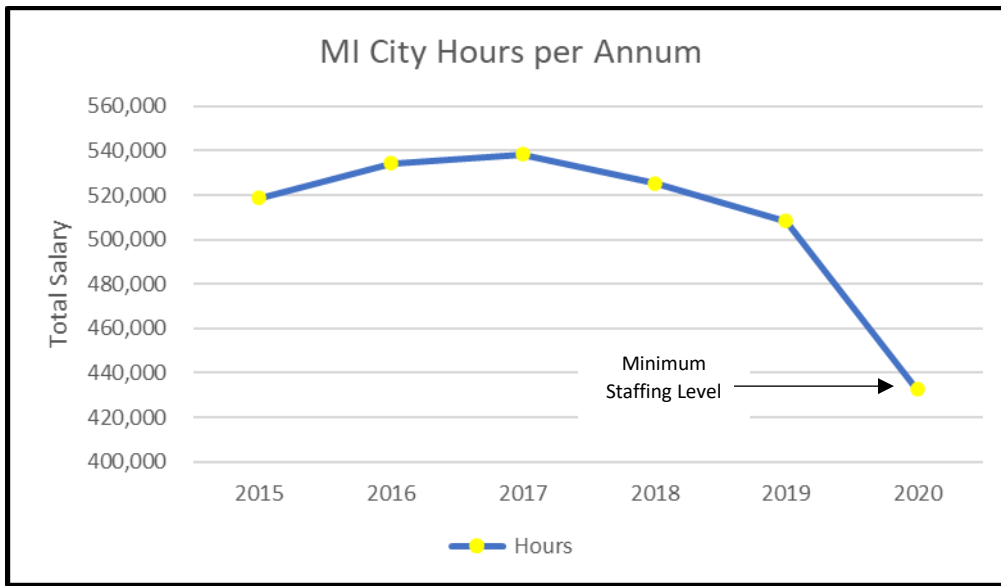


Chart 3 – MI City Salary: In comparing Charts 2 and 3, total hours decreased in 2018 and 2019, yet salaries increased. While a portion of the salary increase is understandably the result of Cost-of-Living increases, we attribute the remaining increase to high levels of Overtime and salary adjustments (merit increases & promotions).

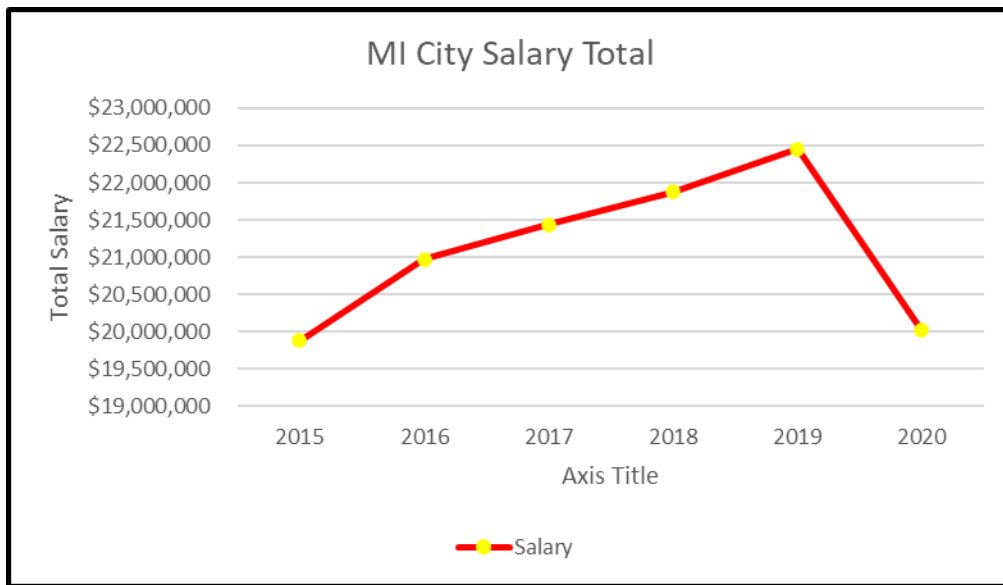


Chart 4 – Top 20 Salaries: Top 20 salaries decreased 3.9% to \$3.7M from \$3.8M in 2019. In most instances, changes are attributed to Covid. In this instance, the 3.9% decrease is attributed to better staff management through improved OT distribution and a younger senior staff. 14 of the 20 were on the 2019 Top 20. Of the 6 who dropped off the 2020 Top 20, 5 either retired or took jobs outside the

city. Of note is a change with Fire's Battalion Chiefs. Last year 2 Battalion Chiefs made the Top 20 but one of the two had an extremely heavy OT number. In 2020, the workload seemed to have been better distributed between the three BCs.

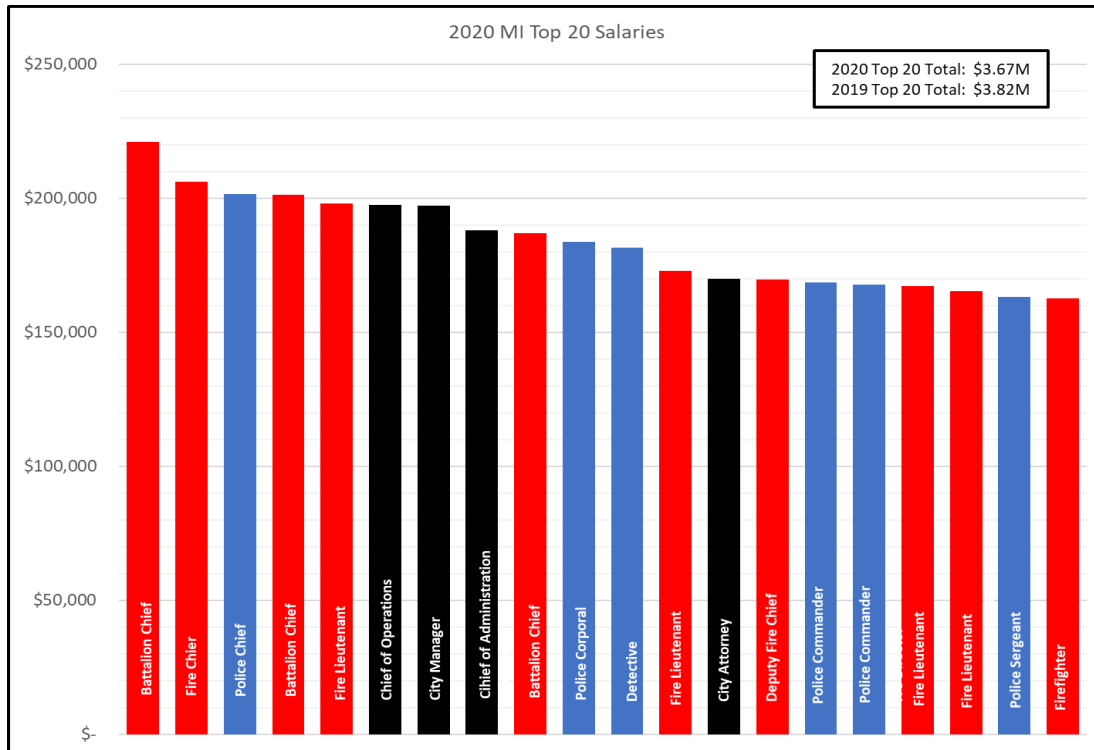


Chart 5 - Fire Dept Consumes 2/3rds of the City's Overtime Costs: The Fire Department decreased its percentage of City Overtime Costs from 63% in 2019 to 61% in 2020. This is especially noteworthy as the percentage decrease was also based on the City's overall OT Costs decreasing 12%. Meaning if the other departments did not decrease there 2020 OT, Fire's decrease in OT would have been 59% of the City's total OT Expense.

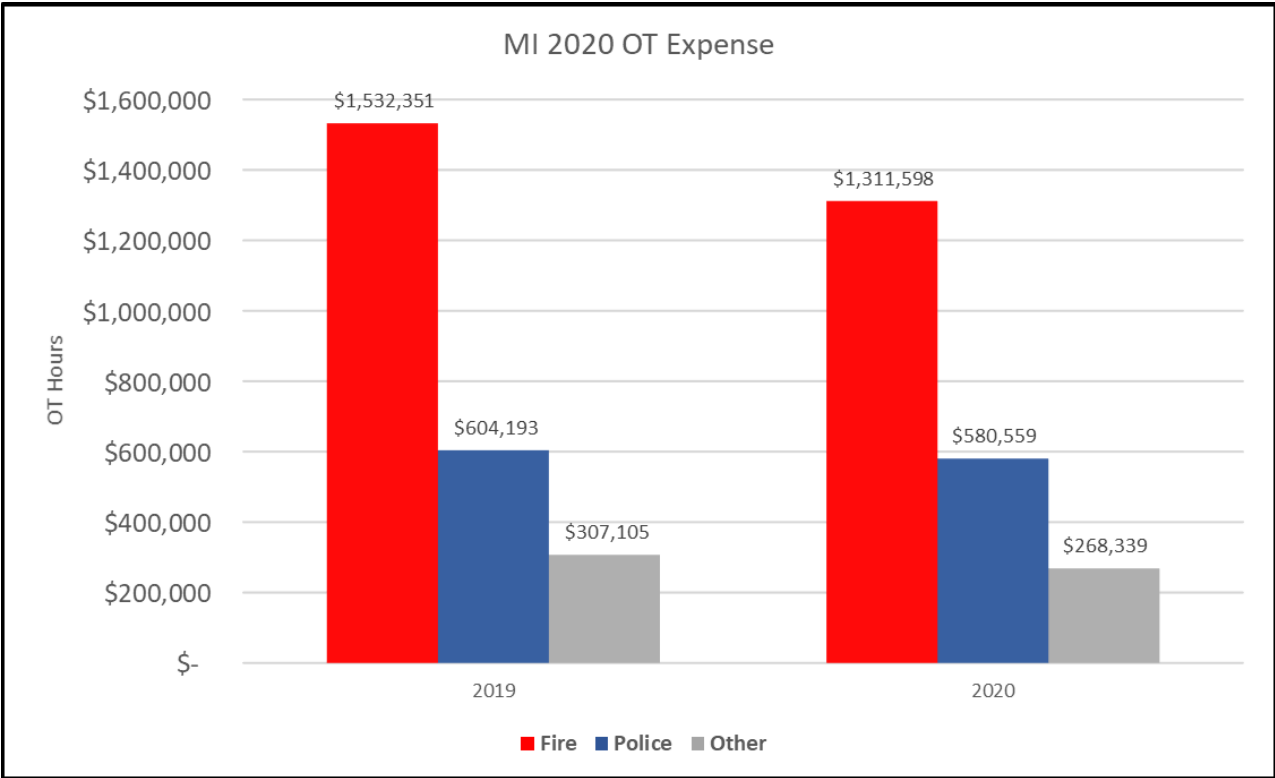


Chart 6 – Fire, Police & Other Departments Overtime Hours: The City’s overall OT was the lowest it has been in the last six years. In addition, each of the three individual department classifications -- Police, Fire and Other departments -- were individually at their lowest in the last six years. Covid19 can’t completely explain away these numbers. Covid19 or not, police and fire are 24/7/365 operations. The City Manager with the support of the Council made some difficult decisions which ultimately benefited Islanders through more efficient police and fire operations.

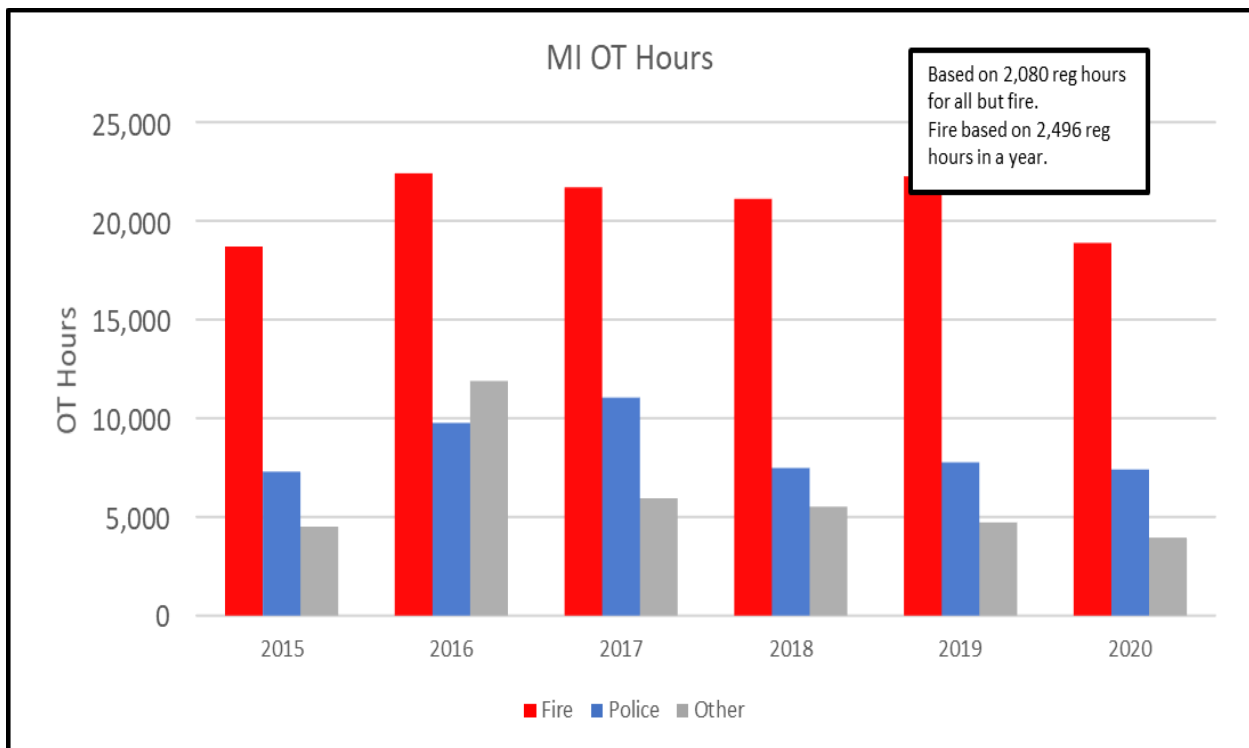


Chart 7 - Firefighters Work Lots of OT: Again, this is an analysis that we attribute to improved management. Regardless of Covid, the Fire Department is a 24/7/365 operation. The Top 20 Fire OT hrs decreased 1.5% while total OT hours in the department decreased 15% (see Chart 6). Additionally, total Fire hours decreased 3.0%. Another positive observation was a more healthy distribution of hours in the Top 20. The Top 20 standard deviation decreased from 520hrs to 474hrs. This means OT was spread more evenly than in 2019.

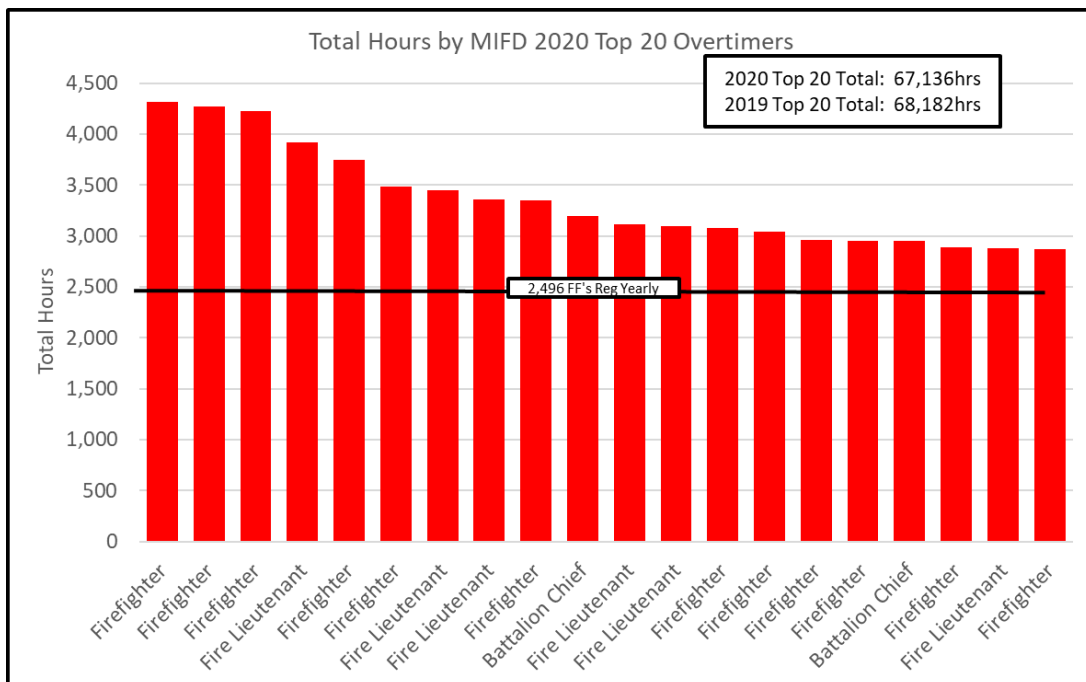


Chart 8 & 9 – Top 5 2020 OT Fire and Police Trend : On another positive observation, the Top 5 OT producers are not the more senior members of police and fire. It’s reassuring to dispell the thought of piling on hours before retirement.

