



2011-2012 Mid-Biennial Budget Update Continuation

City Council Study Session
November 15, 2011



Agenda

- **Recap of November 1 Study Session**
 - Budget Balancing Strategy
 - 2012 Service Packages
 - Other Budget Adjustments
 - Other Policy Issues
- **Governor's Proposed Budget**
 - Potential Impacts
 - Strategies/Goals
 - Policy Questions
- **Next Steps**



Budget Balancing Strategies

- 2011 revenue shortfall of \$1.56 million offset by estimated under expenditures of \$3.1 million

- Estimated shortfall in 2012 of \$1.8 million addressed by potential one-time savings:
 - \$1.55 million remaining from 2011 under expenditures
 - \$0.4 million in one-time adjustments in 2012

2012 Service Packages

Service Packages	2012 Ongoing	2012 One-Time	2012 Total	Funding Source
General Fund				
State Legislative Advocacy Services	-	34,000	34,000	Expenditure Offset
Green Kirkland Program	-	77,051	77,051	External Source
Parks Operations & Maintenance from REET	-	54,853	54,853	REET
Lifeguards on Houghton & Waverly Beaches	-	32,571	32,571	Expenditure Offset
Police Financial Analyst (0.25 FTE)	29,873	-	29,873	Expenditure Offset
Fire Administration - Records Specialist	-	26,890	26,890	Reserves (Liquor Profits)
Emergency Preparedness Coordinator	-	123,178	123,178	Grant/Reserves (Liquor Profits)
EPCR Tablet Computer Replacement	21,882	-	21,882	Reserves (Liquor Profits)
Subtotal General Fund	51,755	348,543	400,298	
Other Funds				
Streets Operations & Maintenance from REET	-	99,138	99,138	REET
Water Comprehensive Plan	-	150,000	150,000	Utility Reserves
Surface Water Master Plan	-	200,000	200,000	Expenditure Offset
Secure and Protect New Ponds	-	250,000	250,000	Utility Reserves
Subtotal Other Funds	-	699,138	699,138	
Total All Funds	51,755	1,047,681	1,099,436	



Other Adjustments

- Build America Bonds (BABs) Interest Subsidy
- Solid Waste Revenues and Expenditures
- 2011 Reserve Replenishment
- Council Directed/Other Requests and Previously Approved Adjustments
- CIP Adjustments
 - TBD removed from 2012 but remains in 2013-16
 - Facilities Expansion projects
 - Transportation projects funded by external sources
 - Reprioritizing Utility projects
- Housekeeping Items



Other Policy Issues

- **Lodging Tax Funding**
 - 2012 recommendations will be approved with the budget adjustments
 - TDC recommends setting aside \$6,000 earmarked for Concours d'Elegance for "Unforeseen Program Opportunities"
- **Outside Agencies and Other Program Funding memo will be discussed further at the Council Retreat in March**

Potential Impacts of Governor's Proposed Budget – Revenues

Revenue	2012 Budget	Governor's Preliminary Choices	
		Effective	Estimated 2012 Impact
Sales Tax Credit	3,409,791	5/1/2012	2,273,194
Streamlined Sales Tax Mitigation	113,988	*	-
Criminal Justice Assistance	50,715	*	-
Liquor Excise Tax	405,347	7/1/2012	202,674
Liquor Revolving (LCB Profits)	601,741	7/1/2012	300,871
Total	4,581,582		2,776,738

* Not included in Governor's Preliminary Choices.

* Note that this proposal does not reflect the potential impacts of the Governor's recent budget reduction proposals.*

Potential Impacts of Governor's Proposed Budget – Expenditures

Potential Expenditure Impacts	Estimated 2012 Impact	Estimated Future Annual Impact
Police Training Academy	100,000	50,000
State Crime Lab	10,000	10,000
Total	110,000	60,000

- Elimination of LEOFF 2 state contribution would add almost \$600,000 to the City's obligation



Other Potential Reductions that May Impact Budget

- State support of social and human services & economic assistance
 - United Way conducting assessment of impacts
 - Eastside Human Services Forum developing legislative agenda and lobbying efforts
- Ecology staffing cuts may impact availability/timeliness of assistance
- Fish & Wildlife staffing cuts may slow permitting process for construction projects
- Conservation District cuts may reduce funding received for Green Kirkland Program



Legislative Strategy

- Meeting with Kirkland's legislators
 - Annexation Sales Tax handout
- Council letter to Gov. Gregoire
- Active involvement in AWC's efforts
- Coordination with City management of other impacted jurisdictions
- Additional focus on partnerships with other cities receiving the annexation sales tax credit



Goals

- Retain the annexation sales tax credit
 - Fall back positions:
 - Grandfather current participating cities
 - Legislative action to provide an alternate funding mechanism to impacted cities
 - Limiting annexation hiring until there is more clarity
- Maintain liquor-related revenues
 - Uncertainty related to I-1183
 - Holding off on reinstatement of ProAct



Policy Questions

- Revenues and flexibility from the state
- If efforts are unsuccessful:
 - Should reductions be focused in the annexation area or spread across the entire City?
 - How revenue options factor in?
 - What process would Council find most useful in making reduction decisions?



Next Steps

- **November 15**

- Public Hearing on Mid-Biennial Budget
- Public Hearing on Preliminary Property Tax Levy

- Preliminary Property Tax Levy Adoption

- **December 12**

- Mid-Biennial Budget Adoption
- Revised 2011-16 CIP Adoption
- Final Property Tax Levy Adoption