



CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Tom Mikesell, Financial Planning Manager

Date: November 24, 2014

Subject: **2014 YEAR-END BUDGET ADJUSTMENT**

RECOMMENDATION:

City Council approves the ordinance adjusting the 2013-2014 budget appropriation for selected funds.

BACKGROUND DISCUSSION:

This memo addresses recommendations concerning year-end budget adjustments needed to meet unanticipated needs and recognizing additional resources.

YEAR-END 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 2013-2014 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.

Total appropriation adjustments result in a net budget increase of \$1,800,843, largely due to adjustments to capital projects. The budget adjustment summary (Attachment A) shows both line item and appropriation changes. Line item adjustments move budget authority within funds and are provided for reference. Appropriation adjustments change the total budget and require adoption of the ordinance.

The following is a list of adjustments:

Council Directed/Previously Approved Adjustments –The first category of adjustments includes any additional changes identified by Council and formalizing previously approved actions (fiscal notes, etc.). These reflect requests approved by the Council since the mid-year adjustments that were adopted in June 2014. The formal appropriation adjustment is occurring as part of this year-end budget update, with the effect of increasing appropriation by \$1,288,132.

Adopting adjustments previously approved by Council:

- Use of Council Special Projects reserve totaling \$21,013. These represent moving budget authority within the General Fund, and therefore do not require an increase in the total appropriation:
 - Imagine Housing, \$7,000
 - Eastside Winter Shelter, (Catholic Community Services) \$4,013
 - Kirkland Heritage Society, \$4,000
 - Kirkland Arts Center, \$6,000
- Additional funding to conduct community outreach and investigate additional sites for a potential new community aquatic and recreation facility (ARC) funded from recognizing additional General Fund year-end cash, \$90,000
- Community Events funding from Waste Management contributions totaling \$32,000 for three events as approved by Council earlier this year (Celebrate Kirkland \$16,000, Concerts in the Park \$8,000 and Winterfest \$8,000)
- Funding approval for various capital projects:
 - Colacurcio property purchase adjacent to Juanita Heights Park from REET 1 Reserves, \$11,100
 - Park Lane Pedestrian Improvements additional funding totaling \$920,253 (\$869,936 from Surface Water Transportation Reserve and \$50,317 from REET 2 Reserves)
 - Kirkland ITS Phase IB additional funding of \$90,000 from REET 2 Reserves
 - 2013 Crosswalk Upgrade Project funding of \$2,002 from the Street Improvement Reserve as part of the acceptance of work for this project.
 - 2013 Emergency Sewer Program funding to close the 2013 program from Water/Sewer Construction reserves of \$99,650 and \$30,000 from Water/Sewer Operating reserves to conduct community outreach. Since this action only involves shifting budget authority within the fund, an appropriation adjustment is not necessary.

Other Adjustments -The second category of adjustments have been generated since the mid-year adjustments in June and primarily recognize new revenue from grants and other sources:

- Recognizing 4-Culture grant funding staff support for Cultural Council (\$8,000)
- Recognizing additional building permit revenue to provide staffing support in the Building Division (\$111,261)
- Additional funding from the Firefighter Pension Fund to help cover additional LEOFF 1 retiree medical costs in the General Fund (\$19,420)
- Recognizing facilities revenue to support staffing changes in the Parks Maintenance Fund (\$1,555)
- Recognizing various donations and grants to support the Green Kirkland program in the Parks Levy Fund (\$13,486) and in the CIP fund (\$23,358)

- Recognizing additional regional capital facilities charges in the Water/Sewer fund resulting from increased development activity; this is a pass-through revenue and expense to Cascade Water Alliance (\$675,000)
- Recognizing additional grant revenue in the Surface Water Management Fund (\$122,750)
- Funding for purchase of Police ATV vehicles for the Cross Kirkland Corridor in the Fleet Fund (\$37,983) which is funded by a combination of Police donations and expenditure savings.

Housekeeping Items –The third category includes appropriation adjustments needed to adjust budget accounts, fund balances, and correct previous omissions or errors. These changes result in appropriation increases of \$512,711.

- Recognizing previously approved funding in the CIP fund for the Facilities Energy Efficiency project use of Facilities Sinking Fund Reserve (\$475,711)
- Allocating previously approved funding for the Peter Kirk Pool boiler upgrades to the related capital project in the CIP fund (\$10,000)
- Recognizing a vehicle approved in the mid-biennial process for a construction inspector, which will be purchased in the Fleet Fund (\$27,000)

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 2013-2014 revised budget by fund type is included in the table below. Additional details on the line item and appropriation changes are included in Attachment A.

Fund Type	Current 13-14 Budget	Appropriation Adjustments	Revised 13-14 Budget
General Government:			
General Fund	178,638,538	260,681	178,899,219
Other Operating Funds	30,399,499	15,041	30,414,540
Internal Service Funds	69,527,520	64,983	69,592,503
Non-Operating Funds	146,657,455	662,388	147,319,843
Utilities:			
Water/Sewer	80,092,537	675,000	80,767,537
Surface Water	44,112,640	122,750	44,235,390
Solid Waste	32,339,121	-	32,339,121
Total Budget	581,767,310	1,800,843	583,568,153

**City of Kirkland
2013-2014 Budget
2014 Year End Budget Adjustment Summary**

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source		Funding Source/Notes
					Internal Transf./Chrg.	External Revenue	
General Fund (010)							
Council Directed	PK	Imagine Housing	7,000				Council Special Projects Reserve
Council Directed	F&A	Catholic Community Svcs-Eastside Winter Shelter	4,013				Council Special Projects Reserve
Council Directed	F&A	Kirkland Heritage Society	4,000				Council Special Projects Reserve
Council Directed	F&A	Kirkland Arts Center	6,000				Council Special Projects Reserve
Council Directed	PK	Aquatics & Recreation Center (ARC) Outreach and Site Planning	90,000	90,000		90,000	Sales Tax
Council Directed	CMO	Waste Management Community Event Funding	32,000	32,000		32,000	Sponsorship Donation
Other Adjustments	CMO	Cultural Council Staff Support	8,000	8,000		8,000	4Culture Grant
Other Adjustments	F&B	Plans Examiner	111,261	111,261		111,261	Building Permits
Other Adjustments	F&B	LEOFF 1 Retiree Medical Costs	19,420	19,420	19,420		Transfer from Firefighter Pension Fund
General Fund Total			281,694	260,681	19,420	241,261	
OTHER FUNDS							
Parks Maintenance Fund (125)							
Other Adjustments	PK	Program Assistant Reclass	1,555	1,555		1,555	Park Facility Rentals
Parks Maintenance Fund Total			1,555	1,555	-	1,555	
Parks Levy Fund (128)							
Other Adjustments	PK	Green Kirkland Program	13,486	13,486		13,486	Private Donations
Parks Levy Fund			13,486	13,486	-	13,486	
General Capital Projects Fund (310)							
Council Directed	PK	Juanita Heights Park Colacurcio Property Acquisition	11,000	11,000	11,000		REET 1
Other Adjustments	PK	Green Kirkland Program	19,358	19,358		19,358	King Conservation District Grant
Other Adjustments	PK	Green Kirkland Program	4,000	4,000		4,000	Fee In Lieu of Planting
Housekeeping	F&A	Facilities Energy Efficiency Project	475,711	475,711	475,711		Transfer from Facilities Sinking Fund
Housekeeping	PK	Peter Kirk Pool Boiler Upgrade	10,000	10,000	10,000		Transfer from General Fund
General Capital Projects Fund Total			520,069	520,069	496,711	23,358	

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source		Funding Source/Notes
					Internal Transf./Chrg.	External Revenue	
Transportation Capital Projects Fund (320)							
Council Directed	PW	Park Lane Pedestrian Improvements	50,317	50,317	50,317		REET 2
Council Directed	PW	Kirkland ITS Phase IB Project	90,000	90,000	90,000		REET 2
Council Directed	PW	2013 Crosswalk Upgrade Project (close)	2,002	2,002	2,002		Street Improvement Reserve
Transportation Capital Projects Fund			142,319	142,319	142,319	-	
Water/Sewer Utility Operating Fund (411)							
Other Adjustments	PW	Regional Capital Facilities Charge	675,000	675,000		675,000	Regional Water Connection Charges - Pass Through
Council Directed	PW	Emergency Sewer Program Outreach	30,000				Water/Sewer Operating Reserve
Water/Sewer Utility Operating Fund Total			705,000	675,000	-	675,000	
Water/Sewer Capital Fund (413)							
Council Directed	PW	2013 Emergency Sewer Program (close)	99,650				Water/Sewer Construction Reserve
Water/Sewer Capital Fund Total			99,650	-	-	-	
Surface Water Operating Fund (421)							
Other Adjustments	PW	Dept of Ecology Grant Containment Voucher Project	4,750	4,750		4,750	EPA Grant
Other Adjustments	PW	Dept of Ecology Grant Local Source Control Partnership	98,000	98,000		98,000	Dept. of Ecology Grant
Other Adjustments	PW	King Conservation District Grant Stormwater Audit Program	20,000	20,000		20,000	King Conservation District Grant
Surface Water Operating Fund Total			122,750	122,750	-	122,750	
Surface Water Capital Fund (423)							
Council Directed/Other	PW	Park Lane Pedestrian Improvements	869,936				
Surface Water Capital Fund Total			869,936	-	-	-	
Equipment Rental Fund (521)							
Other Adjustments	PW	Police Department ATV vehicles for CKC	37,983	37,983	37,983		Transfer from General Fund
Housekeeping	PW	Construction Inspector Vehicle	27,000	27,000	27,000		Transfer from General Fund
Equipment Rental Fund Total			64,983	64,983	64,983	-	
TOTAL OTHER FUNDS			2,539,748	1,540,162	704,013	836,149	
TOTAL ALL FUNDS			2,821,442	1,800,843	723,433	1,077,410	

ORDINANCE O-4467

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2013-2014.

WHEREAS, the City Council finds that the proposed adjustments to the Biennial Budget for 2013-2014 reflect revenues and expenditures that are intended to ensure the provision of vital municipal services at acceptable levels;

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

Section 1. The Year-End 2014 adjustments to the Biennial Budget of the City of Kirkland for 2013-2014 are hereby adopted.

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

<u>Funds</u>	Current Budget	Adjustments	Revised Budget
General	178,638,538	260,681	178,899,219
Lodging Tax	707,327		707,327
Street Operating	20,734,134		20,734,134
Cemetery Operating	837,747		837,747
Parks Maintenance	3,097,227	1,555	3,098,782
Parks Levy	5,023,064	13,486	5,036,550
Contingency	2,426,425		2,426,425
Impact Fees	3,953,397		3,953,397
Excise Tax Capital Improvement	12,846,786		12,846,786
Limited General Obligation Bonds	7,721,892		7,721,892
Unlimited General Obligation Bonds	6,364,593		6,364,593
General Capital Projects	60,789,680	520,069	61,309,749
Transportation Capital Projects	50,632,075	142,319	50,774,394
Water/Sewer Operating	54,516,992	675,000	55,191,992
Water/Sewer Debt Service	2,225,742		2,225,742
Utility Capital Projects	23,349,803		23,349,803
Surface Water Management	22,912,385	122,750	23,035,135
Surface Water Capital Projects	21,200,255		21,200,255
Solid Waste	32,339,121		32,339,121
Health Benefits	24,381,271		24,381,271
Equipment Rental	19,112,149	64,983	19,177,132
Information Technology	12,951,105		12,951,105
Facilities Maintenance	13,082,995		13,082,995
Firefighter's Pension	1,922,607		1,922,607
	581,767,310	1,800,843	583,568,153

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 _____, 2014.

Signed in authentication thereof this ___ day of _____, 2014.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney