

Lakewood stares at \$490,000 budget gap

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Three months into the new year, the City of Lakewood is already grappling with a budget shortfall that could reach \$490,000 and prompt officials to shed more jobs.

The projected shortfall is due to higher-than-expected costs for public defense and unrealized savings for employee health care coverage, finance director Choi Halladay said.

One option the city's executive team gave the City Council to close the gap is cutting between five and 10 full-time-equivalent positions through attrition or layoffs, Halladay said.

Last year, the Washington Supreme Court imposed a cap on the number of cases public defenders can take on each year with the aim of improving representation of the indigent.

The city projects to spend an additional \$200,000 to \$250,000 to comply with the high court's ruling, Halladay said; that's about double the city's budgeted cost.

The city has notified University Place, which contracts with Lakewood for municipal court services, that it would need to pay its portion of the additional costs. Lakewood hasn't provided University Place an exact figure, University Place City Attorney Steve Victor said, but he said it's something it can accommodate within its existing budget.

"It is unlikely that this would change the current situation in which Lakewood represents by far the best value as a court service provider," Victor said.

Last year's City Council decision to reduce employee health care costs in lieu of a tax hike on utility customers continues to affect the budget as well.

To reduce those costs, the city has proposed offering a fixed allowance for employees to buy insurance instead of paying the vast majority of their insurance premiums outright.

But none of the city's three labor unions has agreed to the change. All their contracts expired Dec. 31. Only the city's nonunion employees, about 25 of them, have been affected by the change so far.

As a result, health care is costing \$20,000 more than the city budgeted each month an agreement isn't reached, or a total of \$240,000 if the impasse continues until the end of the year.

Dan Penrose, president of American Federation of State, County and Municipal Employees Local 1938, the largest of the three unions, said it's "not surprising" that a budget shortfall has materialized when the spending plan was based in part on a significant change to employee insurance coverage.

He said the proposed change is a "major sticking point" toward concluding contract negotiations, due to the increase in employees' out-of-pocket expenses.

Penrose said the union is committed to a contract that provides the city with a sustainable budget and its employees good health care coverage.

Negotiations between the city and unions continue, and both Penrose and Halladay said meetings have been cordial.

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