

2013-14 Budget

City Council Study Session #2

November 7, 2012

Proposed Budget Agendas

- Wednesday, November 7
 - Study Session at 6:00p.m.
 - Follow-up Items from October 25th Study Session
 - Follow-up for next meeting
 - Regular Meeting
 - Budget Public Hearing
- Tuesday, November 13, 6:00 (if needed)
 - Follow-up from Previous Meeting and Recap of Council Changes
 - Complete Council Deliberations and Prepare Council Budget Proposal for Public Hearing

[Given current levy results, November 13 meeting appears unnecessary]

Proposed Budget Agendas

- Tuesday November 20, 7:30 Regular Meeting
 - Review Changes to Preliminary 2013-2018 CIP
 - Budget and Property Tax Public Hearings
 - Complete Council Deliberations (Finalize Budget)
 - 2013 Preliminary Property Tax Levy
- Tuesday, December 11, 7:30 Regular Meeting
 - 2012 Year-End Budget Adjustment
 - 2013 Final Property Tax Levy Ordinance
 - 2013-2018 CIP Adoption
 - Adoption of 2013-2014 Budget and all related Ordinances and Resolutions

Agenda

- Sales tax update
- Follow-up items
 - Breakdown of 13.5% budget increase
 - Private contracting considerations
 - What does “head tax” revenue support?
 - Buildable lands inventory process
 - Options to fund winter shelters
 - 2013 Retreat planning
 - Public education/information
 - Other items have been referred to Council committees for further discussion
- Levy update
- Next meeting

Sales Tax Update

- Recently received the October 2012 sales tax results (reflecting August 2012 activity):
 - Budget projection assumed 7% increase over October 2011
 - Actual increase was 20.7% resulting in total additional revenue of \$157,000 in 2012
 - Additional cash would be used toward reserve replenishments after year-end without Council action
 - Recommend treating as one-time funds since the majority of the increase was due to contracting/wholesale (development activity) and one-time adjustments

Why Does the Total Budget Increase 13.5%?

Full 2-year Cost of Providing Services in New Neighborhoods	
• General Government Services	1.6%
• Utility Services	1.0%
Increases in Health Benefit Costs (incl. annexation FTEs)	1.8%
Assumed Enhancements from Levies	3.3%
Capital Improvement Program	0.7%
Sinking Funds	0.8%
REET/Impact Fees	0.8%
Utility Rates/Reserve Increases	1.6%
Utility Tax Accounting Change	<u>1.9%</u>
GRAND TOTAL	13.5%

Private Contracting Considerations

- No funds are set aside for those services in the expenditure reduction category, so there is little opportunity to privately contract for providing them
- Contracting may present a challenge to the extent that services identified as candidates for contracting represent bargaining unit work (subject to negotiation)
- In some cases, tasks that cannot be discontinued will be absorbed within current resources
- Staff will continue to evaluate options for providing services at the lowest possible cost

What does the “Head Tax” Revenue Support?

- 2013-2014 revenue from RGRL (per FTE fee): \$4.68 million (\$2.34 million/year)
- Activities specifically funded by the per FTE fee:
 - Economic Development Program: \$531,632 (\$265,816/year)
 - Kirkland Downtown Association: \$90,000 (\$45,000/year)
 - Commute Trip Reduction Program (incl. engineering support): \$100,000 (\$50,000/year)
- Majority of the fee revenue is used to support General Fund activities including:
 - Public safety services that provide quick fire and police response to emergencies for keeping Kirkland safe
 - Transportation services that include building and maintaining safe and efficient roads, sidewalks and bridges, and planning for efficient transportation systems
 - Quality of life amenities such as parks, trails, bikeways, arts, and other programs that make Kirkland a desirable place for business owners and their employees to live and work
- In 2008, the Council acknowledged that the business license structure is a permanent feature of the City’s revenue profile

Buildable Lands Inventory Process

- Buildable Lands Program involves monitoring of land development and the land available for future development within all jurisdictions of the County.
 - Monitoring assures that each city will zone land to allow sufficient development to meet or exceed growth targets
- Last report issued in 2007 and next report is due in 2012
 - Planning has a copy of the 2007 report
 - Report is also on the King County web site
- 2012 report will be abbreviated compared with previous years due to lack of state funding and the relatively little change to the land supply in most jurisdictions - due to the recession
 - Most cities with designated Urban Centers, including Kirkland, will need to update their capacity analysis due to the large amount of growth that will need to be accommodated in those cities.
 - Kirkland update will also include, for the first time, the newly annexed neighborhood
- Planning and GIS division are working on methodology and schedule for the capacity analysis
 - Intent is to complete analysis very early in 2013 to help guide the Comprehensive Plan update

Options to Fund Winter Shelters

- Total cost to fund winter shelters at requested levels is \$21,083 per year or \$42,166 for biennium
 - Adds about \$0.26 to the per capita funding level, resulting in a revised per capita contribution of \$8.32
- Funding options:
 - Reduce ARCH trust fund contribution to \$294,000 per year (\$588,000 for biennium)
 - Fund one-time using Council Contingency
 - Fund one-time using sales tax received in October 2012 above projections

2013 Council Retreat

- Council expressed interest in moving up the City Council Retreat
- One option would be to hold the retreat in February and address high-level policy considerations related to:
 - Upcoming Comprehensive Plan Update
 - Changes in Concurrency Approach
- Under this option, there would be very little new financial information available
 - Consider having a second retreat mid-year or an extended study session to address financial status and mid-biennial budget planning

Public Education/Information

- Budget Bylines
 - News-style “Report Out” to inform the public as City leaders progress through the biennial budget process
- Budget List Serv
 - Subscribers receive Budget Updates via Email
- Budget Email
 - Citizens can email questions and concerns to:
13-14budget@kirklandwa.gov
- Focus Groups
- Kirkland Reporter
- Kirkland Works Financial Stability Video
- Civics Academy
- Budget in Brief
- Public Hearings

Levy Update

- As of last night, the levy vote results were:
 - Proposition 1 – Street Maintenance and Pedestrian Safety
 - Approved - 12,754 (54.76%)
 - Rejected - 10,533 (45.23%)
 - Proposition 2 – Park Maintenance and Restoration
 - Approved - 13,303 (56.96%)
 - Rejected - 10,050 (43.03%)
- The King County results update scheduled for 4:30 pm today has been delayed until 6:30 pm

Next Steps

- Decision on whether November 13 Study Session is needed
- Public Hearings:
 - November 7 Regular Meeting
 - November 20 Regular Meeting
- Make Council-directed adjustments to budget
- Finalize budget assumptions – November 20
- Final action – December 11