



CITY OF KIRKLAND

Department of Finance & Administration

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 & Administration
Sandi Hines, Financial Planning Manager

Date: March 7, 2008

Subject: **2007-08 Budget Adjustment – Miscellaneous Adjustments and Capital Improvement Program Process Change**

RECOMMENDATION:

The City Council adopt the attached ordinance adjusting the 2007-2008 budget appropriations for selected funds and approve the attached resolution adopting revisions to the City's Fiscal Policies.

BACKGROUND DISCUSSION:

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.

The miscellaneous adjustments proposed include housekeeping corrections, items that have come up since the mid-biennial adjustment last November, and the shifting of personnel costs due to department/function reorganizations. In total, the adjustments represent an increase of \$193,598 to the overall 2007-08 appropriation. Following is a recap of the items requested in this budget adjustment:

- Recognize reimbursement and expense related to the Extreme Makeover-Home Edition Project 511.
- Recognize external contributions for NORCOM operations by participating agencies and the payment to the newly formed NORCOM organization.
- Recognize the transfer in from the Contingency Fund for additional funding of the Planned Environmental Impact Statement of Park Place (previously approved fiscal note).
- Recognize the Special Events function being reorganized to the Parks and Community Services Department along with the shift of staff time from the City Manager's office to the Lodging Tax Fund for tourism.
- Recognize additional hotel/motel tax in the Lodging Tax Fund for the Council approved support of Kirkland Uncorked.
- Recognize grant revenue from Puget Sound Energy towards the replacement of lighting in the parking garage.
- Housekeeping adjustments to recognize transfers related to funding of ProAct vehicles and computers and corrections to fund balances that were adjusted at the mid-biennial update.

All proposed budget adjustments are summarized in Attachment A. The next budget adjustment will be presented to the Council on June 5, 2008 at the Mid-Year Budget Review. There are several items on the watch list that will likely need

budget adjustments at the mid-year budget review. They were not included in this March adjustment in order to see if the situations stabilize, improve or worsen by mid year. Council will receive more information at the Council Retreat and an update on the following items at the mid-year review (with budget adjustments as necessary):

Public Safety Overtime – Overtime in some of the public safety divisions was over budget at the end of 2007, causing concerns as we look into 2008 about whether the high rate will continue. Specifically being watched are the areas of:

- Firefighter OT
- Police Dispatch OT
- Corrections OT

Jail Costs – As in past years, jail costs fluctuate greatly and can be very hard to predict. Costs for 2007 were around \$100,000 over budget and 2008 seems to be on the same pace through the first few months of 2008, though it is hard to predict a trend in jail costs from a 2+ month period.

Revenue – There are several key revenue items with known impacts that will be considered in connection with expenditures:

- EMS – The additional EMS levy funding beginning in 2008 comes with guidelines for its use.
- Fire District #41 – The reconciliation of the 2007 contract will be completed by mid-year and any impact, positive or negative, to the General Fund will be known
- New KC Levy for Parks Capital – A plan for the additional funding for Parks capital projects will be proposed.
- Additional new construction property tax – The expenditure watch items above will help dictate the use of the additional new construction property tax that came in above projections.

Capital Improvement Program (CIP) Process

In addition to the miscellaneous adjustments presented for Council's approval, a change to the Capital Improvement Program process is being proposed. The change would move the 6-year CIP cycle to be concurrent with the biennial budget cycle. Currently, the CIP is updated every 2 years, like the budget, but in the off year from the budget cycle. Staff proposes moving the biennial CIP process to the same biennial cycle as the budget. This would involve a CIP process being done this year to create a 2009-14 CIP. As a full CIP process was done last year, the intent and effort for this new process would be more than a regular off-year update, but less than the full scale planning process done by the departments last year. For example, the year 2014 will need to be added to the 2009-13 plan previously completed, but that may entail the reprioritization and movement of some projects to best accomplish the new planning period of 2009-14. By changing the CIP cycle to coincide with the budget cycle, there are several key issues that will be able to be addressed more effectively:

- **Reimbursement from the CIP to the General Fund for staff** – the reimbursement has been trending lower than planned for the last several years due to staff time on non-reimbursable projects.
- **Review costs/projects included in the CIP** – staff positions that maintain systems and do ongoing functions are currently funded through the CIP and funding scenarios need to be evaluated to move the cost to the operating budget.
- **Link between maintenance and operations costs born from the CIP** – better align ongoing impacts to the operating budget that are a result of CIP projects.

The departments involved in the CIP process are supportive of the change. The Finance Committee was presented with the proposed CIP process change at their meeting on February 26 and approved the proposed change for recommendation to the full Council. The CIP process is described in the City's Fiscal Policies and as such, the revised Fiscal Policies are attached to this memo (Attachment B, refer to the last section titled Capital Improvement Policies) along with a resolution for Council approval to adopt the revised policies. The Council will be presented with the Preliminary 2009-14 CIP at the study session in August at the regular Council meeting with a public hearing in September and adoption with the 2009-10 budget later in the year.

City of Kirkland
2007-2008 Budget
March 2008 Budget Adjustment Summary

ATTACHMENT A

Adjustment Type	Dept.	Description	Uses	Funding Source				Funding Source Notes
				Reserves	Resources Forward	Operating Transfers	External Revenue	
GENERAL FUND								
Other Adj	Various	Extreme Makeover-Home Edition Reimbursement	33,215				33,215	Reimbursements from television production
Housekeeping	ND	Resources Forward Adjustment	(77,857)		(77,857)			
Other Adj	CMO	NORCOM Funds Transfer	71,001				71,001	Other participating jurisdictions - 2007 payments
Other Adj	PD	Pro-Act Vehicle Lease	27,400			27,400		Transfer from Fleet fund from PY service package
Other Adj	Parks	Waverly Beach Park - Replacement Materials	1,438			1,438		Transfer from Neighborhood Connections Project
Other Adj	Planning	Park Place Environmental Impact Statement	55,000			55,000		Additional funding from Contingency Fund
Other Adj	Parks	Special Events Re-organization to Parks Department	20,250				20,250	Special Events revenue
General Fund Total			130,447	-	(77,857)	83,838	124,466	
OTHER FUNDS								
LODGING TAX FUND								
Other Adj	CMO	Kirkland Uncorked	15,000				15,000	Additional Lodging Tax Revenue
Other Adj	CMO	Staffing Change per LTAC Recommendation	51,659				51,659	
Lodging Tax Fund Total			66,659	-	-	-	66,659	
STREET OPERATING FUND								
Other Adj	PW	Parking Garage Lighting	7,824				7,824	Funding from PSE conservation grant
Street Operating Fund Total			7,824	-	-	-	7,824	
PARK & MUNICIPAL RESERVE FUND								
Other Adj	ND	NORCOM Funds Transfer	32,545				32,545	Other participating jurisdictions - 2008 payments
Park & Municipal Reserve Fund Total			32,545	-	-	-	32,545	
EQUIPMENT RENTAL FUND								
Other Adj	ND	Pro-Act Unit Leased Vehicle Operating Costs	1,835			1,835		Police Fleet Charges
Equipment Rental Fund Total			1,835	-	-	1,835	-	
INFORMATION TECHNOLOGY FUND								
Housekeeping	IT	Resources Forward Adjustment	(63,210)		(63,210)			Correction to Mid-biennial budget adj funding
Housekeeping	IT	Systems Analyst - Police Systems	3,000				3,000	Correction to Mid-biennial budget adj funding
Other Adj	IT	Police Computer Replacements	17,600			17,600		Fund Balance
INFORMATION TECHNOLOGY FUND TOTAL			(42,610)	-	(63,210)	17,600	3,000	
TOTAL OTHER FUNDS			66,253	-	(63,210)	19,435	110,028	
TOTAL ALL FUNDS			196,700	-	(141,067)	103,273	234,494	

CITY OF KIRKLAND

FISCAL POLICIES

BACKGROUND AND PURPOSE

The stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Kirkland. Therefore, the establishment and maintenance of wise fiscal policies enables city officials to protect public interests and ensure public trust.

This document incorporates past financial practices in defining the current policies to be used by the City to meet its obligations and operate in a financially prudent manner. These policies have been established to provide general fiscal guidelines and are intended to provide sound direction in the management of the City's financial affairs.

OPERATING BUDGET POLICIES

The municipal budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department within the confines of anticipated municipal revenues.

- The City Council will adopt a biennial budget which will reflect estimated revenues and expenditures for the ensuing two years. A mid-biennium review and update will take place as prescribed by law during the first year of the biennium.
- The City Council will establish municipal service levels and priorities for the ensuing two years prior to and during the development of the preliminary budget.
- The City Manager shall incorporate the Council's priorities in the formulation of the preliminary and final budget proposal.
- Adequate maintenance and replacement of the City's capital plant and equipment will be provided for in the biennial budget.

- The biennial budget will be balanced with resources in that biennium.

REVENUE AND EXPENDITURE POLICIES

Annual revenues are conservatively estimated as a basis for preparation of the biennial budget and city service programs.

Expenditures approved by the City Council in the biennial budget define the City's spending limits for the upcoming biennium. Beyond legal requirements, the City will maintain an operating philosophy of cost control and responsible financial management.

- The City will maintain revenue and expenditure categories according to state statute and administrative regulation.
- Current revenues will be sufficient to support current expenditures.
- All revenue forecasts will be performed utilizing accepted analytical techniques.
- All fees for services shall be reviewed and adjusted (where necessary) at least every three years to ensure that rates are equitable and cover the total cost of service, or that percentage of total service cost deemed appropriate by the City.
- Revenues of a limited or indefinite term will be used for capital projects or one-time operating expenditures to ensure that no ongoing service program is lost when such revenues are reduced or discontinued.
- Grant applications to fund new service programs with state or federal funds will be reviewed by the City, as they become available, with due consideration being given to whether locally generated revenues will be required to support these programs when outside funding is no longer available.

- The City of Kirkland will establish and maintain Special Revenue Funds which will be used to account for proceeds from specific revenue sources to finance designated activities which are required by statute, ordinance, resolution or executive order.
- Biennial expenditures will be maintained within the limitations of biennial revenues. The City will not use short-term borrowing to finance current operating needs without full financial analysis and prior approval of the City Council.
- In order to ensure the continuity of services, the City will budget no more sales tax revenue than was received in the prior year as a hedge against possible future economic events.
- Interest income revenue will be used to finance one-time capital or time-limited goods or services including debt service on councilmanic bond issues.
- All authorized positions will be budgeted for a full year (or biennium) unless specifically designated by the City Council as a partial-year position.
- In the event that budget reductions are needed in order to balance revenues and expenditures, the City Council will provide policy direction to staff as to the priority order and combination for using the following strategies:
 - Raise revenue
 - Reduce expenditures
 - Use reserves
- The use of reserves to balance the budget will only be used to address short term temporary revenue shortfalls and expenditure increases.
- The biennial budget will be formally amended by the City Council as needed to acknowledge unforeseen expenditures. All requests for funding will be analyzed by the Finance and Administration Department.

The Council will be provided with a discussion of the legality and/or policy basis of the expenditure, the recommended funding source, an analysis of the fiscal impact and a review of all reserves and previously approved amendments since budget adoption.

- A request will not be approved at the same meeting at which it is introduced unless it is deemed an urgent community issue by a supermajority vote of the City Council. Requests made to Council outside of the formal budget adjustment process will be analyzed and presented to the Council for approval at the next regular Council meeting that allows sufficient time for staff to prepare an analysis and recommendation.

ENTERPRISE FUND POLICIES

The City will establish enterprise funds for city services when 1) the intent of the City is that all costs of providing the service should be financed primarily through user charges; and/or 2) the City Council determines that it is appropriate to conduct a periodic review of net income for capital maintenance, accountability, or other public policy purposes.

- Enterprise funds will be established for city-operated utility services.
- Enterprise fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital development.
- Each enterprise fund will maintain an adequate rate structure to cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves (as established by fiscal policy or bond covenant), and any other cost deemed necessary.
- Rates may be offset from available fund cash after requirements are met for cash flow and scheduled reserve contributions.
- Enterprise fund services will establish and maintain reserves for general contingency and capital purposes consistent with those

maintained for general governmental services.

- Revenue bonds shall be issued only when projected operating revenues are insufficient for the enterprise's capital financing needs.
- The City will insure that net operating revenues of the enterprise constitute a minimum of 1.5 times the annual debt service requirements.
- The City will limit the maturities of all utility revenue bond issues to 25 years or less.

CASH MANAGEMENT AND INVESTMENT POLICIES

Careful financial control of the City's daily operations is an important part of Kirkland's overall fiscal management program. Achieving adequate cash management and investment control requires sound financial planning to ensure that sufficient revenues are available to meet the current expenditures of any one operating period. Once steps are taken to ensure that the City maintains a protected cash position in its daily operations, it is to the municipality's advantage to prudently invest idle funds until such time as they are required to make expenditures.

- The City's idle cash will be invested on a continuous basis in accordance with the City's adopted investment policies.
- The City will maintain a formal investment policy which is reviewed and endorsed by state and national professional organizations.
- The City will invest all funds (in excess of current requirements) based upon the following order of priority: 1) legality; 2) safety; 3) liquidity; and 4) yield.
- Investments with City funds shall not be made for purposes of speculation.
- The City is prohibited from investing in derivative financial instruments for the City's managed investment portfolio.
- Proper security measures will be taken to safeguard investments. The City's

designated banking institution will provide adequate collateral to insure City funds.

- The City's investment portfolio will be reviewed every two years by a qualified portfolio valuation service to assess the portfolio's degree of risk and compliance with the adopted investment policies.
- An analysis of the City's cash position will be prepared at regular intervals throughout the fiscal year.
- The City Council will be provided with quarterly reports on the City's investment strategy and performance.
- Sufficient cash shall be maintained to provide adequate funds for current operating expenditures.
- Where permitted, the City will pool its cash resources from various funds ("Treasurer's Cash") for investment purposes.
- Net investment income from Treasurer's Cash will be allocated in accordance with KMC 5.24.060 considering 1) average cash balance of the participating fund and 2) the minimum cash balance needs of each fund as determined by the Finance and Administration Director. Net investment income is the amount of annual investment proceeds after an allocation is made to any enterprise funds and Council-directed obligations are met for General Fund purposes.
- The City of Kirkland will select its official banking institution through a formal bidding process in order to provide the City with the most comprehensive, flexible, and cost-effective banking services available.

ACCOUNTING, FINANCIAL REPORTING AND AUDITING POLICIES

The City of Kirkland will establish and maintain a high standard of accounting practices. Accounting and budgetary systems will, at all times, conform to Generally Accepted Accounting Principles, the State of Washington Budgeting Accounting Reporting System (BARS) and local regulations.

- A comprehensive accounting system will be maintained to provide all financial information necessary to effectively operate the City.
- The City will meet the financial reporting standards set by the Governmental Accounting Standards Board.
- Full disclosure will be provided in all City financial reports and bond representations.
- An annual audit will be performed by the State Auditor's Office and include the issuance of a financial opinion.

RESERVE AND FUND BALANCE POLICIES

Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength.

Maintenance of fund balance for each accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages.

City and state regulations have been established to allow the City of Kirkland to create and maintain specific reserve funds. Prudent use of reserve funds enables the City to defray future costs, take advantage of matching funds, and beneficial (but limited) opportunities. Reserve funds provide the City with the ability to exercise flexible financial planning in developing future capital projects. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

- The City will establish minimum fund balance targets for each fund based on the cash flow requirements of the fund. The City will include all fund balances in the biennial budget.
- The minimum fund balance will be attained and maintained through expenditure management, revenue management and/or contributions from the General Fund.
- All expenditures drawn from reserve accounts shall require prior Council approval

unless previously authorized by the City Council for expenditure in the biennial budget.

- A Contingency Reserve Fund shall be maintained in accordance with RCW 35A.33.145 to meet any municipal expense, the necessity or extent of which could not have been reasonably foreseen at the time of adopting the biennial budget. The target balance will be consistent with state law at \$.375 per \$1,000 of assessed valuation. Annual contributions to the Contingency Fund will be budgeted from interest income and General Fund resources.
- The City will maintain a General Operating Reserve at an amount equivalent to five percent of the tax-supported general government budgets (General Fund, Street Operating Fund and Parks Maintenance Fund) for the second year of the biennium. The General Operating Reserve is available to address unforeseen revenue shortfalls or expenditure needs that occur during the current biennium. Annual contributions will be budgeted from General Fund resources as available to attain and maintain an established reserve level.
- The City will maintain a Revenue Stabilization Reserve to address temporary revenue losses due to economic cycles or other time-limited causes. The Revenue Stabilization Reserve will be maintained at ten percent of selected General Fund revenue sources which, in the judgment of the Finance and Administration Director, are subject to volatility. The Revenue Stabilization Reserve may be used in its entirety; however, replenishing the reserve will constitute the first priority for use of year-end General Fund resources in excess of those needed to maintain the fund balance at the target level.
- The City will maintain a General Capital Contingency to address unforeseen project expenditures or external revenue shortfalls in an amount equivalent to ten percent of the funded six-year CIP, less proprietary fund

projects. Contributions will be made from General Fund resources as they are available.

- The City Manager may authorize the use of capital funding reserves up to an aggregate total of \$100,000 per year in increments not to exceed \$25,000. The City Manager will provide regular reports to the City Council at a regular Council meeting if this authorization is used. Capital funding reserves include: General Capital Contingency, Street Improvement Reserve, REET Reserves, Impact Fee Reserves, Water/Sewer Capital Contingency, Water/Sewer Construction Reserve, Surface Water Capital Contingency, and Surface Water Construction Reserve.
- The City will maintain a Capital Improvement Project Grant Match Reserve as a means of assuring the availability of cash resources to leverage external funding when the opportunity arises. The reserve will be maintained in the Real Estate Excise Tax Capital Reserve Fund and maintained through excise tax revenue received over and above the annual allocation to the Capital Improvement Plan.
- The City will maintain fully funded reserves for the replacement of vehicles and personal computers. Contributions will be made through assessments to the using funds and maintained on a per asset basis.
- Additional reserve accounts may be created by Council to account for monies for future known expenditures, special projects, or other specific purposes.
- All reserves will be presented in the biennial budget.

DEBT MANAGEMENT POLICIES

The amount of debt issued by the city is an important factor in measuring its financial performance and condition. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of Kirkland uses debt in two ways: (1) as a mechanism to equalize the costs of

needed improvements to both present and future citizens; and (2) as a mechanism to reduce the immediate costs of substantial public improvements.

- City Council approval is required prior to the issuance of debt.
- An analytical review shall be conducted prior to the issuance of debt.
- The City will use the services of a legally certified and credible bond counsel in the preparation of all bond representations.
- The City of Kirkland will not use long-term debt to support current operations.
- Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.
- Short-term borrowing will only be used to meet the immediate financing needs of a project for which long-term financing has been secured but not yet received.
- The issuance of bonds shall be financed for a period not to exceed a conservative estimate of the asset's useful life.
- Non-capital furnishings, supplies, and personnel will not be financed from bond proceeds.
- The City will use refunding bonds, where appropriate, when restructuring its current outstanding debt.
- Reserves, interest costs, operating costs, and/or maintenance expenses will be capitalized only for enterprise activities; capitalized operating expenses will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain a good credit rating at all times.
- Assessment bonds will be issued in place of general obligation bonds, where possible, to assure the greatest degree of public equity.
- Under most circumstances, the maturity of all assessment bonds shall not exceed 12 years.

- General Obligation bonds will be issued with maturities of 20 years or less.
 - The voter approved general obligation debt of Kirkland will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.
 - The following individual percentages shall not be exceeded in any specific debt category:
 - General Debt - 2.5% of assessed valuation
 - Utility Debt - 2.5% of assessed valuation
 - Open Space and Park Facilities - 2.5% of assessed valuation
 - Limited-tax general obligation bonds will not exceed one and one-half percent of the City's current assessed property valuation.
 - Limited-tax general obligation bonds will be issued only if:
 - A project requires funding not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Emergency conditions exist.
- biennium review and update will take place during the first year of the biennium.
 - The City Council will designate annual ongoing funding levels for each of the major project categories within the Capital Improvement Program.
 - Financial analysis of funding sources will be conducted for all proposed capital improvement projects.
 - A Capital Improvement Budget will be developed and adopted by the City Council as part of the biennial budget and will be amended during the mid-biennial budget review process (during the first year of the biennium) to reflect any changes in the updated Capital Improvement Program.
 - The Capital Improvement Program will be consistent with the Capital Facilities Element of the Comprehensive Plan.
 - The City Manager may authorize the reallocation of CIP project funds between CIP projects within a CIP category up to \$50,000 per instance. Funding may only be reallocated within a CIP category (i.e. between Transportation projects, or Parks projects, or Public Safety projects, etc.) when one project is over budget and, in the same period, a second project within the same CIP category has been completed and is closing out under budget. The City Manager will provide regular reports to the City Council at a regular Council meeting if this authorization is used.

CAPITAL IMPROVEMENT POLICIES

Kirkland's city government is accountable for a considerable investment in buildings, parks, roads, sewers, equipment and other capital investments. The preservation, maintenance, and future improvement of these facilities are a primary responsibility of the City. Planning and implementing sound capital improvement policies and programs today will help the City avoid emergencies and major costs in the future, therefore:

- The City will establish and implement a comprehensive multi-year Capital Improvement Program.
- The Capital Improvement Program will be prepared biennially concurrent with the development of the biennial budget. A mid-

ORDINANCE NO. 4134

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 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	113,515,944	130,447	113,646,391
Lodging Tax	495,182	66,659	561,841
Street Operating	9,592,412	7,824	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	12,691,198	32,545	12,723,743
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	0	33,639,135
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	12,365,354	1,835	12,367,189
Information Technology	10,767,953	(42,610)	10,725,343
Firefighter's Pension	1,382,725	0	1,382,725
	<u>364,680,787</u>	<u>196,700</u>	<u>364,877,487</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 18th day of March, 2008.

Signed in authentication thereof this 18th day of March, 2008.

MAYOR

Attest:

City Clerk

Approved as to Form:

City Attorney

RESOLUTION R-4692

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND
ADOPTING THE FISCAL POLICIES FOR THE CITY OF KIRKLAND.

WHEREAS, the stewardship of public funds is one of the greatest responsibilities given to the officials and managers of the City of Kirkland; and

WHEREAS, the establishment of and maintenance of wise fiscal policies enables City officials to protect public interests and ensure public trust; and

WHEREAS, most of the City of Kirkland's Fiscal Policies represent long-standing principles, traditions, and practices that have guided the City management in the past and are intended to ensure that the City is financially able to meet its immediate and long-term objectives; and

WHEREAS, the City of Kirkland's Fiscal Policies need to be amended to reflect a change in timing of the preparation of the Capital Improvement Program process to coincide with the biennial budget process;

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council hereby adopts the City of Kirkland's Fiscal Policies, a copy of which is attached hereto and by this reference incorporated herein.

Section 2. The City of Kirkland's Fiscal Policies are intended to provide general fiscal guidelines and to provide sound direction in the management of the City's financial affairs.

Passed by majority vote of the Kirkland City Council in open meeting this 18th day of March, 2008.

Signed in authentication thereof this 18th day of March, 2008.

MAYOR

Attest:

City Clerk