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The City of Kirkland will be covering the 2013-2014 budget process



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BUDGET BYLINES



A CONTINUING CITY OF KIRKLAND REPORT ON THE 2013-2014 BUDGET PROCESS

Leaders grapple with \$5.3 million gap

Job vacancies could be a source of cuts, finance director says

Kirkland's administrators are currently wrestling with a projected \$5.3 million budget gap for the 2013-2014 biennium. They've already cut the gap by \$2.4 million since March.

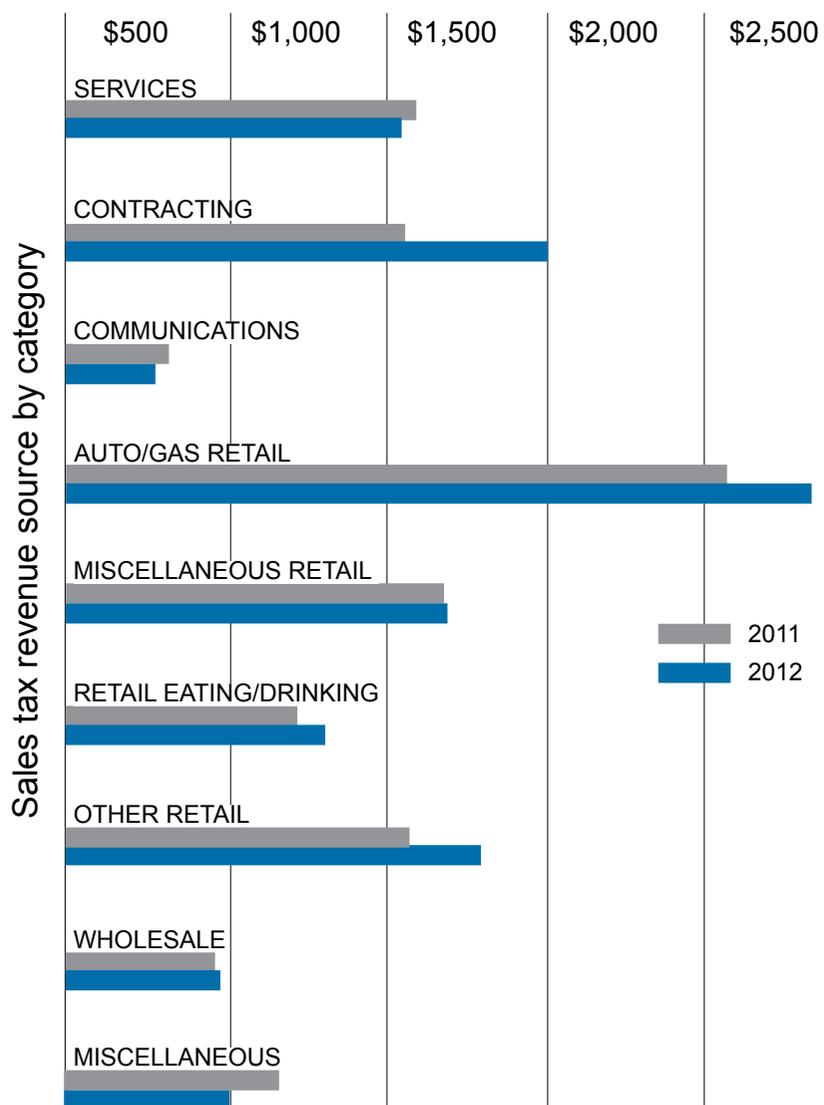
"We're addressing a lot of economic uncertainties," Tracey Dunlap, Kirkland's finance director, told City Council members at a Sept. 18 City Council meeting. "There was a conference last week ... where a number of economists got up and basically said Washington is looking better than the rest of the country. But the rest of the country isn't looking so great."

City Manager Kurt Triplett is currently compiling recommendations to eliminate the budget gap altogether.

Those recommendations for the 2013-2014 budget will be presented at the October 25 Special Budget Study Session. They will influence Kirkland's first two-year financial plan

Sales tax revenue improves 7 percent

(\$ in 1,000s)



Increases in construction, strong performance in the auto/gas retail sector, a stabilizing economy and retail revenue from the new neighborhoods have contributed to improving sales tax revenues. Kirkland first began receiving revenue from the new neighborhoods in September 2011.

since annexing 31,000 people and three neighborhoods in June 2011.

And they will be based on hundreds of hours of analysis, dozens of meetings with department directors and one goal: To make the new Kirkland operate efficiently within the existing financial constraints.

Of all the requirements to which Triplett and the City's budget staff must adhere, one is guiding the whole process: Triplett must present a balanced budget.

As a mathematical exercise, that is fairly complicated. Kirkland has thousands of expenses and revenue sources and hundreds of rules and laws specifying where and how they can be used.

But the budget process is as much an exercise in creativity, resourcefulness and value-setting as arithmetic.

This has been especially true since 2008, when the collapsing economy first began im-

Source: City of Kirkland

CUTS

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packing Kirkland's resources.

And it could have been worse this year. When the City Council planned for the June 1, 2011 annexation of three neighborhoods and 31,000 people, it budgeted for more than 100 additional positions to serve them.

At Triplett's urging, departmental directors left 25 of those positions unfilled in anticipation of a looming shortfall. The City's jail also saved \$800,000 worth of expenditures, in part by sending inmates to less expensive jails, some as far away as Okanogan, some as close as Snohomish County.

"We have very few if any inmates in the King County jail," Dunlap said. "We're using the lower cost facilities."

Kirkland is also receiving some help on the revenue side from a variety of sources—a 9.4-percent increase in consumer spending, more development, more businesses and a long, cool spring, during which residents purchased more gas and electricity to heat their homes.

All tolled, these sources contributed \$2.4 million more to Kirkland's budget than the City's financial staff had pro-



FROM 2006 to 2009, Kirkland's jail costs shot up 95 percent. Its bookings surged 64 percent. This resulted in an average daily inmate population of 55—41 more than capacity. The cause: mandatory jail time for suspects of domestic violence and drivers caught with suspended licenses. "We had people in jail for driving with suspended licenses for 30 to 60 days," says Kirkland's jailer, Bob Balkema, who is pictured here in the jail. "We couldn't catch up. It was a domino effect." Historically, Kirkland had transported its excess inmates to King County. On average, that cost Kirkland \$139 per day. In 2009, however, Balkema found less expensive facilities at which to incarcerate inmates and he prioritized less expensive forms of punishment. After a few years of cost overruns, Kirkland's jail is now under-budget by more than \$800,000.

jected in March, bringing the forecasted \$7.7 million budget gap down to \$5.3 million.

"The projection of the \$5.3 million also assumes that all the positions budgeted will be filled," Dunlap told the Council.

However, Dunlap told the Council, many of them won't be.

"We're reviewing each of

them very carefully as part of the budget process to determine whether they are needed," Dunlap said. "In some cases, the workload didn't materialize the way it was projected."

Triplett also asked all of Kirkland's departments to identify two-percent and five-

percent reductions in their budgets "to not only give the City Manager options in balancing out that shortfall, but to also give you [City Council members] options in your deliberations of potentially trading things off," Dunlap said in her presentation to the Council.

OCTOBER 16

Preliminary budget provided to City Council and posted at kirklandwa.gov

OCTOBER 25

Special budget study session from 3 p.m. to 9 p.m., Peter Kirk Room, City Hall

NOVEMBER 7 & 13

Budget study sessions & public hearings (Nov. 13 occurs only if necessary)

NOVEMBER 20

Public hearing on prelim. 2013-'14 budget & prelim. 2013 prop. tax levy