



CITY OF KIRKLAND
Department of Finance
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracey Dunlap, Director of Finance and Administration
Sandi Hines, Financial Planning Manager

Date: November 6, 2008

Subject: **Public Hearing on Preliminary 2009-2010 Budget**

RECOMMENDATION:

City Council hold a public hearing on the Preliminary 2009-2010 Budget.

POLICY IMPLICATIONS:

1. A preliminary public hearing on anticipated revenue sources was held on September 16, 2008.
2. Copies of the Preliminary 2009-2010 Budget were available to the public on October 23, 2008.
3. RCW 35A.33 requires that a public hearing on the coming budget period be held on or before the first Monday in December.

BACKGROUND DISCUSSION:

The purpose of this final hearing is to solicit public comment on the Preliminary 2009-2010 Budget as submitted by the City Manager and reviewed by the City Council. The Preliminary 2009-2010 Budget totals \$362,541,179 which represents a 1.34 percent increase from the 2007-2008 Approved Budget. Factors contributing to the change include planned increases in the Water/Sewer and Solid Waste utility funds, increases in salary and benefit costs (including Fire overtime), and increases in fuel, utility and outside jail costs. These increases were mitigated by expenditure reductions and reallocations, additional revenue generation, and rescheduling of capital projects to result in the overall increase of 1.34 percent. The proposed General Fund budget totals \$123,189,118, which is an 8.41 percent increase from the 2007-2008 Approved Budget, due to increases in salaries and wages and accounting changes that moved both expenditures and revenues into the General Fund. To date the Council has held two budget study sessions to review the proposed budget (October 30th and November 4th), with a third session scheduled for November 10th and a fourth session scheduled for November 18th.

No modifications to the preliminary budget have been made as a result of Council's first two study sessions (the final two sessions will occur after the deadline for this memo). Instead, Council has discussed several potential modifications to the preliminary budget and a list of those changes has been created to bring back to the Council at the meeting on November 10th, as well as at the November 18th study session (both occurring after the submission of this memo). For a list of the potential modifications to date, please see the study session packet materials for this (November 18th) meeting. Once Council has given direction on the final modifications to the preliminary budget, the preliminary budget will be revised and a final 2009-2010 budget will be presented to Council for adoption at the December 16th Council meeting.

Along with the list of potential modifications to the biennial budget, the study session packet includes a summary list of future follow-up reports as requested by the Council.

The Preliminary 2009-2010 Budget as proposed by the City Manager is summarized in Attachment A. Also attached are summaries of the Expenditure Reductions (Attachment B) and Service Packages (Attachment C).

At the beginning of the public hearing, staff will provide a summary of Council's discussion to date on the Preliminary 2009-2010 Budget.

CITY OF KIRKLAND
2009-2010 BUDGET OVERVIEW: BY FUND TYPE/FUND

General Government Operating Funds

Fund	2007-2008 Budget*	2009-2010 Budget	Percent Change
<i>General Fund</i>			
010 General	113,636,653	123,189,118	8.41%
<i>Special Revenue Funds</i>			
112 Lodging Tax	561,841	794,424	41.40%
117 Street Operating	9,600,236	9,087,068	-5.35%
122 Cemetery Operating	336,709	199,498	-40.75%
125 Parks Maintenance	2,144,266	2,203,287	2.75%
126 Recreation Revolving	2,111,338	2,816,090	33.38%
Total Special Revenue Funds	14,754,390	15,100,367	2.34%
<i>Internal Service Funds</i>			
521 Equipment Rental	12,367,189	13,971,736	12.97%
522 Information Technology	10,692,354	9,997,823	-6.50%
527 Facilities Maintenance	9,066,324	9,804,443	8.14%
Total Internal Service Funds	32,125,867	33,774,002	5.13%
Total General Government Operating Funds	160,516,910	172,063,487	7.19%

General Government Non-Operating Funds

Fund	2007-2008 Budget*	2009-2010 Budget	Percent Change
<i>Special Revenue Funds</i>			
152 Contingency	2,940,790	2,324,515	-20.96%
154 Cemetery Improvement	549,500	598,528	8.92%
156 Impact Fees	3,709,937	7,165,555	93.14%
157 Park & Municipal Reserve	12,761,743	10,050,552	-21.24%
158 Off-Street Parking Reserve	69,564	217,610	212.82%
159 Tour Dock	99,235	128,485	29.48%
170 Street Improvement	3,222,265	2,613,576	-18.89%
188 Grant Control Fund	285,835	216,458	-24.27%
190 Excise Tax Capital Improvement	22,091,056	24,039,092	8.82%
Total Special Revenue Funds	45,729,925	47,354,371	3.55%

* 2007-2008 Budget as of June 30, 2008.

CITY OF KIRKLAND
2009-2010 BUDGET OVERVIEW: BY FUND TYPE/FUND

General Government Non-Operating Funds (Continued)

Fund	2007-2008 Budget*	2009-2010 Budget	Percent Change
<i>Debt Service Funds</i>			
210 LTGO Debt Service	4,966,356	2,735,723	-44.91%
220 UTGO Debt Service	3,243,334	2,703,581	-16.64%
230 LID Control	9,647	0	-100.00%
Total Debt Service Funds	8,219,337	5,439,304	-33.82%
<i>Capital Projects Funds</i>			
310 General Capital Projects	27,900,860	26,888,649	-3.63%
320 Grant Capital Projects	15,974,263	5,307,113	-66.78%
Total Capital Projects Funds	43,875,123	32,195,762	-26.62%
<i>Trust Funds</i>			
620 Firefighter's Pension	1,382,725	1,635,961	18.31%
Total Trust Funds	1,382,725	1,635,961	18.31%
Total General Government Non-Op Funds	99,207,110	86,625,398	-12.68%

Water/Sewer Utility Funds

Fund	2007-2008 Budget*	2009-2010 Budget	Percent Change
<i>Operating Fund</i>			
411 Water/Sewer Operating	38,471,870	46,479,043	20.81%
Total Operating Fund	38,471,870	46,479,043	20.81%
<i>Non-Operating Funds</i>			
412 Water/Sewer Debt Service	3,758,988	3,510,123	-6.62%
413 Utility Capital Projects	16,360,710	15,828,106	-3.26%
Total Non-Operating Funds	20,119,698	19,338,229	-3.88%
Total Water/Sewer Utility Funds	58,591,568	65,817,272	12.33%

* 2007-2008 Budget as of June 30, 2008.

CITY OF KIRKLAND
2009-2010 BUDGET OVERVIEW: BY FUND TYPE/FUND

Surface Water Utility Funds

Fund	2007-2008 Budget*	2009-2010 Budget	Percent Change
<i>Operating Fund</i>			
421 Surface Water Management	12,094,573	12,515,606	3.48%
Total Operating Fund	12,094,573	12,515,606	3.48%
<i>Non-Operating Fund</i>			
423 Surface Water Capital Projects	10,093,676	6,765,553	-32.97%
Total Non-Operating Funds	10,093,676	6,765,553	-32.97%
Total Surface Water Utility Funds	22,188,249	19,281,159	-13.10%

Solid Waste Utility Fund

Fund	2007-2008 Budget*	2009-2010 Budget	Percent Change
<i>Operating Fund</i>			
431 Solid Waste Utility	17,233,322	18,753,863	8.82%
Total Operating Fund	17,233,322	18,753,863	8.82%
Total Solid Waste Utility Fund	17,233,322	18,753,863	8.82%

TOTAL ALL FUNDS	357,737,159	362,541,179	1.34%
------------------------	--------------------	--------------------	--------------

* 2007-2008 Budget as of June 30, 2008.

Summary of 2009-2010 Budget Reductions by Department/Function

Department/ Function	Reduction Basis ¹	Proposed		Recommended	
		Dollars	%	Dollars	%
GENERAL FUND					
City Council	755,948	62,900	8.3%	45,300	6.0%
CMO	2,975,453	236,676	8.0%	197,910	6.7%
Court	3,333,273	273,887	8.2%	71,850	2.2%
Human Resources	2,177,411	173,345	8.0%	73,915	3.4%
CAO	2,052,545	164,208	8.0%	73,708	3.6%
Parks & Comm. Svc.	14,445,884	1,144,598	7.9%	838,948	5.8%
PW - Engineering	7,350,248	614,838	8.4%	614,838	8.4%
Finance & Administration ²	6,005,762	492,427	8.2%	320,345	5.3%
Planning & Community Development	6,177,602	492,823	8.0%	492,823	8.0%
Police	31,395,371	2,573,007	8.2%	552,018	1.8%
Fire ³	29,555,516	2,381,904	8.1%	307,046	1.0%
Building	4,481,300	321,904	7.2%	131,004	2.9%
SUBTOTAL GENERAL FUND (excl. Non-Dept.)	110,706,313	8,932,517	8.1%	3,719,705	3.4%
Non-Departmental ⁴	3,969,716	72,520	1.8%	70,520	1.8%
SUBTOTAL GENERAL FUND	114,676,029	9,005,037	7.9%	3,790,225	3.3%
OTHER FUNDS					
Streets	8,477,775	678,875	8.0%	509,012	6.0%
Fleet	3,606,956	288,560	8.0%	180,350	5.0%
Facilities	4,616,040	369,424	8.0%	214,533	4.6%
Information Technology	7,191,048	571,130	7.9%	343,838	4.8%
SUBTOTAL OTHER FUNDS	23,891,819	1,907,989	8.0%	1,247,733	5.2%
GRAND TOTAL	138,567,848	10,913,026	7.9%	5,037,958	3.6%

¹ Note that the adjustment basis reflects the preliminary budget target issued to the departments in July 2008.

² Basis excludes functions that are 100% utility funded.

³ Recommended dollars are net of revenue loss from Fire District 41.

⁴ Most costs are fixed: debt service, retiree medical, intergovernmental professional services, interfund transfers, etc.

Summary of 2009-2010 Budget Reductions by Type

Reduction Type	Recommended Dollars
Service Reductions - Staff	2,271,644
Service Reductions - Program	967,404
Travel/Training	200,249
Equipment/Supplies	326,428
Conservative/Efficiency	372,274
Revenue	258,130
Reallocation to Other Funds	641,829
GRAND TOTAL	5,037,958

**City of Kirkland
2009-2010 Preliminary Budget
2009-10 Service Package Requests**

	2009-10 Department Request				2009-10 City Manager Recommended				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
GENERAL FUND															
Nondepartmental															
Flexpass	-	-	98,522	98,522	-	-	-	-	-	-	-	-	-	-	-
Subtotal Nondepartmental	-	-	98,522	98,522	-	-	-	-	-	-	-	-	-	-	-
City Council															
Citizen Survey	-	-	30,000	30,000	-	-	-	-	-	-	-	-	-	-	-
Subtotal City Council	-	-	30,000	30,000	-	-	-	-	-	-	-	-	-	-	-
City Manager															
State Legislative Advocate	-	-	60,000	60,000	-	-	60,000	60,000	60,000	-	-	-	-	-	-
Federal Legislative Advocate	-	-	40,000	40,000	-	-	-	-	-	-	-	-	-	-	-
Marketing - Buy Local Campaign	-	-	15,000	15,000	-	-	-	-	-	-	-	-	-	-	-
Business Retention Consultant	-	-	98,400	98,400	-	98,400	-	98,400	-	-	-	-	98,400	-	-
Increased Intern Support-Economic Development	-	-	8,252	8,252	-	-	-	-	-	-	-	-	-	-	-
Sustainable Economy Study - Phase 2	-	-	30,500	30,500	-	-	30,500	30,500	-	30,500	-	-	-	-	-
Court Security	1.00	158,083	5,500	163,583	-	-	-	-	-	-	-	-	-	-	-
Neighborhood Services Support	0.12	23,843	-	23,843	0.12	23,843	-	23,843	-	-	8,000	-	-	15,843	-
Private Funding for the Arts	-	25,000	-	25,000	-	-	-	-	-	-	-	-	-	-	-
Outside Agency Funding (incl. KPC budgeted in P&CS)	-	-	164,825	164,825	-	-	103,000	103,000	103,000	-	-	-	-	-	-
Subtotal City Manager	1.12	206,926	422,477	629,403	0.12	122,243	193,500	315,743	163,000	30,500	8,000	-	98,400	15,843	-
Human Resources															
Temp HR Analyst & Admin Support	-	-	75,981	75,981	-	-	-	-	-	-	-	-	-	-	-
Subtotal Human Resources	-	-	75,981	75,981	-	-	-	-	-	-	-	-	-	-	-
Parks & Community Services															
Human Services Per Capita Funding	-	300,758	-	300,758	-	-	200,000	200,000	200,000	-	-	-	-	-	-
Environmental Stewardship & Outreach Specialist	-	-	139,245	139,245	-	-	139,245	139,245	-	113,084	-	26,161	-	-	-
Senior Support	-	-	19,000	19,000	-	-	19,000	19,000	-	19,000	-	-	-	-	-
Enhance Wellness Program	-	-	15,000	15,000	-	-	15,000	15,000	-	15,000	-	-	-	-	-
All-City Youth Summit	-	-	4,000	4,000	-	-	4,000	4,000	-	4,000	-	-	-	-	-
Northwest Senior Games	-	-	20,000	20,000	-	-	20,000	20,000	-	20,000	-	-	-	-	-
Boat Launch Bollard Replacement	-	-	22,500	22,500	-	-	22,500	22,500	-	-	-	-	-	-	22,500
Subtotal Parks & Community Services	-	300,758	219,745	520,503	-	-	419,745	419,745	200,000	171,084	-	26,161	-	-	22,500
Public Works															
CIP Administrative Support	1.00	149,032	7,475	156,507	1.00	149,032	7,475	156,507	7,475	-	-	-	-	149,032	-
CIP Project Inspector	1.00	215,066	34,324	249,390	1.00	215,066	34,324	249,390	34,324	-	-	-	-	215,066	-
Neighborhood Traffic Control Program Support	0.50	79,910	-	79,910	0.50	79,910	-	79,910	-	-	79,910	-	-	-	-
Commute Trip Reduction	-	100,000	-	100,000	-	-	-	-	-	-	-	-	-	-	-
Traffic Counts & BKR Model Support	-	50,000	-	50,000	-	50,000	-	50,000	-	-	50,000	-	-	-	-
Transportation Management Plans Support	-	20,000	-	20,000	-	20,000	-	20,000	-	-	20,000	-	-	-	-
CIP Project Outreach Specialist	0.50	104,820	-	104,820	0.50	104,820	-	104,820	-	-	112,706	(7,886)	-	-	-
Subtotal Public Works	3.00	718,828	41,799	760,627	3.00	618,828	41,799	660,627	41,799	-	262,616	(7,886)	-	364,098	-
Finance & Administration															
Special Election Costs	-	-	90,000	90,000	-	-	-	-	-	-	-	-	-	-	-
Document Management System Implementation & Support	-	-	202,154	202,154	-	-	202,154	202,154	-	-	-	-	-	202,154	-
Subtotal Finance & Administration	-	-	292,154	292,154	-	-	202,154	202,154	-	-	-	-	-	202,154	-
Planning & Community Development															
Code Enforcement Officer	0.50	109,035	-	109,035	-	-	-	-	-	-	-	-	-	-	-
Office Technician	0.50	70,543	-	70,543	0.50	70,543	-	70,543	-	-	70,543	-	-	-	-
ARCH Housing Trust Fund (budgeted in Fund 157)	-	-	432,000	432,000	-	-	432,000	432,000	432,000	-	-	-	-	-	-
Comprehensive Plan Update	-	-	45,000	45,000	-	-	-	-	-	-	-	-	-	-	-
Shoreline Master Plan Update	-	-	25,000	25,000	-	-	25,000	25,000	25,000	-	-	-	-	-	-
CLC Agenda Cities Program	-	-	5,000	5,000	-	-	5,000	5,000	5,000	-	-	-	-	-	-
Tree Canopy Analysis	-	-	28,000	28,000	-	-	28,000	28,000	28,000	-	-	-	-	-	-
Subtotal Planning & Community Development	1.00	179,578	535,000	714,578	0.50	70,543	490,000	560,543	490,000	-	70,543	-	-	-	-

**City of Kirkland
2009-2010 Preliminary Budget
2009-10 Service Package Requests**

	2009-10 Department Request				2009-10 City Manager Recommended				Funding Source						
	FTE	Ongoing	One-time	Total	FTE	Ongoing	One-time	Total	Available Fund Balance	External Source	Expenditure Offset	Fees/Charges	Taxes	CIP	Reserves
Police															
Accreditation Expenses	-	33,260	7,500	40,760	-	-	10,000	10,000	10,000	-	-	-	-	-	-
Strategic Plan	-	-	60,000	60,000	-	-	60,000	60,000	60,000	-	-	-	-	-	-
Corrections & NORCOM On-Going Costs (Police share)	4.00	2,931,598	49,200	2,980,798	4.00	2,931,598	49,200	2,980,798	49,200	(720,811)	2,836,033	-	816,376	-	
NORCOM One-Time Costs (Police share)	-	-	587,079	587,079	-	-	470,446	470,446	270,446	200,000	-	-	-	-	
Subtotal Police	4.00	2,964,858	703,779	3,668,637	4.00	2,931,598	589,646	3,521,244	389,646	(520,811)	2,836,033	-	816,376	-	
Fire & Building															
NORCOM On-Going Costs (Fire share)	-	573,923	-	573,923	-	573,923	-	573,923	-	51,792	371,611	-	150,520	-	
NORCOM One-Time Costs (Fire share)	-	-	155,865	155,865	-	-	124,900	124,900	92,926	31,974	-	-	-	-	
Emergency Preparedness Coordinator	-	-	209,705	209,705	-	-	209,705	209,705	109,705	100,000	-	-	-	-	
Firefighter - Totem Lake BLS Unit	1.00	207,659	18,975	226,634	1.00	207,659	18,975	226,634	-	(73,257)	286,160	-	226,634	-	
Personal Protective Equipment	-	70,380	186,390	256,770	-	-	186,390	186,390	138,674	47,716	-	-	-	-	
Pandemic EMS Protection	-	-	60,689	60,689	-	-	-	-	-	-	-	-	-	-	
Health, Wellness & Fitness Program	-	-	99,840	99,840	-	-	-	-	-	-	-	-	-	-	
Prevention Fire Inspector	1.00	141,919	34,963	176,882	-	-	-	-	-	-	-	-	-	-	
North Finn Hill Station 24 Overtime	-	-	1,065,800	1,065,800	-	-	-	-	-	-	-	-	-	-	
3 Firefighters for Overtime Reduction	3.00	622,973	49,425	672,398	3.00	622,973	49,425	672,398	36,772	(28,151)	757,740	-	-	-	
Additional 3 Firefighters for Overtime Reduction	3.00	622,973	49,425	672,398	-	-	-	-	-	-	-	-	-	-	
Restore Minimum Staffing Levels (1st & 4th Quarter)	-	198,310	-	198,310	-	198,310	-	198,310	-	-	-	-	198,310	-	
Permit Technician	1.00	151,344	-	151,344	1.00	151,344	-	151,344	-	-	151,344	-	-	-	
Subtotal Fire & Building	9.00	2,589,481	1,931,077	4,520,558	5.00	1,754,209	589,395	2,343,604	378,077	130,074	1,566,855	-	575,464	-	
GENERAL FUND TOTAL	18.12	6,960,429	4,350,534	11,310,963	12.62	5,497,421	2,526,239	8,023,660	1,662,522	(189,153)	4,744,047	18,275	1,490,240	582,095	22,500
OTHER FUNDS															
Lodging Tax Fund															
Tourism Web Re-design (ExploreKirkland.com)	-	-	30,000	30,000	-	-	30,000	30,000	30,000	-	-	-	-	-	
Tourism Marketing Plan Update	-	-	25,000	25,000	-	-	25,000	25,000	25,000	-	-	-	-	-	
Subtotal Lodging Tax Fund	-	-	55,000	55,000	-	-	55,000	55,000	55,000	-	-	-	-	-	
Street Operating Fund															
Graffiti Program	1.00	147,394	9,436	156,830	1.00	147,394	9,436	156,830	-	12,000	131,705	13,125	-	-	
Arborist	0.50	103,637	-	103,637	0.50	103,637	-	103,637	-	-	21,367	82,270	-	-	
Grounds Tech	1.00	155,596	-	155,596	1.00	155,596	-	155,596	-	-	124,475	31,121	-	-	
Subtotal Street Operating Fund	2.50	406,627	9,436	416,063	2.50	406,627	9,436	416,063	-	12,000	277,547	126,516	-	-	
Surface Water Management Fund															
Surface Water Utility Engineer	1.00	220,081	4,675	224,756	1.00	220,081	4,675	224,756	4,675	-	-	220,081	-	-	
Urban Forester	0.50	100,667	-	100,667	0.50	100,667	-	100,667	-	-	-	100,667	-	-	
Subtotal Surface Water Management Fund	1.50	320,748	4,675	325,423	1.50	320,748	4,675	325,423	4,675	-	-	320,748	-	-	
Information Technology Fund															
Web Assistant	1.00	164,636	-	164,636	-	-	123,478	123,478	123,478	-	-	-	-	-	
Videographer	0.50	90,692	-	90,692	0.50	90,692	-	90,692	-	-	90,692	-	-	-	
MultiMedia Services Intern	-	10,106	-	10,106	-	-	10,106	10,106	10,106	-	-	-	-	-	
Comcast Audit	-	-	25,000	25,000	-	-	25,000	25,000	25,000	-	-	-	-	-	
Applications Analyst	1.00	193,502	-	193,502	-	-	-	-	-	-	-	-	-	-	
Help Desk Position	0.50	79,710	-	79,710	-	-	39,856	39,856	39,856	-	-	-	-	-	
Subtotal Information Technology Fund	3.00	538,646	25,000	563,646	0.50	90,692	198,440	289,132	198,440	-	90,692	-	-	-	
Facilities Maintenance Fund															
City Hall Annex M&O	-	48,630	-	48,630	-	48,630	-	48,630	-	-	-	-	48,630	-	
Inventory Specialist	0.50	94,676	-	94,676	-	-	-	-	-	-	-	-	-	-	
Lease KCHA Property for Maintenance Center (net)	-	238,576	26,000	264,576	-	238,576	26,000	264,576	26,000	-	232,481	-	6,095	-	
Maintenance Center Reallocation	-	230,481	-	230,481	-	230,481	-	230,481	-	-	-	202,744	-	-	
Subtotal Facilities Maintenance Fund	0.50	612,363	26,000	638,363	-	517,687	26,000	543,687	26,000	-	232,481	202,744	54,725	-	
TOTAL OTHER FUNDS	7.50	1,878,384	120,111	1,998,495	4.50	1,335,754	293,551	1,629,305	284,115	12,000	600,720	650,008	54,725	-	
TOTAL ALL FUNDS	25.62	8,838,813	4,470,645	13,309,458	17.12	6,833,175	2,819,790	9,652,965	1,946,637	(177,153)	5,344,767	668,283	1,544,965	582,095	22,500