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TO: City Council
FROM: Mayor Marianne Klaas
DATE: June 28, 2022
RE: The Finances of Changing Government

One of the many questions that has arisen is, “How much would this change in form of government cost Clyde Hill?” There is no singular resource that specifically answers this question. There is a useful online resource: [MRSC - City and Town Forms of Government](#).

Recent examples of cities who changed their form of government show some key financial areas, but rarely an actual dollar amount attached. Direct and indirect costs for changing the form of government are going to vary on individual city circumstances. You can theoretically add up the costs below, but it could easily be \$300,000 or more:

1. Legal costs associated with drafting resolution and making final amendments based upon feedback and approval language.
2. City staff costs to expend time organizing the election—forming committees for and against, etc.
3. Costs to add resources to manage the city and the projects amid current changes and structure.
For example:
 - a. Presently Clyde Hill operates with 4.5 city admin staff, 5.5 public works/building staff, and 10 staff in the police department for a total of **20** FTEs. Clyde Hill *contracts* with Blueline Group to assist with planning efforts such as with the Comprehensive Plan and associated Title 17 land use changes.
 - b. In contrast, Medina has its 7 council member team and city manager. All in all, they operate with a total of **25.7** city staff and police. They have a specific development division and hired staff for planning, a separate clerk, additional finance and dedicated IT resources.
4. Election-related costs for the County to place resolution on the ballot
5. Legal costs associated with updating the City’s Municipal Code to meet the new form of government needs
6. Legal costs associated with related ordinances
7. Costs associated with re-negotiating/amending/terminating the City Administrator; AND/OR (depending upon the outcome of the last item); there will be costs associated with hiring an executive search firm (optional) and finding a new City Manager. Some of these might be considered direct costs and some of these might be considered indirect costs.

8. Costs associated with advertising, interviewing, and selecting 1-2 more city councilmembers as it is required to operate with 7, not 5, in a Council-Manager form of government.
9. Costs associated with defining the process and procedures regarding:
 - a. Selecting the Mayor and Mayor Pro Tempore from councilmembers
 - b. Administrative transition from current Mayor to new Mayor
 - c. Reestablish clear roles and responsibilities
 - d. Define committee/task force structure
10. Create and request the Salary Commission to review salaries for the Council and Mayor to reflect the Council-Manager form of government
 - a. Adopt an ordinance setting those salaries
 - b. Please note: the present Mayor is paid \$100 per meeting (minimum of 3 a month) plus city benefits as if an exempt employee. Currently, since the Mayor already is employed with full benefits, the salary reflects being paid the \$880/mo cafeteria plan. This is about \$1,300 per month. In contrast, city councilmembers are paid \$50 per meeting, but are not allowed to capitalize on the city benefits. Councilmembers will be increased from 5 to 7, so more to pay, but mayor costs would be deleted. All elected officials are eligible to participate in the Public Employees Retirements System (PERS).
11. Amend the budget accordingly. Remember these are operational expenses and as of December 31, 2021 we have \$3.65M unrestricted dollars out of our \$12.4M overall fund balance.
12. Develop communications and reporting methods to keep Council and public informed of city operations
13. Develop and conduct a public outreach program that can begin to address broader concerns from the community that surfaced during the campaign to change form of government

All the costs to change the form of government would come out of operating costs. Clyde Hill has limited revenue streams. Property taxes are the main source of funds, but remember, even though property taxes increase, the City only receives five percent (5%) of the total amount you pay to King County annually. Medina, for example, barely passed a Levy Lid Lift in order seek additional revenue to fund their operational city's expenses. The money we receive from real estate excise taxes are restricted to capital expenses. Clyde Hill will need to amend its budget and budget for 2023 appropriately to accommodate the costs associated with changing its form of government. Our residents are asking how much will the change in form of government cost the City of Clyde Hill. The above content should give insight that this cost will be significant.