



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance & Administration
Tom Mikesell, Financial Planning Manager
Neil Kruse, Senior Financial Analyst

Date: June 9, 2016

Subject: **2016 MID-YEAR BUDGET ADJUSTMENTS**

RECOMMENDATION:

City Council approve 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 housekeeping adjustments.

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 or special circumstance, 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 for the upcoming 2017-2018 biennial budget.

Total appropriation adjustments result in a net budget increase of \$1,067,657, largely due to funding transfers for the purchase of the asphalt milling machine, recognizing additional Real Estate Excise Tax revenue and Lodging Tax revenues and other administrative internal transfers.

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	\$374,003	\$1,067,657	\$1,441,660
Housekeeping Items	\$147,883	-	\$147,883
Total Adjustments	\$521,886	\$1,067,657	\$1,589,543

Council Directed/Other Requests and Previously Approved Adjustments – The first category of adjustments includes any additional changes identified by Council and formalizing previously approved actions (fiscal notes, etc.). These represent requests that have been approved by the Council since the mid-biennial adjustments in December 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 \$1,441,660. Additionally, there are staffing requests that include adding 8.3 regular FTE's and pre-approving extending one-time positions into the next budget cycle as described below. Some of the items below do not require an appropriation change (as noted), but are included to inform Council of the changes. These adjustments, grouped according to fund type, include:

General Fund

- Convert One-time Overtime for 4th Firefighter at Station 25 to Ongoing Positions (5.0 FTE) – As presented at the May 2016 Council Retreat, this would create 5 ongoing Firefighter positions in the General Fund to fill the 4th Firefighter position at Station 25. In the 2015-2016 Budget this position had been filled using overtime on a one-time basis. In order to have the positions hired and trained to go on the line by January of 2017, it is necessary to create the FTEs this year, hire them and enroll them in the training academy this fall. Assuming an August 16 start date, this adjustment is estimated to cost \$284,070 in 2016, including salaries, benefits, academy costs and one-time equipment expenses. This is funded through budgeted working capital in the General Fund, and as such does not require an appropriation adjustment. It is possible that the positions will be brought on line at the end of November, which could result in a reduction in the overtime needed in 2016; the recommended adjustment does not assume this savings.

The ongoing cost in 2017-2018 is anticipated to be approximately \$530,000 per year. Details on how the on-going costs will be funded will be presented as part of the 2017-2018 Biennial Budget process.

- Passport Services – Additional hours for the receptionist/administrative clerk to increase passport processing hours by 10 hours per week for 6 months, in order to meet increased demand; funded by passport acceptance fees (\$9,610).
- Parks Maintenance Seasonal Staffing — Funding from the Electronic Asset Management (Lucy) capital project for additional parks seasonal hours to collect GIS and related field data necessary to implement the project (\$15,856).

- FTE requests:
 - Public Disclosure Analyst (1.0 FTE) — Conversion of one-time funded position into a regular FTE effective July 1st to address the ongoing workload related to the increasing number and complexity of public disclosure requests. There is no impact to the 2016 budget since this position is already funded. It will be included in the 2017-2018 budget as a regular FTE with an annual cost of approximately \$105,000 per year.
 - Senior Human Resources Analyst (0.3 FTE) – Increase an existing position from 0.7 FTE to 1.0 FTE effective July 1st to provide additional resources to administer the City's self-insured health benefits plan. There is no impact to the 2016 budget because the department can absorb the cost with salary savings from position vacancies. It will be included in the 2017-2018 budget, funded from the Health Benefits Fund at an approximate cost of \$40,000 per year.
 - Permit Technician (1.0 FTE) – A new ongoing position to support the new development services permit center, funded by development revenue. The cost in 2016 is \$41,442; the annual ongoing cost of approximately \$87,000 will be included in the 2017-2018 Biennial Budget.
 - Development Construction Inspector (1.0 FTE) – Conversion of a one-time position into a regular FTE effective July 1st to address the increased level of development activity. There is no impact to the 2016 budget since this position is already funded. It will be included in the 2017-2018 budget as a regular FTE with an annual cost of approximately \$105,000.

Other Operating Funds

- Kirkland Performance Technical Equipment – Recognize \$76,000 of additional Lodging Tax balance to assist in funding technical equipment for the Kirkland Performance Center as approved by Council at the February 16th meeting; the balance of the request of \$100,000 is funded from expenditure savings.
- Everest and Houghton Beach Parks Wireless project – Funding from the Wireless in the Parks capital project to reimburse Parks Maintenance staffing costs for installation (\$10,514).
- Asphalt Milling Machine – Council approved the purchase of an asphalt milling machine at the March 15th meeting. The purchase will occur in the Fleet Fund, but funding is coming from use of Street Preservation project funding in the Transportation Capital Fund and reserves from the Street Operating Fund. The adjustment in the Fleet Fund is an appropriation change; the other funds are line item adjustments.
- Information Technology Rates – Reduce Information Technology rates to reflect revised expenditure assumptions; this occurs annually when we reconcile the rate model in regard to new staffing (reduction of \$112,180).

Capital Funds

- Library Parking Garage Lighting – In 2015, Council approved funding from the Street Operating Fund to improving lighting at the Library Parking Garage. To accomplish this, the contract for the Facilities Energy Efficient capital project was amended to include the

garage lighting as the most cost-effective method. As a result, a portion of the funding approved in the Street Operating Fund for this purpose is being transferred to the capital project to cover incurred costs. The adjustment in the Street Operating Fund is a line item adjustment; the adjustment in the General Capital Fund is an appropriation change (\$66,435).

Kirkland ITS Implementation Phase 2 – Additional funding for this project from REET 2 Reserves as approved by Council at the March 15th meeting (\$360,000).

Housekeeping Adjustments – This set of adjustments are 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, but result in a temporary increase in staffing levels or approved uses of reserves within a fund. These are funded within existing appropriations.

The following is a list of line item adjustments with a temporary staffing impact and uses of reserves:

General Fund

- Communications Study – This represents an adjustment, pending **Council action**, reflecting a request to fund up to \$15,000 for a communications study from the Council Special Projects Reserve (see attached memo and fiscal note).
- Other Staffing Requests (extending into 2017-2018):
 - Temporary Planner – Extend a temporary full-time Planner position through the end of 2017. This position is currently funded through the end of July, but increasing volumes of land use applications support extending it. The position will handle workload that was previously performed by a contract consultant who is reducing availability. The cost in 2016 is approximately \$44,000, which will be funded by a reduction to the professional services budget, so no appropriation adjustment is necessary. The cost of approximately \$110,000 in 2017 will be funded from the remainder of the professional services budget as well as development reserves.
 - Planning & Building Office Specialist – Temporary increase of an ongoing 0.50 position to full time for one year as of May 1st, concluding April 30, 2017. Cost is \$41,497, funded from development reserves.
 - Building Division Records Management Specialist – Extension of a temporary full-time position supporting the Building Division's records digitization project through the end of 2018, due to the critical role this position plays in the success of this project. Council approved funding in the mid-biennial budget adjustment process to extend this position until the end of 2016, so no additional budget adjustment is needed for the current biennium. This position was originally approved as part of a 2015-16 service package and included \$200,000 for an outside vendor. The vendor contract cost ended up being only \$75,000, so the 2017-2018 cost of about \$175,000 can be funded by a combination of savings from the vendor contract (\$100,000) and development reserves.

Other Operating Funds

- Cemetery Records & Policy Review – This adjustment funds two temporary positions in the Cemetery Fund, including a 0.75 temporary FTE equivalent Accounting Support Associate for 9 months to review and digitize cemetery records (\$35,362) and a half-time graduate intern for the summer to review policy and procedures best practices to recommend possible revisions (\$6,561). The total cost of \$41,923 is funded with Cemetery Operating Fund reserves.

Staffing Requests (extending into 2017-2018):

- Transportation Planner – Request to extend the current full-time temporary Transportation Planner position through May 2017 to address high priority transportation issues, including Sound Transit 3 and the Metro Long Range Plan update. There is no budget impact in 2016. However, the position will be included in the 2017-2018 budget process at the cost of approximately \$72,000, funded from Street Operating Fund cash.
- Enterprise Asset Management (Lucity) Project Staffing Support – Extend two temporary positions supporting this capital project through June 2017 at a cost of approximately \$150,000, funded within the current budget authority of the project. Staffing consists of a full-time business analyst in the Street Operating Fund and a three-quarter time Senior Applications Analyst in the Information Technology Fund. It should be noted that a third temporary full-time position, a GIS Analyst in the Information Technology Fund, is already planned to extend through June 2017. There is no budget impact in 2016. However, these positions will be included in the 2017-2018 budget process, funded with existing Lucity Project balances.

Capital Funds

- Rose Hill Pedestrian Path (Pesarik Shortplat) – Funding to complete construction of a pedestrian path, funded with a transfer of \$20,463 from the Rose Hill Business District Sidewalk project. This was approved by the City Manager on February 2nd under his authority under the City's Fiscal Policy, which allows this type of transfer up to \$25,000 per occurrence. The City's Fiscal Policy requires reporting these changes to the City Council.
- Third Street Watermain Replacement – Funding for reimbursement to King County METRO for the Third Street Watermain Replacement project funded from Water/Sewer Construction Reserves as approved by Council at the February 16th meeting.

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 adjustments and 2015-2016 revised budget by fund type is included in the table on the following page:

Fund Type	Current 15-16 Budget	Adjustments	Revised 15-16 Budget
General Government:			
General Fund	201,990,063	66,888	202,056,951
Other Operating Funds	32,681,850	86,514	32,768,364
Internal Service Funds	80,829,910	487,820	81,317,730
Non-Operating Funds	154,931,794	426,435	155,358,229
Utilities:			
Water/Sewer	95,410,865	-	95,410,865
Surface Water	44,631,864	-	44,631,864
Solid Waste	34,292,594	-	34,292,594
Total Budget	644,768,940	1,067,657	645,836,597

The final opportunity to adjust the 2015-2016 Biennial Budget is at the Council Meeting on December 13th.

City of Kirkland
 2015-2016 Budget
 June 2016 Adjustment Summary

Dept.	Description	Appropriation Adjustment	Adjustment Type			Funding Source				Funding Source/Notes	
			Council/Other	Housekeeping	Total Adjustment	Internal Transf./Chrg.	Working Capital/Reserves	Expenditure Offsets	External Revenue		Total Funding
General Fund											
FA	Passport Staffing temporary increase	9,610	9,610		9,610				9,610	9,610	Passport Acceptance Fees
PB	Development Services Permit Tech (1.0 FTE)	41,422	92,355		92,355		50,933		41,422	92,355	Development Revenue
PK	Enterprise Asset Mgt. (Lucity) Seasonal Labor Support	15,856	15,856		15,856	15,856				15,856	Lucity capital project
CM	Communication Study		15,000		15,000	-	15,000			15,000	Council Special Projects Reserve
FD	Converting Firefighter OT to Positions		284,070		284,070		284,070			284,070	General Fund Cash
PB	Temporary planner			44,000	44,000			44,000		44,000	Planning professional services
PB	Planning & Building Office Specialist			41,497	41,497		41,497			41,497	Development Services Reserve
General Fund Total		66,888	416,891	85,497	502,388	15,856	391,500	44,000	51,032	502,388	
Lodging Tax Fund											
CM	Kirkland Performance Center Technical Equipment	76,000	100,000		100,000			24,000	76,000	100,000	
Lodging Tax Fund Total		76,000	100,000	-	100,000	-	-	24,000	76,000	100,000	
Cemetery Operating Fund											
FA	Cemetery Records and Policies & Procedures Staffing			41,923	41,923		41,923			41,923	
Cemetery Operating Fund Total		-	-	41,923	41,923	-	41,923	-	-	-	
Parks Maintenance Fund											
PK	Wireless in the Parks Seasonal Labor	10,514	10,514		10,514	10,514				10,514	Wireless in the Parks capital project
Parks Maintenance Fund Total		10,514	10,514	-	10,514	10,514	-	-	-	10,514	
General Capital Projects Fund											
PW	Parking Garage Lighting	66,435	66,435		66,435	66,435				66,435	Xfr from Street Operating Fund Downtown Parking
General Capital Projects Fund Total		66,435	66,435	-	66,435	66,435	-	-	-	66,435	
Transportation Capital Projects Fund											
PW	Kirkland ITS Phase 2 additional funding	360,000	360,000		360,000	360,000				360,000	REET 2 reserves
PW	Rose Hill Pedestrian Path			20,463	20,463			20,463		20,463	Xfr from Rose Hill Business District project
Transportation Capital Projects Fund		360,000	360,000	20,463	380,463	360,000	-	20,463	-	380,463	
Equipment Rental Fund											
PW	Asphalt Milling Machine	600,000	600,000		600,000	600,000				600,000	Funding from Street Preservation project/Street Rsvs
Equipment Rental Fund Total		600,000	600,000	-	600,000	600,000	-	-	-	600,000	
Information Technology Fund											
IT	Information Technology Rates Adjustment	(112,180)	(112,180)		(112,180)	(112,180)				(112,180)	
Information Technology Fund Total		(112,180)	(112,180)	-	(112,180)	(112,180)	-	-	-	(112,180)	
TOTAL OTHER FUNDS		1,000,769	1,024,769	62,386	1,087,155	924,769	41,923	44,463	76,000	1,087,155	
TOTAL ALL FUNDS		1,067,657	1,441,660	147,883	1,589,543	940,625	433,423	88,463	127,032	1,589,543	



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager
From: Marilynne Beard, Deputy City Manager
Date: June 1, 2016
Subject: CITY COMMUNICATIONS STUDY

RECOMMENDATION:

City Council considers funding for consulting services to advise the City on the use of social media as a means of communicating with the public funded from the Council's Special Project Reserve.

BACKGROUND:

At their February 2016 retreat, the City Council discussed the need for enhanced communication efforts and greater use of social media as a means of communication with the public. Over the course of the ensuing months, Councilmembers were contacted to better understand their individual perspectives. Comments included:

- Improved marketing of services the City provides
- Short snippets of new services and "how to access" services
- More interactive opportunities such as Suggest a Project and the Neighborhood Safety Program to get people involved
- Easier ways for the public to ask questions and have the question and answer posted somewhere everyone can access
- Do more focused survey on topics of interest to supplement biennial community survey including one about what people know about the City, what they think they know, where they get information, what information they want and how to they want to receive it
- More information on how we are spending the public's money and the good job that we do
- More about marketing the City's efficiency and wise use of resources before we ask for additional funding
- How other cities are using social media
- Use KAN as a vetting board for publishing facts that dispel rumors
- Join in more social media sites (Be Neighborly, Next Door, Facebook)
 - Because that is where people are commenting on and asking about City issues
 - Because people don't otherwise report issues to the City
 - To have the ability to gauge trends and problem areas

- To have the ability to direct people to the right resource or to correct misinformation
- Need to understand the generational aspects of social media and which demographic profiles are accessing which social media sites
- Have a more robust blog or web page and more social media monitoring
- Proactively inform the public about policy issues facing the City and seek their input and feedback about options (posting Council Agenda isn't enough)
- Use communications program to help people figure out how to get things done at the City (e.g. series of "How to" videos) including how to contact the Council, how to file a code enforcement complaint, how to register for recreation programs, etc.
- Provide information in multiple languages
- Have a presence like Kirkland Views that becomes the community's source for information – present it in a way that people can respond to with their real name
- Replace negativism by providing more ways for people to respond positively
- Find out what other cities do and how they work
- Provide more timely media releases (e.g. police) or better understand the rationale for the timing

In order to best respond the Council's comments, staff is asking for assistance in conducting research on current best practices in the use of social media outlets by public agencies. The scope would include research into:

- Communication tools available to public agencies (with particular emphasis on social media tools) to communicate with the community, their functionality, cost, advantages, disadvantages and any restrictive aspects based on current public records and public meetings requirements.
- How other Washington cities are using these tools and how their staff support ongoing maintenance.
- How Kirkland is currently using social media now and what are Kirkland's opportunities for increased usage given current resources and/or with additional resources

Staff is estimating a cost of \$15,000 including research, preparation of reports and presentation to the City Council. As an alternative, the City Manager's Office could hire a graduate student intern to conduct the study and assist with social media monitoring. A full-time intern for three months would cost approximately \$7,500.

FISCAL NOTE

Source of Request							
Marilynne Beard, Deputy City Manager							
Description of Request							
Use of up to \$15,000 from the Council Special Projects Reserve to provide funding for a communications study as described in the attached memo.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of up to \$15,000 of the Council Special Projects Reserve. The reserve is able to fully fund this request.							
Recommended Funding Source(s)							
	Description	2016 Est End Balance	Prior Auth. 2015-16 Uses	Prior Auth. 2015-16 Additions	Amount This Request	Revised 2016 End Balance	2016 Target
	Council Special Projects Rsv.	250,000	166,000	80,000	15,000	149,000	250,000
Reserve	Prior uses: Contingent use of \$80,000 for Northshore Public Health Center funding; \$1,500 for ArtsFund Economic Impact Study, \$2,500 for sponsorship of the Advanced Transportation Technologies Conference, \$32,000 for replacement of the Downtown Holiday Tree, \$15,000 for the second Eastside Winter Shelter and \$35,000 for Sound Transit 3 public outreach. Prior authorized addition: Return of \$80,000 from the release of contingent funding for the Northshore Public Health Center.						
Revenue/Exp Savings							
Other Source							
Other Information							
Prepared By	Neil Kruse, Senior Financial Analyst				Date	June 2, 2016	

ORDINANCE O-4521

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

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

5
 6 NOW, THEREFORE, the City Council of the City of Kirkland do ordain
 7 as follows:

8
 9 Section 1. The June 2016 adjustments to the Biennial Budget of the
 10 City of Kirkland for 2015-2016 are hereby adopted.

11
 12 Section 2. In summary form, modifications to the totals of estimated
 13 revenues and appropriations for each separate fund and the aggregate totals
 14 for all such funds combined are as follows:

<u>Funds</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
General	201,990,063	66,888	202,056,951
Lodging Tax	874,532	76,000	950,532
Street Operating	22,008,295	-	22,008,295
Cemetery Operating	888,646	-	888,646
Parks Maintenance	3,220,456	10,514	3,230,970
Parks Levy	5,689,921	-	5,689,921
Contingency	4,036,425	-	4,036,425
Impact Fees	10,221,084	-	10,221,084
Excise Tax Capital Improvement	22,192,787	-	22,192,787
Limited General Obligation Bonds	8,297,431	-	8,297,431
Unlimited General Obligation Bonds	1,449,743	-	1,449,743
General Capital Projects	50,415,485	66,435	50,481,920
Transportation Capital Projects	56,603,504	360,000	56,963,504
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	24,924,338	-	24,924,338
Surface Water Capital Projects	19,707,526	-	19,707,526
Solid Waste	34,292,594	-	34,292,594
Health Benefits	26,872,580	-	26,872,580
Equipment Rental	22,187,047	600,000	22,787,047
Information Technology	15,282,855	(112,180)	15,170,675
Facilities Maintenance	16,487,428	-	16,487,428
Firefighter's Pension	1,715,335	-	1,715,335
	<u>644,768,940</u>	<u>1,067,657</u>	<u>645,836,597</u>

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

17
 18 Passed by majority vote of the Kirkland City Council in open meeting
 19 this ____ day of ____, 2016.

Signed in authentication thereof this ____ day of _____, 2016.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney