



## CITY OF KIRKLAND

### Department of Finance & Administration

123 Fifth Avenue, Kirkland, WA 98033 425.587.3100  
www.ci.kirkland.wa.us

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## MEMORANDUM

**To:** David Ramsay, City Manager

**From:** Tracey Dunlap, Director of Finance and Administration  
Sri Krishnan, Acting Financial Planning Manager

**Date:** December 3, 2009

**Subject:** 2009-2010 MID-BIENNIAL BUDGET ADJUSTMENT

### RECOMMENDATION:

Council approve the attached ordinance and resolution adjusting the budget for the 2009-2010 biennium.

### BACKGROUND DISCUSSION:

At the November 12 and 17 and December 1 Council Study Sessions, the City Council was presented with a financial update and a series of funding recommendations to update the adopted 2009-2010 Budget. In addition, a public hearing on the mid-biennium budget adjustments was held on November 17. Based on those discussions, Council provided direction on the following issues:

- Outside agencies funding totaling \$37,670 for the Kirkland Arts Center, KITH 7 Hills of Kirkland, and the Kirkland Performance Center was identified from the Council Contingency.
- Enterprise Seattle Dues for 2010 (\$6,000) were funded half from the Economic Development professional services line item and half from the Council Contingency.
- Staff recommended establishing a "hard cap" on fire suppression overtime, holding the department to the budgeted level in 2010 (\$750,000). The department will continue pursuing overtime reduction strategies with the union at the negotiating table and staff will bring back any recommendation to reduce minimum staffing before it is implemented. The overtime status will continue to be updated monthly as part of the budget dashboard.
- The following reserve assumptions were identified:
  - The transfer of the planned use of the Rainy Day reserve will only occur if necessary,
  - If 2010 revenues fall short of the revised budget, further expenditure reductions will be implemented as soon as the first quarter of 2010,
  - If 2010 revenues perform better than budget, the first call on cash will be to replenish reserves.

The City's budget is adopted at the fund level which sets the total expenditure authority for the biennium for each fund. A summary of the 2009-2010 adjusted budget by fund type is included in the table that follows.

<b>Fund Type</b>	<b>Current 09-10 Budget</b>	<b>Adjustments</b>	<b>Revised 09-10 Budget</b>
<b>General Government:</b>			
General Fund	126,195,010	(5,566,321)	120,628,689
Other Operating Funds	15,968,587	(377,276)	15,591,311
Internal Service Funds	33,635,254	(495,453)	33,139,801
Non-Operating Funds	112,937,366	(422,797)	112,514,569
<b>Utilities:</b>			
Water/Sewer	69,306,639	(1,208,453)	68,098,186
Surface Water	23,915,282	269,262	24,184,544
Solid Waste	18,578,902	0	18,578,902
<b>Total Budget</b>	<b>400,537,040</b>	<b>(7,801,038)</b>	<b>392,736,002</b>

Total adjustments of \$7,801,038 (reductions) are recommended and reflect five broad categories:

- *Budget Balancing Strategies* – During the budget study sessions, the strategy for balancing the projected budget shortfall has been summarized in the Budget Balancing Framework (Attachment A). It is important to remember that the budget process is an exercise in balancing financial resources and needs, resulting in very detailed and line-item oriented adjustments. The Budget Balancing framework is a communications tool and the process of matching up individual strategies with specific contributors to the shortfall is intended to provide clarity to the discussion. In fact, the available strategies as a group are used to balance the budget as a whole. In other words, the individual strategies could be lined up in any number of ways to address the budget shortfall.

Some of the specific strategies are not reflected in the line-item adjustments, reflecting decisions that are pending or Council policy direction. For example:

- As of the date of this memorandum, the specific actions required to implement the work schedule reductions (furloughs or alternate approaches to achieving a 3.4% reduction in personnel costs) are still in negotiation or have not been ratified by the labor unions. As a result, the 2010 sales tax figure in the revised budget is \$1.1 million higher than the projected figure reflected in the framework (consistent with a 20% reduction in revenue in 2009). Once the concessions or additional reductions have been finalized, a budget adjustment will be brought forward in early 2010 to reduce the sales tax by \$1.1 million and reduce the related detailed expenditure line items.
- As discussed at the budget study sessions, the projected use of the Rainy Day reserve will only occur if needed. As a result, selected revenue line items have not been

reduced all the way to the 2010 level reflected in the framework. If these or other revenues fall short of the revised budget and the use of the reserve is necessary, the transfers from the reserve will be brought forward as a separate action. In the event that revenues exceed expectations or there are other expenditure savings, these amounts will be used to balance the budget rather than transferring funds from the Rainy Day reserve.

Note that a separate resolution is required to implement the use of the Contingency to fund 2009 fire overtime (attached).

- *Development Services Reductions* – Given the continuing decline in development services permit revenues (which are not part of the budget gap identified in the framework), additional reductions were made in late 2009 to better align resources with activity levels. The total reduction for 2010 is \$975,714.
  - The Building division reductions total \$450,248 and include reducing four FTEs (two Permit Technicians, a Plans Examiner and an Electrical/Building Inspector).
  - Public Works Engineering reductions total \$382,868, including reduction of 1.8 FTEs (0.5 FTE Transportation Engineer, a Development Inspector, and 0.3 FTE Office Specialist).
  - The Planning Department reductions total \$142,598, including a reduction of 1.11 FTEs (Admin Supervisor reduced 0.21 FTE, Development Review Manager reduced 0.4 FTE, and a Planner reduced 0.5 FTE).
- *Council Directed/Other Requests and Previously Approved Adjustments* – This category includes any additional changes identified by Council and formalizing previously approved actions (fiscal notes, etc). Some of these requests have been approved by the Council since the budget was adopted, but the formal appropriation adjustment is occurring as part of the mid-biennial budget update:
  - Fire Hydrant costs for 2009 and 2010 – In compliance with the October 2008 Washington State Supreme Court ruling that fire hydrant costs are a general government function and should be paid out of general tax revenues, the Council previously approved the use of \$188,262 from the Contingency Reserve to pay for fire hydrant costs in 2009 and 2010.
  - Other Council directed adjustments made in 2009 total \$51,050 and include costs for relocation of Hopelink (\$20,000), two outside legal reviews on specific issues (\$15,105), Concours d'Elegance admissions tax refund (\$2,175), and flex pass alternative program (\$13,770).
  - The Council directed changes summarized at the beginning of this memo related to outside agencies and Enterprise Seattle funding.
- *CIP Adjustments* - Formalizing changes based on the 2009-2014 CIP update presented to the City Council in September.
  - Projects funded but not started – Public safety and technology projects with general purpose funds that can be redirected to the General Fund total \$279,349.
  - Projects to be closed – Public safety, technology, and neighborhood connections projects in this category with general purpose funds that can be redirected to the General Fund total \$287,530. [Note that part of the adjustment for these first two items appears in the Budget Balancing category as well.]
  - New funded projects – Since the review of the Updated 2009-14 CIP was taken to Council in September, two new surface water utility projects are proposed to be added

to the 2009-14 CIP funded by a King County levy (collected by King County as a separate levy component to the property tax): 112nd Ave NE Low Impact Development Stormwater Facilities (\$50,000) and Regional Detention in the Forbes Creek Watershed (\$100,000).

- *Housekeeping Items* - Adjustments that may be needed to adjust budget accounts, fund balances, etc.
  - Grant funding – The City has been awarded several grants that require budget adjustments totaling \$261,713. The following is a list of the items funded through grants:
    - SHSP Zone 1 (Fire Department) – \$100,000
    - CMAQ Countywide Grant for a GTEC Project (Public Works) - \$50,000
    - Court Security (Municipal Court/CMO) – \$45,524
    - Shoreline Master Plan (Planning) – \$4,600
    - Respect Booklet (Parks) – \$3,500
    - Various grants to the Police Department – \$58,089
  - Other housekeeping adjustments to the General Fund identified in the mid-biennial review process totaling \$60,537.

A summary of the detailed line item adjustments is included as Attachment B. It is organized by adjustment type within each fund and identifies the funding source for each item.

A final category of potential budget adjustments presented at the budget study sessions was a series of service packages to prepare for the potential annexation of the PAA in mid-2011 totaling \$2.15 million in 2010, including:

- Police Department service packages to address annexation-related ramp-up include: the hiring of 26 officers, promotions, overtime related to training, facility improvements, recruitment costs, and the purchase of two vehicles for a total of \$1.65 million.
- Annexation support staff in Finance, Human Resources, Planning, and the City Manager's Office for a total of \$328,000.
- The service package for GIS professional services addresses the creation and improvement of GIS data layers required to generate maps of the PAA. This service package is proposed to be funded by re-purposing \$177,000 of existing GIS CIP funding.

Attachment C contains the summary of the recommended service packages and Attachment D is a version of the budget balancing framework that includes funding of the service packages. Because the annexation question has not yet been decided and the discussion of the service packages will continue on December 15, the attached budget ordinance does not include funding these service packages. An alternate ordinance, including the service packages, will be available for consideration at the December 15 meeting in the event the decision is made to proceed with annexation.

**Budget Balancing Strategy - General Fund**  
**Framework - 11/12/09 Mid-Bi Update without Utility Tax without Annexation**

Attachment A

Dollars in thousands

	Potential Savings Available	One-Time		Ongoing		Total
		2009	2010	2009	2010	
Projected Near-Term Shortfall due to Sales Tax		(2,772)	(2,642)	-	-	(5,414)
Other Near-Term Shortfall due to Economy		(351)	(787)			(1,138)
Projected Ongoing Shortfall due to Utility Tax		-	-	-	(2,240)	(2,240)
<b>Projected Shortfall in Baseline Utility Tax</b>		<b>(982)</b>	<b>(1,497)</b>	-	-	<b>(2,479)</b>
<b>Projected Shortfall in Business License Fees</b>		<b>(622)</b>	<b>(676)</b>	-	-	<b>(1,298)</b>
<b>Projected Overspending in Fire Overtime</b>		<b>(272)</b>	<b>(300)</b>	-	-	<b>(572)</b>
<b>Total (Shortfall)</b>		<b>(4,999)</b>	<b>(5,902)</b>	-	<b>(2,240)</b>	<b>(13,141)</b>
<b>Strategies</b>						
<b>1. Budget Reduction List/Services Matrix</b>	1,615	-	348	-	1,267	1,615
<b>2. Additional Reductions</b>						
Line Item Budgets						
Dues & Memberships	47	-	31	-	-	31
Out-of-State Training/Travel & Subsistence	64	29	35	-	-	64
Fire Minimum Staffing/Other OT Reduction	369	-	300	-	-	300
<b>3. Savings from M&amp;O/Additional Revenues</b>						
Internal Service Rates						
Fleet Rates (mostly due to fuel savings)	229	129	100	-	-	229
IT Operating Rates	201	70	131	-	-	201
IT Replacement Rates	228	76	152	-	-	228
Governor's Pension Rate Reductions	557	180	377	-	-	557
Facilities/Court Building Lease Savings	320	118	202	-	-	320
Revenue - Parking Fine Increase (\$10/ticket)	100	-	100	-	-	100
Estimated Under Expenditures in 2009	800	800	-	-	-	800
NORCOM - reduced 2010 budget	219	-	219	-	-	219
<b>4. Reserves/Year End Cash</b>						
2008 Year-end Cash	1,500	1,500	-	-	-	1,500
Revenue Stabilization Reserve	1,082	1,000	82	-	-	1,082
Rainy Day Reserves	2,700	-	1,646	-	-	1,646
Contingency (for Fire OT)	2,325	272	-	-	-	272
Street Fund	200	-	200	-	-	200
COLA Reserve	500	-	500	-	-	500
LTGO Bond Fund	150	-	150	-	-	150
Non-Department Contingency	581	258	229	-	-	487
<b>5. Capital Improvement Program</b>						
Projects Funded not Started	477	279	-	-	-	279
Projects to be Closed/Funds Repurposed	453	288	-	-	-	288
<b>6. Compensation Savings</b>						
AFSCME/Teamsters	344	-	-	-	344	344
MAC	270	-	-	-	270	270
IAFF	339	-	-	-	339	339
PSEU (Police Lts.)	20	-	-	-	20	20
Police Commissioned & Support Guild*	296	-	-	-	-	-
<b>7. Work Schedule Reductions</b>						
Furlough/Equivalent Reduction	1,100	-	1,100	-	-	1,100
<b>Total Potential Savings</b>		<b>4,999</b>	<b>5,902</b>	-	<b>2,240</b>	<b>13,141</b>
<b>Net Surplus/(Shortfall) - Annual</b>		-	-	-	-	-

**NOTES**

\* Collective bargaining agreement is currently open, so savings are shown as potential pending negotiations.

Grey shaded items indicate approved Mid-Year Budget adjustments.

Yellow shaded items indicate changes since 8/4/09 presentation

*Italicized items are changes from last version*

Development Services-related shortfall/reductions are excluded (\$978,000)

City of Kirkland  
2009-2010 Budget  
Mid-Biennial Budget Adjustment Summary

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source				Funding Source Notes
					Internal Transf./Chrg.	Reserves	Resources Forward	External Revenue	
<b>General Fund</b>									
Council Directed/Other	CC	Review of Bank of America Appeals Process	10,105	10,105		10,105			Council Contingency
Council Directed/Other	CC	Professional Services for E-mail Review	5,000	5,000		5,000			Council Contingency
Council Directed/Other	HR	City Manager Recruitment	30,400	-					General Fund Contingency
Council Directed/Other	ND	Concours d'Elegance Admissions Tax Refund	2,175	2,175			2,175		Admissions Tax
Council Directed/Other	ND	Flex Pass Alternative Program	13,770	13,770		13,770			Council Contingency
Council Directed/Other	ND	Outside Agency Funding	37,670	37,670	37,670				Council Contingency
Council Directed/Other	ND	Re-instate Enterprise Seattle Membership	6,000	3,000	3,000				Council Contingency \$3,000; Econ Dev \$3,000
Council Directed/Other	PCS	Hopelink - Establish New Location	20,000	20,000		20,000			Council Contingency
Council Directed/Other	ND	Fire Hydrant Costs	188,262	188,262		188,262			Contingency Reserve
Dev Svcs Reduction	FB	Building Services Reductions	(450,248)	(450,248)			(450,248)		Reduce Building-related Permit Fees
Dev Svcs Reduction	PCD	Planning Department Reductions	(142,598)	(142,598)			(142,598)		Reduce Planning-related Development Revenues
Dev Svcs Reduction	PW	Development Engineering Reductions and Reallocations	(211,464)	(211,464)	171,404		(382,868)		Reallocate Staff to Utilities/Reduce Revenue
Housekeeping	PW	CMAQ Countywide Grant for a GTEC Project	50,000	50,000			50,000		CMAQ Countywide Grant
Housekeeping	CC	Mayor and City Council Salaries	(2,174)	(2,174)			(2,174)		Reduce Sales Tax
Housekeeping	CC	Reduced AWC Dues	(1,502)	-					General Fund Contingency
Housekeeping	FA	Additional Audit Expenses	8,850	-					General Fund Contingency
Housekeeping	FB	SHSP Zone 1 Grant	100,000	100,000			100,000		Indirect Federal Homeland Security Grant
Housekeeping	ND	Reduced Puget Sound Clean Air Organization Dues	(2,649)	-					General Fund Contingency
Housekeeping	PCS	Sports Camps	36,336	36,336	36,336				Xfr in from Recreation Fund
Housekeeping	PCS	Moving Excise Tax Expenses to Fund 126 w/Revenue	(20,050)	(20,050)	(20,050)				Xfr in from Fund 126
Housekeeping	PCS	Respect Booklet	3,500	3,500	3,500				Xfr in from Recreation Fund
Housekeeping	PCD	Shoreline Master Plan	4,600	4,600			4,600		Dept. of Ecology Grant
Housekeeping	PD	Court Security	45,524	45,524			45,524		JAG Grant
Housekeeping	PD	Police Department Grant Adjustments	58,089	58,089			58,089		Grants
Housekeeping	Var.	City Banking Services Costs	25,400	-					General Fund Contingency
Housekeeping	FA	Voter registration, election and voter pamphlet costs	26,000	-					General Fund Contingency
Housekeeping	ND	Eliminate Snow Plow expense xfr to Street Fund	(43,000)	-					General Fund Contingency
Housekeeping	CM	Correct CTED Grant	(30,000)	(30,000)			(30,000)		General Fund Contingency
Housekeeping	FB	Pandemic Flu Supplies	70,250	70,250	70,250				Emergency Generators Public Safety CIP Savings
Housekeeping	ND	Reimbursements for 2008 Snow Storm Expenses	6,175	6,175			6,175		Disaster Assistance Reimbursement - FEMA
Housekeeping	PCS	Park Garbage Collection	70,000	-					General Fund Contingency

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source				Funding Source Notes
					Internal Transf./Chrg.	Reserves	Resources Forward	External Revenue	
<b>General Fund continued</b>									
Budget Bal Strategy	CC	Utility Tax Increase Failure Expenditure Reductions	(17,165)	(17,165)				(17,165)	Utility Tax
Budget Bal Strategy	CM	Utility Tax Increase Failure Expenditure Reductions	(105,012)	(105,012)				(105,012)	Utility Tax
Budget Bal Strategy	CM	Utility Tax Increase Failure Expenditure Reductions	(10,133)	(10,133)				(10,133)	Utility Tax
Budget Bal Strategy	HR	Utility Tax Increase Failure Expenditure Reductions	(43,152)	(43,152)				(43,152)	Utility Tax
Budget Bal Strategy	CA	Utility Tax Increase Failure Expenditure Reductions	(2,000)	(2,000)				(2,000)	Utility Tax
Budget Bal Strategy	PK	Utility Tax Increase Failure Expenditure Reductions	(568,709)	(568,709)				(568,709)	Utility Tax
Budget Bal Strategy	PW	Utility Tax Increase Failure Expenditure Reductions	(160,899)	(160,899)				(160,899)	Utility Tax
Budget Bal Strategy	FA	Utility Tax Increase Failure Expenditure Reductions	(30,601)	(30,601)				(30,601)	Utility Tax
Budget Bal Strategy	PCD	Utility Tax Increase Failure Expenditure Reductions	(22,900)	(22,900)				(22,900)	Utility Tax
Budget Bal Strategy	PD	Utility Tax Increase Failure Expenditure Reductions	(134,504)	(134,504)				(134,504)	Utility Tax
Budget Bal Strategy	FB	Utility Tax Increase Failure Expenditure Reductions	(110,380)	(110,380)				(110,380)	Utility Tax
Budget Bal Strategy	ND	Utility Tax Increase Failure Expenditure Reductions	(80,000)	(80,000)				(80,000)	Utility Tax/Sales Tax
Budget Bal Strategy	Var.	Net GF Internal Rates Savings From Utility Tax Increase Failure	(154,580)	(154,580)				(154,580)	Sales Tax
Budget Bal Strategy	Var.	Street Fund Savings to GF Due to Utility Tax Increase Failure	(184,170)	-					Sales Tax
Budget Bal Strategy	Var.	Use of Remaining Revenue Stabilization Reserve	82,380	-	82,380			(82,380)	Sales Tax reduced - Xfr in increased
Budget Bal Strategy	FB	Firefighter Overtime	272,000	272,000	272,000				Contingency Reserve
Budget Bal Strategy	Var.	Parking Fine Increase	100,000	-					Reduce Sales Tax Rev./Increase Prkng Fine Rev.
Budget Bal Strategy	Var.	Street Property Tax	200,000	-					Reduce Sales Tax Rv./Realloc St. Fund Prop Tax
Budget Bal Strategy	Var.	Closed CIP Project Balances Funding Re-purposed	287,530	-	287,530			(287,530)	Business Lic. Revenue reduced-Xfr In Increased
Budget Bal Strategy	Var.	Deferring Funded CIP Projects	279,349	-	279,349			(279,349)	Business Lic. Revenue reduced-Xfr In Increased
Budget Bal Strategy	Var.	Projected 2009 Revenue Shortfalls-Variou	(1,105,874)	(1,105,874)				(1,105,874)	GF Revenue shortfall/GF Contingency reduced
Budget Bal Strategy	Var.	Projected 2010 Revenue Shortfalls-Variou	(786,215)	(786,215)				(786,215)	GF Revenue shortfall/GF Contingency reduced
Budget Bal Strategy	ND	Reduced Xfr Out to LTGO	(150,000)	(150,000)				(150,000)	Sales Tax reduced - Expense reduced
Budget Bal Strategy	Var.	Eliminate Out-of-State Training & Travel/Subsistence	(1,055)	(1,055)				(1,055)	Reduce Sales Tax
Budget Bal Strategy	Var.	Compensation Savings	(973,000)	(973,000)				(973,000)	Utility Tax/COLA Reserve
Budget Bal Strategy	ND	Reduce COLA Reserve	(500,000)	(500,000)				(500,000)	Utility Tax/COLA Reserve
Budget Bal Strategy	FB/PD	2010 NORCOM savings from revised budget	(226,698)	(226,698)				(226,698)	Sales Tax reduced - Expense reduced
Budget Bal Strategy	Var.	Discretionary Dues and Memberships	(31,657)	(31,657)				(31,657)	Sales Tax reduced - Expense reduced
Budget Bal Strategy	Var.	Reduce Fleet Operating Internal Charges from Fuel Savings	(100,000)	(100,000)	(100,000)				Sales Tax reduced - Expense reduced
Budget Bal Strategy	Var.	2009 Facilities Charges	(118,803)	(118,803)	(118,803)				Utility Taxes reduced-Expense reduced
Budget Bal Strategy	Var.	2010 Facilities Charges	(202,906)	(202,906)	(202,906)				Sales/Utility Taxes reduced-Expense reduced
<b>General Fund Total</b>			<b>(4,684,733)</b>	<b>(5,566,321)</b>	<b>801,660</b>	<b>237,137</b>	<b>-</b>	<b>(6,605,118)</b>	

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source				Funding Source Notes
					Internal Transf./Chrg.	Reserves	Resources Forward	External Revenue	
<b>OTHER FUNDS</b>									
<b>Street Operating Fund</b>									
Budget Bal Strategy	PW	Discretionary Dues and Memberships	(816)	(816)				(816)	Reduce Property Tax Allocation/Expense reduced
Budget Bal Strategy	PW	Utility Tax Increase Failure Expenditure Reductions	(184,170)	(184,170)				(184,170)	Reduce Property Tax Allocation/Expense reduced
Budget Bal Strategy	PW	Reduce Property Tax to Streets	(200,000)	(200,000)				(200,000)	Reduce Property Tax Allocation/Expense reduced
Housekeeping	PW	Downtown Maintenance Program	25,000	25,000	25,000				Transfer from General Fund
Housekeeping	PW	Eliminate Snow Plow expense xfr from General Fund	(43,000)	(43,000)	(43,000)				Transfer back to GF
Housekeeping	PW	Reimbursements for 2008 Snow Storm Expenses	21,374	21,374				21,374	Disaster Assistance Reimbursement - FEMA
<b>Street Operating Fund Total</b>			<b>(381,612)</b>	<b>(381,612)</b>	<b>(18,000)</b>	<b>-</b>	<b>-</b>	<b>(363,612)</b>	
<b>Parks Maintenance Fund</b>									
Budget Bal Strategy	PCS	Utility Tax Increase Failure Revenue Changes	(50,000)	(50,000)	(50,000)				Reduced Subsidy from General Fund
<b>Parks Maintenance Fund Total</b>			<b>(50,000)</b>	<b>(50,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Recreation Revolving Fund</b>									
Budget Bal Strategy	PCS	Utility Tax Increase Failure Revenue Changes	14,500	14,500				14,500	Van Fees, Friday Night Market and Events
Housekeeping	PCS	Respect Booklet	3,500	3,500				3,500	King County Grant and Park Place Donation
Housekeeping	PCS	Skyhawks Sports Camps	36,336	36,336				36,336	SkyHawks Sports Camps
<b>Recreation Revolving Fund Total</b>			<b>54,336</b>	<b>54,336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,336</b>	
<b>Impact Fees Fund</b>									
Housekeeping	Var.	Final 2009-14 CIP Correction	(736,300)	(736,300)				(736,300)	Interest Revenue and Impact Fees
CIP Update	Var.	2009-14 CIP Update	(1,223,000)	(1,223,000)				(1,223,000)	Impact Fees for Transportation Projects
<b>Impact Fees Fund Total</b>			<b>(1,959,300)</b>	<b>(1,959,300)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,959,300)</b>	
<b>Park and Municipal Reserve Fund</b>									
Budget Bal Strategy	Var.	Utility Tax Increase Failure Expenditure Reductions	(30,000)	(30,000)	(30,000)				Xfr in from GF
Dev Svcs Reduction	PW	Development Engineering Reductions and Reallocations	(15,190)	(15,190)	(15,190)				Xfr in from GF
Housekeeping	PW	Development Services Reserve Correction	140,000	140,000	140,000				Xfr in from GF
Housekeeping	Var.	Reduction to Litigation Reserve from Mid Year	(265,000)	(265,000)	(265,000)				Xfr in from GF \$265K for mid-yr
Housekeeping	Var.	Jail Property Proceeds from Bellevue for NEC Planning	425,486	425,486				425,486	Jail Property Proceeds from Bellevue
<b>Park and Municipal Reserve Fund Total</b>			<b>255,296</b>	<b>255,296</b>	<b>(170,190)</b>	<b>-</b>	<b>-</b>	<b>425,486</b>	
<b>LTGO Debt Service Fund</b>									
Budget Bal Strategy	Var.	Reduce Reserves - LTGO Fund Balance Over Required	(150,000)	(150,000)	(150,000)				Xfr in from GF
<b>LTGO Debt Service Fund Total</b>			<b>(150,000)</b>	<b>(150,000)</b>	<b>(150,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source				Funding Source Notes
					Internal Transf./Chrg.	Reserves	Resources Forward	External Revenue	
<b>General Capital Projects Fund</b>									
Housekeeping	Var.	Reimbursements for 2008 Snow Storm Expenses	8,607	8,607				8,607	Disaster Assistance Reimbursement - FEMA
CIP Update	Var.	2009-14 CIP Update	535,700	478,700		(21,300)		500,000	CIP Update-Grant Revenue/Reserves
Budget Bal. Strategy	Var.	Closing Public Safety Projects (xfr to General Fund)	(254,930)						Returning General Govt CIP Funding to GF
Budget Bal. Strategy	Var.	Closing Technology Projects (xfr to General Fund)	(7,600)						Returning General Govt CIP Funding to GF
Budget Bal. Strategy	Var.	Closing Neighborhood Connections Projects (xfr to G.F.)	(25,000)						Returning General Govt CIP Funding to GF
Budget Bal. Strategy	Var.	Public Safety Projects Not Started (xfr to General Fund)	(259,449)						Returning General Govt CIP Funding to GF
Budget Bal. Strategy	Var.	Technology Projects Not Started (xfr to General Fund)	(19,900)						Returning General Govt CIP Funding to GF
<b>General Capital Projects Fund Total</b>			<b>(22,572)</b>	<b>487,307</b>	<b>-</b>	<b>(21,300)</b>	<b>-</b>	<b>508,607</b>	
<b>Grant Capital Projects Fund</b>									
CIP Update	Var.	2009-14 CIP Update	943,900	943,900		(897,100)		1,841,000	CIP Update-Grant Revenue/Reserves
<b>Grant Capital Projects Fund Total</b>			<b>943,900</b>	<b>943,900</b>	<b>-</b>	<b>(897,100)</b>	<b>-</b>	<b>1,841,000</b>	
<b>Water/Sewer Utility Operating Fund</b>									
Housekeeping	PW	Fire Hydrant Costs	188,262	188,262	188,262				GF payment for fire hydrant costs
Housekeeping	PW	Reimbursements for 2008 Snow Storm Expenses	3,285	3,285				3,285	Disaster Assistance Reimbursement - FEMA
<b>Water/Sewer Utility Operating Fund Total</b>			<b>191,547</b>	<b>191,547</b>	<b>188,262</b>	<b>-</b>	<b>-</b>	<b>3,285</b>	
<b>Water/Sewer Capital Fund</b>									
Housekeeping	PW	Emergency Sewer Project Funding Correction	(1,400,000)	(1,400,000)	(1,400,000)				No xfr in
CIP Update	PW	2009-14 CIP Update	174,400	-					CIP Update-Reserves
<b>Water/Sewer Capital Fund Total</b>			<b>(1,225,600)</b>	<b>(1,400,000)</b>	<b>(1,400,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Surface Water Operating Fund</b>									
Housekeeping	PW	2009 Local Govt Stormwtr Grant	50,000	50,000				50,000	Department of Ecology Grant
Housekeeping	PW	Natural Yard Care Neighborhood -- King County grant	49,150	49,150				49,150	King County Grant
Housekeeping	PW	Reimbursements for 2008 Snow Storm Expenses	20,112	20,112				20,112	Disaster Assistance Reimbursement - FEMA
<b>Surface Water Operating Fund Total</b>			<b>119,262</b>	<b>119,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,262</b>	
<b>Surface Water Capital Fund</b>									
CIP Update	PW	2009-14 CIP Update	162,100	-					CIP Update-Reserves
CIP Revisions	PW	122nd Ave NE Low Impact Development C SD 0071 000	50,000	50,000				50,000	King County Grant
CIP Revisions	PW	Forbes Creek Watershed Regional Detention C SD 0046 000	100,000	100,000				100,000	King County Grant
<b>Surface Water Capital Fund Total</b>			<b>312,100</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	

Adjustment Type	Dept.	Description	Adjustments	Appropriation Adjustment	Funding Source				Funding Source Notes
					Internal Transf./Chrg.	Reserves	Resources Forward	External Revenue	
<b>Equipment Rental Fund</b>									
Budget Bal Strategy	PW	Utility Tax Increase Failure Expenditure Reductions	(46,404)	(46,404)	(46,404)				Reduced Operating Revenue/Expense reduced
Budget Bal Strategy	PW	Reduce Fleet Operating Internal Charges from Fuel Savings	(150,000)	(150,000)	(150,000)				Reduced Operating Revenue/Expense reduced
Housekeeping	PW	De-Icer and Snow Plow Blades PU79, PU71 & PU72	28,000	28,000	28,000				Xfr in from Street Operating
Housekeeping	PW	Reimbursements for 2008 Snow Storm Expenses	8,200	8,200				8,200	Disaster Assistance Reimbursement - FEMA
<b>Equipment Rental Fund Total</b>			<b>(160,204)</b>	<b>(160,204)</b>	<b>(168,404)</b>	<b>-</b>	<b>-</b>	<b>8,200</b>	
<b>Information Technology Fund</b>									
Council Directed/Other	IT	Consultation Services for Transfer of Cable Franchise	54,750	54,750		54,750			Contingency Fund
Other	IT	GIS Staffing Analysis for Other Agencies	23,257	23,257				23,257	External revenue
Other	IT	NORCOM Standby/Staff Support	28,093	28,093				28,093	External revenue
Budget Bal Strategy	IT	Utility Tax Increase Failure Expenditure Reductions	(134,202)	(134,202)	(134,202)				Reduced Operating Revenue/Expense reduced
<b>Information Technology Fund Total</b>			<b>(28,102)</b>	<b>(28,102)</b>	<b>(134,202)</b>	<b>54,750</b>	<b>-</b>	<b>51,350</b>	
<b>Facilities Maintenance Fund</b>									
Budget Bal. Strategy	PW	Adjusted 2009 Facilities Rates	(79,763)	(79,763)	(79,763)				Reduced Operating Revenue/Expense reduced
Budget Bal. Strategy	PW	Utility Tax Increase Failure Expenditure Reductions	(24,439)	(24,439)	(24,439)				Reduced Operating Revenue/Expense reduced
Budget Bal. Strategy	PW	Adjusted 2010 Facilities Rates	(202,945)	(202,945)	(202,945)				Reduced Operating Revenue/Expense reduced
<b>Facilities Maintenance Fund Total</b>			<b>(307,147)</b>	<b>(307,147)</b>	<b>(307,147)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL OTHER FUNDS</b>			<b>(2,408,096)</b>	<b>(2,234,717)</b>	<b>(2,209,681)</b>	<b>(863,650)</b>	<b>-</b>	<b>838,614</b>	
<b>TOTAL ALL FUNDS</b>			<b>(7,092,829)</b>	<b>(7,801,038)</b>	<b>(1,408,021)</b>	<b>(626,513)</b>	<b>-</b>	<b>(5,766,504)</b>	

City of Kirkland  
 2009-2010 Mid-Biennial Budget Review  
 Annexation Service Package Requests -- 11-10-09

Department	SP #	Service Package Title	FTE	Department Request	City Manager Recommendation	Notes
Finance & Admin.	010FA11	Budget Analyst	1.00	\$ 87,039	\$ 87,039	
Police	010PD06	Recruitment and Advertising		\$ 25,000	\$ 25,000	
Police	010PD07	Workplace Expansion		\$ 49,000	\$ 49,000	
Police	010PD08	Vehicles		\$ 162,400	\$ 162,400	Assumes June 1, 2011 effective date
Police	010PD09	Annexation Related Police Reorganization		\$ 66,141	\$ 66,141	
Police	010PD10	PTO Training Overtime		\$ 27,563	\$ 27,563	
Police	010PD11	Annexation Officers	26.00	\$ 1,319,219	\$ 1,319,219	Assumes June 1, 2011 effective date
		Subtotal Police Department	26.00	\$ 1,649,323	\$ 1,649,323	
Information Technology	522IT09	GIS Professional Services		\$ 265,000	\$ 177,000	Total estimated cost of \$265,000 funded by re-purposing \$177,000 of existing GIS CIP funding; remainder will be brought forward for future consideration.
Human Resources	010HR02	HR Analyst (0.7 FTE)	0.70	\$ 70,955	\$106,833	1.12 FTE HR Analyst starting 2/1/2010 recommended
Human Resources	010HR03	HR Analyst (0.7 FTE)	0.70	\$ 49,108		
Human Resources	010HR04	HR Coordinator (0.5 FTE)	0.50	\$ 33,196		
		Subtotal Human Resources Department	1.90	\$ 153,259	\$ 106,833	
Planning	010PL09	Planner	1.00	\$ 99,201	\$ 99,201	
City Manager	010CM12	Annexation General Support	0.40	\$ 35,084	\$ 35,084	
		<b>Total</b>	<b>30.30</b>	<b>\$ 2,288,906</b>	<b>\$ 2,154,480</b>	

**Budget Balancing Strategy - General Fund**  
**Framework - 11/17/09 Mid-Bi Update without Utility Tax with Annexation**  
Dollars in thousands

	Potential Savings Available	One-Time		Ongoing		Total
		2009	2010	2009	2010	
Projected Near-Term Shortfall due to Sales Tax		(2,772)	(2,642)	-	-	(5,414)
Other Near-Term Shortfall due to Economy		(351)	(787)	-	-	(1,138)
Projected Ongoing Shortfall due to Utility Tax		-	-	-	(2,240)	(2,240)
Projected Shortfall in Baseline Utility Tax		(982)	(1,497)	-	-	(2,479)
Projected Shortfall in Business License Fees		(622)	(676)	-	-	(1,298)
Projected Overspending in Fire Overtime (with "Hard Cap")		(272)	(300)	-	-	(572)
Annexation Service Packages		-	(2,154)	-	-	(2,154)
<b>Total (Shortfall)</b>		<b>(4,999)</b>	<b>(8,056)</b>	<b>-</b>	<b>(2,240)</b>	<b>(15,295)</b>
<b>Strategies</b>						
<b>1. Budget Reduction List/Services Matrix</b>	1,615	-	348	-	1,267	1,615
<b>2. Additional Reductions</b>						
Line Item Budgets						
Dues & Memberships	47	-	31	-	-	31
Out-of-State Training/Travel & Subsistence	64	29	35	-	-	64
Fire Minimum Staffing/Other OT Reduction	369	-	300	-	-	300
<b>3. Savings from M&amp;O/Additional Revenues</b>						
Internal Service Rates						
Fleet Rates (mostly due to fuel savings)	229	129	100	-	-	229
IT Operating Rates	201	70	131	-	-	201
IT Replacement Rates	228	76	152	-	-	228
Governor's Pension Rate Reductions	557	180	377	-	-	557
Facilities/Court Building Lease Savings	320	118	202	-	-	320
Revenue - Parking Fine Increase (\$10/ticket)	100	-	100	-	-	100
Estimated Under Expenditures in 2009	800	800	-	-	-	800
NORCOM - reduced 2010 budget	219	-	219	-	-	219
Estimated Year-End Non-Tax Revenues	700	-	700	-	-	700
<b>4. Reserves/Year End Cash</b>						
2008 Year-end Cash	1,500	1,500	-	-	-	1,500
Revenue Stabilization Reserve	1,082	1,000	82	-	-	1,082
Rainy Day Reserves	2,700	-	1,646	-	-	1,646
Contingency (for Fire OT)	2,325	272	-	-	-	272
Street Fund	200	-	200	-	-	200
COLA Reserve	500	-	500	-	-	500
LTGO Bond Fund	150	-	150	-	-	150
Non-Department Contingency	581	258	229	-	-	487
Interest Backfill Set-aside	577	-	327	-	-	327
Unemployment/Restructuring Set-aside	300	-	200	-	-	200
<b>5. Capital Improvement Program</b>						
Projects Funded not Started	477	279	-	-	-	279
Projects to be Closed/Funds Repurposed	453	288	-	-	-	288
Police CIP -or- State Sales Tax Credit	750	-	750	-	-	750
Repurposing GIS CIP	177	-	177	-	-	177
<b>6. Compensation Savings</b>						
AFSCME/Teamsters	344	-	-	-	344	344
MAC	270	-	-	-	270	270
IAFF	339	-	-	-	339	339
PSEU (Police Lts.)	20	-	-	-	20	20
Police Commissioned & Support Guild*	296	-	-	-	-	-
<b>7. Work Schedule Reductions</b>						
Furlough/Equivalent Reduction	1,100	-	1,100	-	-	1,100
<b>Total Potential Savings</b>		<b>4,999</b>	<b>8,056</b>	<b>-</b>	<b>2,240</b>	<b>15,295</b>
<b>Net Surplus/(Shortfall) - Annual</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES**

\* Collective bargaining agreement is currently open, so savings are shown as potential pending negotiations.

Grey shaded items indicate approved Mid-Year Budget adjustments.

Yellow shaded items indicate changes since 8/4/09 presentation

Purple shaded items indicate annexation-related changes reflecting 11/17/09 funding recommendations.

Development Services-related shortfall/reductions are excluded (\$978,000)

ORDINANCE NO. 4231

AN ORDINANCE OF THE CITY OF KIRKLAND AMENDING THE BIENNIAL BUDGET FOR 2009-2010.

WHEREAS, the City Council finds that the proposed adjustments to the Biennial Budget for 2009-2010 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 Mid-biennial 2009 adjustments to the Biennial Budget of the City of Kirkland for 2009-2010 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	126,195,010	(5,566,321)	120,628,689
Lodging Tax	791,648	0	791,648
Street Operating	9,852,992	(381,612)	9,471,380
Cemetery Operating	210,362	0	210,362
Parks Maintenance	2,277,124	(50,000)	2,227,124
Recreation Revolving	2,836,461	54,336	2,890,797
Contingency	2,328,060	0	2,328,060
Cemetery Improvement	586,574	0	586,574
Impact Fees	6,110,398	(1,959,300)	4,151,098
Park & Municipal Reserve	11,192,876	255,296	11,448,172
Off-Street Parking Reserve	217,610	0	217,610
Tour Dock	126,275	0	126,275
Street Improvement	2,833,503	0	2,833,503
Grant Control Fund	222,924	0	222,924
Excise Tax Capital Improvement	22,396,187	0	22,396,187
Limited General Obligation Bonds	2,735,729	(150,000)	2,585,729
Unlimited General Obligation Bonds	2,687,388	0	2,687,388
General Capital Projects	42,502,263	487,307	42,989,570
Grant Capital Projects	17,363,502	943,900	18,307,402
Water/Sewer Operating	46,001,669	191,547	46,193,216
Water/Sewer Debt Service	3,505,639	0	3,505,639
Utility Capital Projects	19,799,331	(1,400,000)	18,399,331
Surface Water Management	12,826,765	119,262	12,946,027
Surface Water Capital Projects	11,088,517	150,000	11,238,517
Solid Waste	18,578,902	0	18,578,902
Equipment Rental	13,759,389	(160,204)	13,599,185

<u>Funds</u>	Current Budget	Adjustments	Revised Budget
Information Technology	10,195,682	(28,102)	10,167,580
Facilities Maintenance	9,680,183	(307,147)	9,373,036
Firefighter's Pension	1,634,077	0	1,634,077
	400,537,040	(7,801,038)	392,736,002

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 15<sup>th</sup> day of December 2009.

Signed in authentication thereof this 15<sup>th</sup> day of December, 2009.

\_\_\_\_\_  
MAYOR

Attest:

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

Approved as to Form:

\_\_\_\_\_  
City Attorney

RESOLUTION R-4793

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND  
AUTHORIZING THE TRANSFER OF FUNDS FROM THE CONTINGENCY  
RESERVE FUND TO THE GENERAL FUND TO PAY FIREFIGHTER  
OVERTIME COSTS IN 2009.

WHEREAS, the City has unforeseen general fund expenses for  
firefighter overtime in 2009;  
and

WHEREAS, under RCW 35A.146, the City may, by resolution or  
ordinance adopted by a vote of the majority of the entire City Council,  
authorize the transfer of funds from the contingency fund to the  
appropriate operating fund;

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

Section 1. Funds in the amount of \$272,000 shall be transferred from  
the Contingency Reserve Fund to the general fund for the purpose of  
paying firefighter overtime costs in 2009. A plan for replenishing this  
reserve use will be developed as part of the 2011-2012 budget  
process.

Passed by majority vote of the Kirkland City Council plus one in  
open meeting this \_\_\_\_ day of \_\_\_\_\_, 2009.

Signed in authentication thereof this \_\_\_\_ day of \_\_\_\_\_,  
2009.

\_\_\_\_\_  
MAYOR

Attest:

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