



CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: David Ramsay, City Manager

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

Date: December 4, 2006

Subject: **2006 YEAR-END BUDGET ADJUSTMENT**

RECOMMENDATION:

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

BACKGROUND DISCUSSION:

State law prohibits expenditures in excess of the budget appropriation for any fund. This budget adjustment allows for appropriation increases in those funds in which it is anticipated that total expenditures may be in excess of the current budget. Expenditure increases are funded by recognizing unanticipated revenues.

The proposed budget adjustments (Attachment A) consist of housekeeping adjustments, items previously approved by Council (for which fiscal notes were done) and new requests.

Housekeeping Adjustments:

- **Labor Contract Settlements (\$1,200):** Adjustment to correct previous budget adjustment for City contribution to Flexible Spending Accounts (FSA) for commissioned police, SEIU, and MAC Police members. Funded by Labor Relations reserve.
- **Arborist (\$25,978):** The arborist service package previously approved by the Council was transferred from the General Fund to the Street Operating Fund.
- **Recreation Programs and Class Expenses (\$76,908):** Recognize additional class revenue and associated expenses in the Recreation Revolving Fund.
- **Development Services Reserve (\$60,000):** Council authorized the creation of the Development Services Reserve at the mid-biennial review in November 2005 in the amount of \$920,000. This housekeeping adjustment corrects an error made in the budget transfer for the establishment of the reserve.

Previously Approved by Council:

- **Hopelink Relocation (\$16,042):** In October, Council authorized funding for relocation of Hopelink to the South Rose Hill Building due to rodent and health condition issues at the current location. Funded by the Contingency Fund.
- **Downtown Strategic Plan (\$31,000):** In September, Council authorized funding for an assessment and update to the Downtown Strategic Plan. Funded by the Contingency Fund.
- **Parks Irrigation Water Rights Purchase (\$52,000):** In April, Council authorized funding for the purchase of water rights from King County Water District # 1. Funded by the Contingency Fund.
- **Pavement Marking (\$57,000):** In May, Council authorized additional funding for the 2006 pavement marking project as the acceptable bid was higher than the estimated costs. Funded by the Street Improvement Fund.
- **NE 120th Street Roadway Extension Right-of-Way Acquisition (\$300,000):** In September, Council authorized the acquisition of right-of-way to facilitate the extension of NE 120th Street. Funded from Road Impact Fee and REET II reserves.
- **City Hall Direct Digital Controls (\$47,500):** In August, Council authorized additional funding for the City Hall Direct Digital Controls (DDC) Replacement project due to escalating construction industry pricing. Funded from the Facilities Maintenance Sinking Fund.
- **NKCC Roof Replacement (\$25,000):** In July, Council authorized additional funding for the NKCC roof replacement project due to higher than estimated bid prices. Funded from the Facilities Maintenance Sinking Fund.
- **Hazard Elimination Safety Project (\$14,800):** In April, Council authorized additional funding to fully fund and close-out the Hazard Elimination Safety project. Funded from REET II reserves.

New Requests:

- **Donations (\$8,232):** Recognizes additional private donations from the community for various projects.
- **Increase Municipal Court Judicial hours (\$8,253):** Recognizes new State revenue used to fund additional judicial hours at the Kirkland Municipal Court.
- **Traffic Safety Commission Grants (\$23,349):** Recognizes additional grants from the Traffic Safety Commission utilized to fund various police and fire safety programs.

New Requests Continued:

- **2006 Year-End Transfer (\$2,270,623):** Recognizes increased sales tax and development-related revenue above budget and increases the transfer out appropriation as shown in the following table:

Item	Amount
Development Services Reserve Contribution	\$ 530,000
Contingency Fund Contribution towards Target	860,798
Revenue Stabilization Reserve Contribution towards Target	82,380
Facilities Expansion Reserve Contribution	794,900
2007 One-time Service Package Funding	2,545
Total	\$ 2,270,623

- The transfer to the Development Services Reserve is based on the evaluation included in the Preliminary Budget issue paper.
- The reserve contributions towards target are those presented at the October 30, 2006 study session.

Attachments

**City of Kirkland
2005-2006 Budget
2006 Year-end Budget Adjustment Summary**

ATTACHMENT A

Fund & Adjustment Type	Uses	Funding Source		Funding Source
		Reserves	External Revenue	
GENERAL FUND				
Labor Contract Settlements	1,200	1,200		Labor Relations Reserve
Hopelink Relocation	16,042	16,042		Contingency Fund
Downtown Strategic Plan Update	31,000	31,000		Contingency Fund
Parks Irrigation Water Rights Purchase	52,000	52,000		Contingency Fund
Donations	8,232		8,232	Private Donation
Increase Municipal Court Judicial hours	8,253		8,253	New State Revenue
Traffic Safety Commission Grants	23,349		23,349	State Grants
2006 Year-End Transfer	2,270,623		2,270,623	Sales Tax and Development-related Revenues
General Fund Total	2,410,699	100,242	2,310,457	

OTHER FUNDS				
STREET OPERATING FUND				
Arborist service package transfer from General Fund	25,978	25,978		Transfer from General Fund service package
2006 Pavement Marking Project	57,000	57,000		Street Improvement Fund
Street Operating Fund Total	82,978	82,978	-	
RECREATION REVOLVING FUND				
Recreation Programs and Class Expenses	76,908		76,908	Additional Class Revenue
Recreation Revolving Fund Total	76,908	-	76,908	

Fund & Adjustment Type	Uses	Funding Source		Funding Source
		Reserves	External Revenue	
<i>OTHER FUNDS continued</i>				
PARK & MUNICIPAL RESERVE FUND				
Development Services Reserve	60,000	60,000		Available General Fund Balance
Park & Municipal Reserve Fund Total	60,000	60,000	-	
GENERAL CAPITAL FUND				
NE 120th Street Roadway Extension Right-of-Way Acquisition	300,000	300,000		Impact Fees and REET II Reserves
City Hall Direct Digital Controls Additional Funding	47,500	47,500		Facilities Sinking Fund Reserve
NKCC Roof Replacement Additional Funding	25,000	25,000		Facilities Sinking Fund Reserve
General Capital Fund Total	372,500	372,500	-	
GRANT CAPITAL FUND				
Hazard Elimination Safety Project	14,800	14,800		REET 2 Reserves
Grant Capital Fund Total	14,800	14,800	-	
TOTAL OTHER FUNDS	607,186	530,278	76,908	
TOTAL ALL FUNDS	3,017,885	630,520	2,387,365	

ORDINANCE NO. 4073

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 biennial-end 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 estimated 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	99,171,600	2,410,699	101,582,299
Lodging Tax	397,713	0	397,713
Street Operating	8,398,705	82,978	8,481,683
Cemetery Operating	311,728	0	311,728
Parks Maintenance	1,784,151	0	1,784,151
Recreation Revolving	1,850,967	76,908	1,927,875
Facilities Maintenance	8,449,989	0	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	60,000	10,862,759
Off-Street Parking Reserve	84,564	0	84,564
Tour Dock	210,913	0	210,913
Street Improvement	3,091,247	0	3,091,247
Grant Control Fund	437,001	0	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	372,500	28,795,978
Grant Capital Projects	17,414,755	14,800	17,429,555
Water/Sewer Operating	35,464,557	0	35,464,557
Water/Sewer Debt Service	3,728,096	0	3,728,096
Utility Capital Projects	17,198,581	0	17,198,581
Surface Water Management	9,843,389	0	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	12,362,352	0	12,362,352
Information Technology	8,391,283	0	8,391,283
Firefighter's Pension	1,146,129	0	1,146,129
	<u>315,726,347</u>	<u>3,017,885</u>	<u>318,744,232</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 12th day of December, 2006.

Signed in authentication thereof this 12th day of December, 2006.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney