



CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: David Ramsay, City Manager

From: Gwen Chapman, Interim Finance & Administration Director
Sandi Miller, Financial Planning Manager

Date: July 7, 2006

Subject: 2006 Mid-Year Budget Adjustments

RECOMMENDATION:

The City Council adopt the attached ordinance adjusting the 2005-2006 budget appropriation for selected funds.

BACKGROUND DISCUSSION:

State law prohibits expenditures from exceeding the budgeted appropriation for any fund and requires the City to adjust budget 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 biennial 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 process.

The proposed budget adjustments fall into one of the following two general categories:

- **Requests for One-Time Funding for Unanticipated Needs.** These requests primarily relate to addressing workload peaks and funding for one-time projects and expenditures related to annexation decision planning. All one-time adjustments in the General Fund are funded by either expenditure savings or excess fund balance in the General Fund Contingency. Since these adjustments are funded by sources within the fund, there is no change to the overall fund appropriation total.
- **Other "Housekeeping" Adjustments.** These adjustments include a number of grants that were received during the past six months that need to be acknowledged. Also included are adjustments for accounting corrections and the distribution of COLA reserves for settled labor contracts.

A complete list of the recommended budget adjustments is included as Attachment A. All of the one-time funding request adjustments were submitted to the Council at their mid-year budget review meeting on June 15, 2006. The recommended one-time budget adjustments are summarized as follows:

- **Annexation Support and Consultants (\$64,189).** As Council continues in their deliberations regarding the potential annexation, additional resources are needed to support staff and to study the complex issues facing the Council. This request includes packages for both the City Manager's office and the Finance and Administration Department.

The City Manager's office is requesting temporary help for five months for a half-time administrative assistant to support staff and the annexation decision effort. This position would be responsible for meeting coordination and logistics; assistance in the communication efforts to the current citizens, the potential annexation area residents and staff; and maintenance of the website and Kirknet as related to annexation.

Also, the City Manager's office is requesting one-time funding for a communications consultant. At their meeting in May 2006, the City Council concurred with a recommendation to engage a communications consultant as soon as possible and that initial efforts should focus on current Kirkland residents. The communications will include a focus on issues such as how annexation might affect the existing City character, services and finances.

The Finance and Administration Department is requesting one-time funding to engage a financial consultant to study the long-term fiscal impacts of annexation. The study will provide strategies the City Council can employ to offset the loss of temporary State revenue provided by SB 6686.

- **Jail Operations & Records Financial Analysis (\$20,000).** The NORCOM study (regional dispatch concept) has brought to light interdependencies between the communications, records and jail functions that deserve closer scrutiny. This request would provide funding for a consultant to advise the City on jail operating costs and to review Police Department recommendations for staffing levels to provide full time monitoring of the jail. The study will also evaluate the cost of operating a larger facility and the relationship between the size of a jail facility and economies of scale that can be possible. The results of the study will be used to develop more specific plans for a Public Safety Building and to better understand the impacts of moving to a regional dispatch model.
- **Off-leash Enforcement (\$9,600).** In 2005 the Council approved a 12-week pilot program with the emphasis on education and enforcement of off-leash dogs within our Park system. The program made great strides in educating park patrons and the staff recommends continuing the program through the summer and into the fall of 2006.
- **Peter Kirk Community Center Complex Sign (\$6,000).** The Council approved a resolution renaming the senior center in April 2006. This service package requests funding for a complex sign that will not only identify the newly-renamed Peter Kirk Community Center but all of Peter Kirk Park with its other adjoining parks facilities.
- **Impact Fee Study (\$10,000).** A comprehensive review and update of the City's five-year old impact fee policies are currently underway as an approved 2006 service package. During the scoping process for the study, it became clear that the approved budget was somewhat less than the fees proposed by the City's consultant for the services required to complete the study and address all of the issues identified. This service package seeks to complete the study update.
- **Building Permit Technician (\$34,284).** Development activity continues to be strong in 2006, creating increased permitting activity and additional workload impacts in the Building Division, especially on the front counter Permit Technicians. This request is for one-time funding for an additional temporary permit technician in the Fire/Building Department through the end of 2006.
- **Temporary GIS Analyst (\$41,446).** Kirkland's enterprise-wide GIS program has been increasingly utilized by all departments and has seen its project assignments increase beyond the current division staffing level. There are currently moderate backlogs in all GIS program service areas and new projects continue to be submitted. Funding would provide for a 6-month temporary GIS Analyst to be assigned a wide variety of production, research, and analysis tasks. The one-time position can be funded from 2005 IT budget savings.

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- **Videotaping City Council Meetings (\$6,000).** Due to the longer length of meetings and an increase in the number of study sessions, the budget for videotaping the City Council meetings is on course to be over budget by year end. The City Council meetings get viewed live, during our rebroadcast and are viewed from the on-demand menu on our website. This request is for additional funds for coverage of the City Council meetings to continue the service we provide to the residential and business community both in and surrounding Kirkland.

The next budget adjustment will be presented to Council in December 2006 to make any final adjustments needed for the 2005-2006 budget.

**City of Kirkland
2005-2006 Budget
Mid-year 2006 Budget Adjustment Summary**

ATTACHMENT A

Fund & Adjustment Type	Uses	Funding Source		Comment
		Expenditure Savings/Reserves	Resources	
GENERAL FUND				
Amateur Radio Emergency Services (ARES) Equipment Upgrade	2,500	-	2,500	Donation from Greenpoint Technologies
Annexation Administration Support	19,189	(19,189)	-	General Fund contingency
Annexation Communications Consultant	20,000	(20,000)	-	Expenditure savings
Annexation Fiscal Consultant	25,000	(25,000)	-	General Fund contingency/expenditure savings
Building Permit Technician	34,284	(34,284)	-	General Fund contingency
CBRNE (Hazardous Materials) Training Reimbursement	4,609	-	4,609	Reimbursement for Police Department overtime
Emergency Management Performance Grant	40,180	-	40,180	FEMA grant
EMS Participation Grant	1,463	-	1,463	Department of Health grant
False Alarm Program	35,400	-	35,400	False Alarm Program fees
Impact Fee Study	10,000	(10,000)	-	General Fund contingency
Jail Operations & Records Financial Analysis	20,000	(20,000)	-	General Fund contingency
Kirkland Youth Work Program	32,039	-	32,039	Funded by grant from King Conservation District
Labor Contract Settlement	82,818	-	82,818	Transfer in from Labor Relations Reserve and new construction property tax
Off-leash Enforcement	9,600	(9,600)	-	General Fund contingency
Peter Kirk Community Center Complex Sign	6,000	(6,000)	-	General Fund contingency
Temporary Construction Inspector	68,746	-	68,746	Contract with Verizon for Fiber Optic Cable installation
Traffic Safety Commission Grants	16,684	-	16,684	Additional Traffic Safety Commission grants
General Fund Total	428,512	(144,073)	284,439	

Fund & Adjustment Type	Uses	Funding Source		Comment
		Expenditure Savings/Reserves	Resources	
OTHER FUNDS				
STREET OPERATING FUND				
Labor Contract Settlement	3,690	-	3,690	Transfer in from Labor Relations Reserve
Street Operating Fund Total	3,690	-	3,690	
PARKS MAINTENANCE FUND				
Labor Contract Settlement	2,100	-	2,100	Transfer in from Labor Relations Reserve
Parks Maintenance Fund Total	2,100	-	2,100	
FACILITIES MAINTENANCE FUND				
Labor Contract Settlement	1,665	-	1,665	Transfer in from Labor Relations Reserve
Facilities Maintenance Fund Total	1,665	-	1,665	
STREET IMPROVEMENT FUND				
Adjust Surface Water CIP 2006 Xfr In to Street Improvement Fund	(1,737,500)	-	(1,737,500)	Accounting correction-no change in program
Street Improvement Fund Total	(1,737,500)	-	(1,737,500)	
GRANT CONTROL FUND				
Pedestrian Safety Program Grant	60,000	-	60,000	Grant
School Zone Flashing Beacon/Lighting Grant	37,500	-	37,500	Grant
Grant Control Fund	97,500	-	97,500	
WATER/SEWER OPERATING FUND				
Labor Contract Settlement	4,530	-	4,530	Transfer in from Labor Relations Reserve
2006 Utility rate adjustments	324,650	-	324,650	Recognize 2006 Utility rates
Water/Sewer Operating Fund Total	329,180	-	329,180	
WATER/SEWER CAPITAL PROJECTS FUND				
Adjustment to CIP Funding Transfer	(102,200)	-	(102,200)	Accounting correction-no change in program
Water/Sewer Capital Projects Fund Total	(102,200)	-	(102,200)	

Fund & Adjustment Type	Uses	Funding Source		Comment
		Expenditure Savings/Reserves	Resources	
SURFACE WATER OPERATING FUND				
Labor Contract Settlement	2,715	-	2,715	Transfer in from Labor Relations Reserve
2006 Utility rate adjustments	(111,642)	-	(111,642)	Recognize 2006 Utility rates
Surface Water Operating Fund Total	(108,927)	-	(108,927)	
EQUIPMENT RENTAL FUND				
Labor Contract Settlement	1,200	-	1,200	Transfer in from Labor Relations Reserve
Equipment Rental Fund Total	1,200	-	1,200	
INFORMATION TECHNOLOGY FUND				
COLA adjustment transfer in from General Fund	1,220	-	1,220	Transfer in from General Fund COLA reserve for MMS
Graphic Artist backfill (transfer from General Fund)	4,650	-	4,650	Transfer in from General Fund contingency for MMS
Temporary GIS Analyst	41,446	(41,446)	-	Expenditure savings
Videotaping of City Council Meetings	6,000	-	6,000	Transfer in from General Fund contingency
INFORMATION TECHNOLOGY FUND TOTAL	53,316	(41,446)	11,870	
TOTAL OTHER FUNDS	(1,459,976)	(41,446)	(1,501,422)	
TOTAL ALL FUNDS	(1,031,464)	(185,519)	(1,216,983)	

ORDINANCE NO. 4054

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2005-2006.

WHEREAS, the City Council finds that the proposed adjustments to the Biennial Budget for 2005-2006 reflects 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. 2006 mid-year adjustments to the Biennial Budget of the City of Kirkland for 2005-2006 are hereby adopted.

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

<u>Funds</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
General	98,887,161	284,439	99,171,600
Lodging Tax	397,713	0	397,713
Street Operating	8,395,015	3,690	8,398,705
Cemetery Operating	311,728	0	311,728
Parks Maintenance	1,782,051	2,100	1,784,151
Recreation Revolving	1,850,967	0	1,850,967
Facilities Maintenance	8,448,324	1,665	8,449,989
Contingency	2,357,321	0	2,357,321
Cemetery Improvement	493,195	0	493,195
Impact Fees	3,456,512	0	3,456,512
Park & Municipal Reserve	10,802,759	0	10,802,759
Off-Street Parking Reserve	84,564	0	84,564
Tour Dock	210,913	0	210,913
Street Improvement	4,828,747	(1,737,500)	3,091,247
Grant Control Fund	339,501	97,500	437,001
Excise Tax Capital Improvement	14,018,435	0	14,018,435
Limited General Obligation Bonds	3,287,354	0	3,287,354
Unlimited General Obligation Bonds	3,236,949	0	3,236,949
L.I.D. Control	16,221	0	16,221
General Capital Projects	28,423,478	0	28,423,478
Grant Capital Projects	17,414,755	0	17,414,755
Water/Sewer Operating	35,135,377	329,180	35,464,557
Water/Sewer Debt Service	3,728,096	0	3,728,096
Utility Capital Projects	17,300,781	(102,200)	17,198,581
Surface Water Management	9,952,316	(108,927)	9,843,389
Surface Water Capital Projects	4,256,962	0	4,256,962
Solid Waste	15,639,441	0	15,639,441

<u>Funds</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
Equipment Rental	12,361,152	1,200	12,362,352
Information Technology	8,379,413	11,870	8,391,283
Firefighter's Pension	1,146,129	0	1,146,129
	<u>316,943,330</u>	<u>(1,216,983)</u>	<u>315,726,347</u>

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 _____, 2006.

Signed in authentication thereof this ____ day of _____, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney