



CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance & Administration
Tom Mikesell, Financial Planning Manager

Date: June 5, 2015

Subject: **2015 MID-YEAR BUDGET ADJUSTMENTS**

RECOMMENDATION:

City Council approves the ordinance adjusting the 2015-2016 budget appropriation for selected funds.

BACKGROUND DISCUSSION:

This memo recommends mid-year budget adjustments needed to meet unanticipated needs, recognizing additional resources and highlighting housekeeping adjustments with a temporary staffing impact.

MID-YEAR BUDGET ADJUSTMENTS

State law prohibits expenditures from exceeding the budgeted appropriation for any fund and requires the City to adjust appropriations when:

1. Unanticipated revenue exists and will potentially be expended;
2. New funds are established during the budget year which were not included in the original budget; or,
3. The City Council authorizes positions, projects, or programs not incorporated into the current year's budget.

This budget adjustment allows for appropriation increases where it is anticipated that total expenditures may be in excess of the adopted 2015-2016 budget.

Unless there is an immediate need, budget adjustments that represent ongoing increases in the level of service are generally not introduced at mid-year. Rather, they are submitted as service package requests during the budget preparation and mid-biennial review processes that occur in the fall.

Total appropriation adjustments result in a net budget increase of \$1,860,340 largely due to the recognition of grant revenue received from the Recreation Conservation Fund Board to reimburse CKC Acquisition costs paid from REET 1. The budget adjustment summary (Attachment A) shows

both line item and appropriation changes. Line item changes are administrative adjustments within funds and are provided for reference. Appropriation adjustments change the total budget and require adoption of an ordinance. The table below summarizes the total changes by category.

Type of Adjustment	Line Item Changes	Appropriation Changes	Total Changes
Council Directed/Other Requests	-	\$1,859,116	\$1,859,116
Housekeeping Items	828,126	-	828,126
Resources Forward	-	1,224	1,224
Total Adjustments	\$828,126	\$1,860,340	\$2,688,466

Council Directed/Other Requests – The first category of adjustments includes any additional changes identified by Council, adjustments formalizing previously approved actions (fiscal notes, etc.) and other requests. In most cases these requests have been approved by the Council since the adjustments in April 2015; the formal appropriation adjustment is occurring as part of the mid-year budget update. These adjustments are funded by a combination of internal transfers and external revenues. Total adjustments under this category amount to \$1,859,116.

These adjustments, grouped according to fund type, include:

General Fund

- Temporary Permit Technician – Convert an on-call Permit Technician in the Public Works Engineering Division into a temporary 1.0 position through December 31, 2016 to address high permitting volumes, provide phone and counter coverage, and scan records into Energov. The temporary increase in staffing levels is funded with a mix of existing appropriations and \$71,389 of new development engineering fee revenue generated by increased permitting activity.

Other Operating Funds

- CKC Maintenance Resources – Address the immediate need for CKC maintenance resources and streamline Parks Levy support of CKC maintenance. This includes transferring an existing regular 0.75 Groundsperson position from the Parks Levy Fund to the Street Operating Fund, increasing the position authority by 0.25 and adding additional resources for hourly labor and materials. The total biennial appropriation increase to the Street Operating Fund is \$253,000, funded through a combination of sources. The first includes a line item adjustment that converts monies appropriated in the Park Levy for trail maintenance into a transfer to the Street Operating Fund. This is \$130,000 over the biennium. The remainder of the funding is from a \$127,000 transfer-in from REET 1 reserves to the Street Operating Fund under REET O&M flexibility provisions. Additionally \$13,000 is budgeted in the Surface Water Fund for ancillary ditch maintenance requirements. The table on the next page illustrates these changes.

Cross Kirkland Corridor Maintenance

	2015	2016	2015-16
Service Level:			
Park Levy Funded	100,000	100,000	200,000
Streets Operating (increment)	63,500	63,500	127,000
Surface Water (increment)	6,500	6,500	13,000
Total Revised Operations Budget	170,000	170,000	340,000
Funding Sources			
Spent in Park Levy Fund to Date	70,000	-	70,000
Park Levy Transfer to Streets*	30,000	100,000	130,000
REET Flexibility (Streets)*	63,500	63,500	127,000
Surface Water	6,500	6,500	13,000
Total Funding	170,000	170,000	340,000

*Appropriation Change

- 2015 Downtown Parking Program – Increase the Street Operating fund appropriation to reflect the transfer-in of \$90,000 from the Facilities Fund to pay for a portion of the downtown parking improvements approved by the City Council at its May 5th regular meeting. The remaining portion of the total \$375,500 package of improvements is funded with existing appropriations in the Off Street Parking reserve of the Street Operating fund.
- CKC Grant Reimbursement – Transfer-in of \$475,000 to the Excise Tax Capital Improvements Fund from the Transportation Capital Project Fund to reimburse temporary use of REET 1 reserves for CKC acquisition with grant revenues received from the Recreation Conservation Fund Board.
- EAM Project Temporary GIS Analyst – Adds a temporary 1.0 Senior GIS Analyst in the Information Technology department through June 2017 to assist with implementation of the Maintenance Management System project implementation. Though the proposal extends into 2017, the recommended appropriation change only covers funding through December 31, 2016. Additional temporary funding for this position beyond the 2015-2016 budget will be requested as part of the 2017-2018 Biennial Budget. This temporary increase in staffing is funded with a \$225,650 transfer-in from utility capital project funds.
- IT Service Contract-Systems Analyst - Adds a temporary 1.0 Desktop Systems Analyst position in the Information Technology Department through December 31, 2016 to augment existing staff support for both the Northshore Fire Department service contract and the newly signed City of Medina IT services support contract. This temporary position is funded entirely with external revenue from the service contracts.

Capital Project Funds

- Rotary Picnic Shelter Donation – Increase the Waverly Beach Park Renovations project appropriation by \$91,344 to account for external donations from the Rotary Club to match \$50,000 in City REET 1 reserves to support costs of a new picnic shelter at Waverly Beach Park.
- CKC Acquisition Grant Reimbursement – Receipt of \$475,000 from the Recreation Conservation Board into the Transportation Capital Projects Fund for CKC Acquisition expenditures. These monies are subsequently transferred-out to the Excise Tax Capital Improvement fund to reimburse a loan for these expenditures, as described above.

Housekeeping Adjustments – The second category of adjustments are for information only and do not require approval through an ordinance. These adjustments reflect line item changes within fund appropriations that do not increase or decrease the budgeted appropriation. The total impact of these adjustments is \$828,126. Of this total, \$780,548 is for line item changes that support a temporary increase in staffing. The following is a list of the line item adjustments that have a temporary impact on staffing:

General Fund

- Temporary Assistant Planner – A continuation of a temporary 1.0 position that was originally funded through July 31, 2015 to address high levels of single family building permits and public information contacts. The recommended adjustment will fund the position to continue to address this workload through December 31, 2016. This temporary adjustment is funded from Development Services Planning Reserves.
- Senior Planner – Convert an existing Senior Planner position from 0.8 to 1.0 FTE on a temporary basis through October 15, 2015, to work on various elements of the Comprehensive Plan update. This temporary increase is funded with salary savings.
- Urban Forester – Increase the existing position from 0.5 FTE to 0.7 FTE for three months to facilitate the Cross Kirkland Corridor Eco Charrette in June and coordinate production of the final report in July. This temporary increase is funded with salary savings.
- Human Resources Assistant – Increase an existing position from 0.5 FTE to 1.0 FTE on a temporary basis for one and one-half months to provide backfill during the hiring of a vacant HR Analyst position. This temporary increase is funded with salary savings.

Other Operating Funds

- Temporary Transportation Planner - A new 1.0 temporary position from June 2015 to May 2016 to plan and coordinate parking initiatives and transit policy support, including Sound Transit 3, and assist with implementation of the Transportation Master Plan's bicycle and pedestrian initiatives. This is a temporary position funded with working capital in the Street Operating Fund.
- Engineering Program Assistant - Convert an existing on-call Engineering Program Assistant to a temporary 0.5 FTE position, to cover duties assigned on an on-call basis and to complete data entry components of the Maintenance Management System upgrade project. This temporary change is funded with a combination of repurposed funding from the on-call position and contributions of utility funds working capital to the MMS project.
- CKC Art Integration funding - Line item adjustment to reflect funding of \$24,000 for the Cross Kirkland Corridor Art Integration Plan from the CKC Interim Trail project (CNM 0024 000) in place of the CKC Master Plan Project (CNM 0024 101) as originally proposed.

Resources Forward or beginning fund balance (cash), was estimated as part of the 2015-2016 budget process, and updated in April based on preliminary 2014 results. Final accounting adjustments have now been completed, resulting in an additional \$1,224 adjustment to the 2015 General Fund Resources Forward. Staff recommends that this amount be added to the City Hall debt service placeholder in the General Fund that was established with the April adjustments. When added to the \$431,243 identified in April, the increase in resources forward brings the revised placeholder to \$432,467.

SUMMARY

The budget is adopted at the fund level which sets the total expenditure authority for the biennium for each fund. A summary of the appropriation adjustments and 2015-2016 revised budget by fund type is included in the following table:

Fund Type	Current 15-16 Budget	Adjustments	Revised 15-16 Budget
General Government:			
General Fund	200,528,924	72,613	200,601,537
Other Operating Funds	32,102,754	347,000	32,449,754
Internal Service Funds	79,493,347	399,383	79,892,730
Non-Operating Funds	118,846,122	1,041,344	119,887,466
Utilities:			
Water/Sewer	95,410,865	-	95,410,865
Surface Water	43,804,212	-	43,804,212
Solid Waste	34,292,594	-	34,292,594
Total Budget	604,478,818	1,860,340	606,339,158

The mid-biennial review of the operating budget is tentatively scheduled for the November 3, 2015 and November 17, 2015 City Council Study Sessions, with final adoption tentatively scheduled for December.

**City of Kirkland
2015-2016 Budget
2015 June Budget Adjustment Summary**

Dept.	Description	Appropriation Adjustment	Adjustment Type				Funding Source			Funding Source/Notes
			Carryover	Council/Other	Housekeeping	Resources Forward	Internal Transf./Chrg.	Resources Forward	External Revenue	
General Fund										
ND	Resources Forward	1,224				1,224		1,224		Final Adjustment for Actual Year-End Cash
PW	Temp Permit Technician	71,389		71,389					71,389	Revenue gained from increased development engineering
		72,613	-	71,389	-	1,224	-	1,224	71,389	
Street Operating Fund										
PW	2015 Downtown Parking Program	90,000		90,000			90,000			Transfer from Facilities Sinking Fund
PW	CKC Maintenance	257,000		257,000			257,000			Transfer from REET 1 & Park Levy Fund
Street Operating Fund Total		347,000	-	347,000	-	-	347,000	-	-	
Excise Tax Capital Improvement Fund										
ND	CKC Acquisition Grant Reimbursement	475,000		475,000			475,000			Repaying REET 1 loan
Excise Tax Capital Improvement Fund Total		475,000	-	475,000	-	-	475,000	-	-	
General Capital Projects Fund										
PK	Rotary Picnic Shelter Donation	91,344		91,344					91,344	
General Capital Projects Fund Total		91,344	-	91,344	-	-	-	-	91,344	
Transportation Capital Projects Fund										
ND	CKC Acquisition Grant Reimbursement	475,000		475,000					475,000	Recreation Conservation Board
Transportation Capital Projects Fund		475,000	-	475,000	-	-	-	-	475,000	
Information Technology Fund										
IT	EAM Project Temporary GIS Analyst	225,650		225,650			225,650			CIP Revenue
IT	IT Service Contract - Systems Analyst	173,733		173,733					173,733	Medina Contract
Information Technology Fund Total		399,383	-	399,383	-	-	225,650	-	173,733	
TOTAL OTHER FUNDS		1,787,727	-	1,787,727	-	-	1,047,650	-	740,077	
TOTAL ALL FUNDS		1,860,340	-	1,859,116	-	1,224	1,047,650	1,224	811,466	

Line Item Adjustments/Fiscal Notes		
CMO	Deputy City Manager Reorganization Adjustment	393,345
PW	Temp Transportation Planner	141,338
PCS	Temporary Assistant Planner	136,686
PW	Engineering Program Assistant	85,118
PD	Evidence Vehicle Storage Shed	35,000
PCS	Senior Planner	13,013
FB	LI correction - annual training	6,064
PCS	Urban Forester	5,967
HR	Human Resources Assistant FTE Increase	5,081
FC	Leadperson Salary Adjustment	2,839
FB	LI correction - Professional services other than legal	2,000
PD	Traffic Cones	1,675
TOTAL ALL FUNDS		828,126

ORDINANCE O-4483

1 AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL
 2 BUDGET FOR 2015-2016.

3
 4 WHEREAS, the City Council finds that the proposed adjustments to the
 5 Biennial Budget for 2015-2016 reflect revenues and expenditures that are
 6 intended to ensure the provision of vital municipal services at acceptable levels;

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 8 NOW, THEREFORE, the City Council of the City of Kirkland do ordain
 9 as follows:

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 11 Section 1. The June 2015 adjustments to the Biennial Budget of the
 12 City of Kirkland for 2015-2016 are hereby adopted.

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 14 Section 2. In summary form, modifications to the totals of estimated
 15 revenues and appropriations for each separate fund and the aggregate totals
 16 for all such funds combined are as follows:

<u>Funds</u>	Current Budget	Adjustments	Revised Budget
General	200,528,924	72,613	200,601,537
Lodging Tax	874,532	-	874,532
Street Operating	21,439,049	347,000	21,786,049
Cemetery Operating	888,646	-	888,646
Parks Maintenance	3,210,606	-	3,210,606
Parks Levy	5,689,921	-	5,689,921
Contingency	4,036,425	-	4,036,425
Impact Fees	7,398,384	-	7,398,384
Excise Tax Capital Improvement	21,717,787	475,000	22,192,787
Limited General Obligation Bonds	6,834,174	-	6,834,174
Unlimited General Obligation Bonds	1,449,743	-	1,449,743
General Capital Projects	40,904,070	91,344	40,995,414
Transportation Capital Projects	34,790,204	475,000	35,265,204
Water/Sewer Operating	60,816,693	-	60,816,693
Water/Sewer Debt Service	903,200	-	903,200
Utility Capital Projects	33,690,972	-	33,690,972
Surface Water Management	24,671,586	-	24,671,586
Surface Water Capital Projects	19,132,626	-	19,132,626
Solid Waste	34,292,594	-	34,292,594
Health Benefits	26,872,580	-	26,872,580
Equipment Rental	21,929,320	-	21,929,320
Information Technology	14,868,476	399,383	15,267,859
Facilities Maintenance	15,822,971	-	15,822,971
Firefighters' Pension	1,715,335	-	1,715,335
	604,478,818	1,860,340	606,339,158

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Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of ____, 2015.

Signed in authentication thereof this ____ day of ____, 2015.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney