



## CITY OF KIRKLAND

### Department of Finance & Administration

123 Fifth Avenue, Kirkland, WA 98033 425.587.3100

[www.ci.kirkland.wa.us](http://www.ci.kirkland.wa.us)

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## MEMORANDUM

**To:** Dave Ramsay, City Manager

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

**Date:** June 6, 2008

**Subject:** 2008 MID-YEAR BUDGET ADJUSTMENTS

### RECOMMENDATION

The City Council adopt the attached ordinance adjusting the 2007-08 budget appropriation for selected funds.

### BACKGROUND:

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.

Miscellaneous and housekeeping adjustments to the 2007-2008 budget were presented and adopted by the Council on March 18. Since that time, additional events and unexpected grants and donations have occurred creating a need for additional budget adjustments to the 2007-08 budget. These adjustments were presented to the Council on June 5 at the 2008 Mid-year Budget Study Session and a complete summary is included as Attachment A. Listed below is a brief summary of the recommended adjustments:

- **Sales Tax** – The 2008 sales tax budget includes funding for one-time annexation costs. This adjustment will reduce the sales tax budget to the 2007 actual amount, creating the one-year lag, and will reduce related one-time annexation service package costs.
- **EMS Levy** – The new EMS levy includes additional revenue of almost \$274,000 greater than the current 2008 budget, which will be recognized by this adjustment. The Public Safety Committee directed staff to do an evaluation of the fire strategic plan goals to look for effectiveness and efficiency opportunities to improve services. This study will cost \$30,000 and will be funded by additional EMS funding. Also, a second study is recommended to study overtime issues and provide options. This study will cost \$7,500 and will be funded through available professional services budget in the Fire and Building Department.

- **Fire District #41** – Each year a reconciliation of the prior year contract with Fire District 41 is completed and a current year contract amount is finalized. The 2007 reconciliation is complete and the final 2008 contract amount has been calculated. The final 2008 contract nets an additional \$128,929 to the City. This adjustment will recognize the additional revenue and be used to help offset firefighter overtime in 2008.
- **Property Tax** – The adjustment will increase the 2008 budget based on the adopted 2008 levy. Due to an increasing trend of delinquencies, the budget is being adjusted to 98 percent of the approved levy. The increased revenue (\$7,230) will be used towards the firefighter overtime costs.
- **Leasehold Excise Tax** – The credit issued to the City by the State for the Evergreen Hospital refund essentially eliminates all revenue that we would have received for the year. An adjustment is needed to eliminate the \$160,000 budget for 2008 and will be used as the offsetting funding reduction for the remaining reduction of one-time annexation service packages.
- **Adult Probation Revenue and staff** – The City receives probation revenue that can only be used to provide probation services. The Public Safety Committee reviewed and recommended a proposal to increase a .5 probation officer to 1.0 full time to address the excessive caseload currently being handled by staff. There is sufficient revenue above budget to fund this .5 position.
- **Housekeeping Adjustments** – Since the last budget adjustment in March, additional revenues or events have happened that require adjustment to the biennial budget. Most of these have either gone before Council at a previous meeting (and this is the administrative action to adjust the budget), or they are recognizing new revenue that has been received for a dedicated purpose (i.e. grant funding). A brief list of these items follows:
  - FEMA reimbursement for park storm damage (\$16,206)
  - Grant for payroll storage (\$2,078)
  - Cascade Agenda Leadership City membership with the Cascade Land Conservancy (\$5,000 from Council Special Projects Reserve)
  - Donation from Merrill Gardens for AV equipment at Peter Kirk Community Center (\$38,000)
  - Purchase of a scoreboard at Lee Johnson Field and associated donations (\$57,445)
  - Additional funding for the NE 120<sup>th</sup> Place/Casa Juanita Apt. Crosswalk Upgrade project from REET 2 reserves (\$35,000)
  - Additional funding for the Verizon franchise negotiations (\$35,000)
  - Minor adjustments between funds (\$76,970)

The next budget adjustment will be presented to Council in December 2008 to make any final adjustments needed for the 2007-2008 budget.

**City of Kirkland  
2007-2008 Budget  
2008 Mid-year Budget Adjustment Summary**

**ATTACHMENT A**

Adjustment Type	Dept.	Description	Uses	Funding Source				Funding Source Notes
				Reserves	Resources Forward	Operating Transfers	External Revenue	
<b>General Fund</b>								
Other Adj	Various	Annexation Analysis/Support	(466,846)				(466,846)	Sales Tax and Leasehold Excise Tax
Other Adj	F&B	Fire Strategic Plan Goals Study	30,000				30,000	EMS Levy
Other Adj	F&B	Fire Suppression Overtime	379,675				379,675	EMS Levy/Fire District #41 Contract/Property Tax
Other Adj	CMO	Probation Staffing	24,149				24,149	Probation Revenue
Other Adj	Parks	Park Storm Damage FEMA reimbursement	16,206				16,206	FEMA
Other Adj	F&A	Payroll Storage Grant	2,078				2,078	Grant
Other Adj	Planning	Cascade Agenda Leadership City Membership	5,000	5,000				Council Special Projects Reserve
<b>General Fund Total</b>			<b>(9,738)</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>(14,738)</b>	
<b>OTHER FUNDS</b>								
<b>PARK &amp; MUNICIPAL RESERVE FUND</b>								
Other Adj	Parks	Peter Kirk Community Center AV Equipment	38,000				38,000	Merill Gardens donation
<b>Park &amp; Municipal Reserve Fund Total</b>			<b>38,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,000</b>	
<b>GENERAL CAPITAL FUND</b>								
Other Adj	Parks	Lee Johnson Field Scoreboard	57,445	14,445			43,000	Private donations and Park Donations Reserve
Other Adj	PW	Housekeeping Interfund Transfers	76,970			76,970		General Fund transfer
Other Adj	PW	NE 120th Place/Casa Juanita Apts. Crosswalk Upgrade	35,000	35,000				REET II Reserve
<b>General Capital Fund Total</b>			<b>169,415</b>	<b>49,445</b>	<b>-</b>	<b>76,970</b>	<b>43,000</b>	
<b>INFORMATION TECHNOLOGY FUND</b>								
Other Adj	IT	Verizon Franchise Negotiation	35,000			35,000		
Other Adj	IT	Annexation Analysis/Support	(67,989)			(67,989)		
<b>Information Technology Fund Total</b>			<b>(32,989)</b>	<b>-</b>	<b>-</b>	<b>(32,989)</b>	<b>-</b>	
<b>TOTAL OTHER FUNDS</b>			<b>174,426</b>	<b>49,445</b>	<b>-</b>	<b>43,981</b>	<b>81,000</b>	
<b>TOTAL ALL FUNDS</b>			<b>164,688</b>	<b>54,445</b>	<b>-</b>	<b>43,981</b>	<b>66,262</b>	

ORDINANCE NO. 4136

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2007-2008.

WHEREAS, the City Council finds that the proposed adjustments to the Biennial Budget for 2007-2008 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 2008 Mid-year miscellaneous adjustments to the Biennial Budget of the City of Kirkland for 2007-2008 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	113,646,391	(9,738)	113,636,653
Lodging Tax	561,841	0	561,841
Street Operating	9,600,236	0	9,600,236
Cemetery Operating	336,709	0	336,709
Parks Maintenance	2,144,266	0	2,144,266
Recreation Revolving	2,111,338	0	2,111,338
Facilities Maintenance	9,066,324	0	9,066,324
Contingency	2,940,790	0	2,940,790
Cemetery Improvement	549,500	0	549,500
Impact Fees	3,709,937	0	3,709,937
Park & Municipal Reserve	12,723,743	38,000	12,761,743
Off-Street Parking Reserve	69,564	0	69,564
Tour Dock	99,235	0	99,235
Street Improvement	3,222,265	0	3,222,265
Grant Control Fund	285,835	0	285,835
Excise Tax Capital Improvement	22,091,056	0	22,091,056
Limited General Obligation Bonds	4,966,356	0	4,966,356
Unlimited General Obligation Bonds	3,243,334	0	3,243,334
L.I.D. Control	9,647	0	9,647
General Capital Projects	33,639,135	169,415	33,808,550
Grant Capital Projects	16,379,729	0	16,379,729
Water/Sewer Operating	38,471,870	0	38,471,870
Water/Sewer Debt Service	3,758,988	0	3,758,988
Utility Capital Projects	17,305,570	0	17,305,570
Surface Water Management	12,094,573	0	12,094,573
Surface Water Capital Projects	10,140,676	0	10,140,676

<u>Funds</u>	<u>Current Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
Solid Waste	17,233,322	0	17,233,322
Equipment Rental	12,367,189	0	12,367,189
Information Technology	10,725,343	(32,989)	10,692,354
Firefighter's Pension	1,382,725	0	1,382,725
	<u>364,877,487</u>	<u>164,688</u>	<u>365,042,175</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 17<sup>th</sup> day of June, 2008.

Signed in authentication thereof this 17<sup>th</sup> day of June 2008.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

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City Attorney