

# Memorandum

**To:** City Council  
**From:** Sonja Springer, Financial Services Manager  
**Via:** John J. Caulfield, City Manager  
**Date:** September 13, 2007  
**Subject:** 2007-2008 Mid-Biennial Review

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## **INTRODUCTION:**

On December 4, 2006, the City passed Ordinance #2436 that adopted the 2007-2008 biennial budget. A biennial budget results in the adoption of a *two-year appropriation*, with the requirement of a mid-biennium review. The mid-biennium review includes only items that need budgetary changes for the second of the two years.

The City Manager has completed the review of the biennial budget and is proposing the budget modifications for 2008 below. The mid-biennium review resulted in the need for a few modifications that include significant items that could not have been forecasted nor anticipated when the biennial budget was adopted.

## **DESCRIPTION OF AMENDMENTS:**

The criteria used for identifying modifications required for the adopted 2008 budget is for items and/or services that are substantial in nature and were unknown at the time the budget was prepared and adopted in December 2006. The City has identified items that fit these criteria. These items are included on the following list.

<b>Description</b>	<b>Council Goal</b>	<b>Fund and/or Department</b>	<b>Amount</b>
<b><u>Adjust Sales Tax Revenue</u></b> In May of this year the Sales Tax Revenue budget for 2008 was increased by \$175,000, due to the anticipated revenues from implementing Streamlined Sales Tax in July 2008. After careful review of current sales tax trends, we feel that \$175,000 is overly optimistic. We expect the increase in sales tax revenues for 2008 from Streamlined Sales Tax will be closer to \$100,000, not \$175,000.	Protect and Enhance the City's Financial Health and Stability	General Fund	(\$75,000)

<p><b><u>Federal Lobbyist</u></b> Continue the contract with the City's Federal Lobbyist to help pursue a federal legislative agenda, specifically capital funding requests for 2008.</p>	<p>Generate Economic Development throughout the Community</p>	<p>City Manager's Office</p>	<p>\$65,000 (Includes Travel) One-Time Expenditure</p>
<p><b><u>Community Relations Specialist Position</u></b> Create new permanent part-time position within the City Manager's office that will assist the Community Relations Manager. The duties of this position will include writing and editing correspondence, press releases, newsletter articles, reports, website content, graphic design, layout of city newsletter and other communication materials, special communications projects and administrative assistance as assigned.</p>	<p>Develop and Implement More Effective Communication and Outreach with the Community</p>	<p>City Manager's Office</p>	<p>\$27,000 On-Going Expenditure</p>
<p><b><u>Library Maintenance &amp; Operations</u></b> The 2007-2008 Budget did not include any budget for maintenance and utilities for the library. The annexation agreement with Sno-Isle requires that the City pay for these costs. It is estimated that the total of these costs will be \$45,000 in 2008.</p>	<p>Protect and Enhance the City's Financial Health and Stability</p>	<p>Property Management</p>	<p>\$45,000 Ongoing Expenditure</p>
<p><b><u>Fourth of July Celebration</u></b> The Fourth of July celebration in 2007 was a huge success. We are proposing that we continue this level of funding for another year to celebrate for Fourth of July in 2008.</p>	<p>Develop and Implement More Effective Communication and Outreach with the Community</p>	<p>Parks Department</p>	<p>\$25,000 One-Time Expenditure</p>
<p><b><u>Off-Leash Dog Park</u></b> The City will share the costs of ongoing maintenance and operation of an off-leash dog park beginning in 2008.</p>	<p>Maintain Appropriate and Essential Public Services in a Cost-Effective Manner</p>	<p>Parks Department</p>	<p>\$5,000 Ongoing Expenditure</p>
<p><b><u>Consolidation of Parks and Property Management Functions</u></b> As employees vacate positions through attrition in 2008, we anticipate being able to combine parks and property management functions. Although this will involve the reclassification of the Parks Services Supervisor to a Parks and Facilities Superintendent to recognize the additional duties taken on, the net savings is anticipated to be \$67,000 per year.</p>	<p>Maintain Appropriate and Essential Public Services in a Cost-Effective Manner</p>	<p>Property Management and Parks Services</p>	<p>(\$81,000) <u>\$14,000</u> Net: (\$67,000)</p>

<p><b><u>New Steiner Brush Mower</u></b>                  The Steiner Mower provides the necessary stability and brush cutting/mowing power to reduce time spent with current vegetation control efforts within certain locations by 75%. For example, maintenance projects that typically require 2 weeks of work would be reduced to approximately 2 – 4 days. It is envisioned that the Steiner mower would be used along the Interurban Trail, water retention areas, right-of ways, trails and park areas.                  With the addition of the Steiner Mower to the Equipment Rental Program, staff expects both Parks Services and Public Works would share the equipment as projects and needs arise. In addition to mowing capability, the Steiner Mower has a number of optional attachments for performing other maintenance tasks including a leaf blower, trencher, and heavy duty brush mowing.</p>	<p>Maintain                  Appropriate and                  Essential Public                  Services in a Cost-                  Effective Manner</p>	<p>Equipment                  Rental Fund</p>	<p>\$35,000                  One Time                  Expenditure</p>
<p><b><u>Emergency Generator for the EOC</u></b>                  Following the Emergency Operations Table Top Exercise conducted in August, we identified equipment deficiencies related to the operation of the Emergency Operation Center.                  The piece of equipment that was identified as deficient was the existing emergency generator. This particular generator was originally purchased in 1958 and was used at the Ballinger Lift Station up until 1994. In 1994, the Lift Station was abandoned and the generator was removed when new sewer lines were connected to the Metro sewer system. The generator was then stored outside at the Public Works yard for approximately 2 years. In 1996, a need was identified to provide minimal emergency back up power for the Emergency Operation Center at the Library, which also serves as our Emergency Operations Center and City Hall. As a result, the abandoned generator was relocated outside next to the Library near the existing storage units. The generator had been at this location since 1996. The existing generator currently provides minimal lighting and power for the</p>	<p>Maintain                  Appropriate and                  Essential Public                  Services in a Cost-                  Effective Manner</p>	<p>Capital                  Improvement                  Fund</p> <p>Increase                  transfer from                  the Real Estate                  Excise Tax                  Fund</p>	<p>\$70,000 One                  Time                  Expenditure</p> <p>\$70,000</p>

<p>Emergency Operations Center at the Library as well as some City Hall. The existing diesel power generator has been maintained by City staff and outside vendors when needed. Many of the parts are no longer available, especially, the internal engine components. In order to keep the generator functioning, our shop mechanics made a number of specialized modifications to the generator including building a radiator and fuel supply system. In the colder periods of the year, the heater blocks have failed and the generator would not operate. Our City shop mechanics and outside vendors believe it is only a matter of time before the generator fails completely. Given the age and condition of the generator and the uncertainty of its ability to properly function in event of an emergency, it is recommended that the generator be replaced.</p>			
<p><b><u>Capital Projects Coordinator Position</u></b> The demands on Engineering Services staff to budget, design, bid, inspect and administer capital projects, along other municipal engineering responsibilities, e.g., traffic engineering and traffic calming far exceed existing staff levels. The problem is exacerbated by an industry wide shortage of engineers. The proposed position would speed the delivery of completed capital projects vs. the current process, which is to contract. The primary function would be to perform capital project management primarily in support of engineering &amp; public works staff, with an emphasis on contract administration. The duties would include the following: 1) managing bid and contract signing process, 2) updating project schedule &amp; monitoring budget, 3) managing contracts for outside engineering design services, 4) reviewing payment requests, 5) coordinating with funding agencies, 6) drafting RFQs/RFPs, 7) preparing project correspondence and</p>	<p>Review and Prioritize Capital Infrastructure Needs and Implement Projects</p>	<p>Street Construction Fund (25%), Storm Water Construction Fund (25%), Sewer Construction Fund (25%), Water Construction Fund (25%) \$102,000 Includes Salary, Benefits, Computer, Desk and Training</p>	<p>Budget Impact is \$0. Budget is reallocated from Existing Contract Budget to Salaries, Benefits, etc. Budget</p>



<p><b><u>244th &amp; Gateway Signal Video Detection</u></b> Install video detection in advance of overlay, to avert loop detection failure. The existing loop detection is installed in pavement that is failing which will lead to the failure of the loops. Following installation, coordinate with Shoreline to repave 244th, 56th to SR 104, as soon as 2009. Repaving 244th is not currently programmed in the City's 6 Year TIP, but either way, the loops require replacing.</p>	<p>Review and Prioritize Capital Infrastructure Needs and Implement Projects</p>	<p>Street Construction Fund</p>	<p>\$30,300</p>
<p><b><u>Capital Improvement Fund</u></b> Carryover Bond Revenue Budget for Town Center Improvements from 2007 to 2008</p> <p>Carryover Balance of Town Center Improvements Budget from 2007 to 2008</p>	<p>Review and Prioritize Capital Infrastructure Needs and Implement Projects</p>	<p>Capital Improvement Fund – Bond Revenue Town Center Improvements</p>	<p>\$7,500,000 \$7,500,000</p>
<p><b><u>Debt Service Fund</u></b> The issuance of GO Bonds for the Town Center Improvements has been delayed to 2008. Debt Service Payments of \$615,000 will not be needed in 2008.</p>	<p>Review and Prioritize Capital Infrastructure Needs and Implement Projects</p>	<p>Debt Service Payments Decrease Transfer from REET to Debt Service Fund</p>	<p>(\$615,000) (\$615,000)</p>
<p><b><u>Future Parks and Open Space–2009-2012</u></b> Additional Transfer from REET in 2008 to be appropriated in 2009. Additional Transfer from General Fund in 2009 for Future Parks and Open Space in 2009. Additional Funds from General Fund - 2010 Additional Funds from General Fund - 2011 Additional Funds from General Fund - 2012 Total Funding:</p>	<p>Review and Prioritize Capital Infrastructure Needs and Implement Projects</p>	<p>Capital Improvement Fund</p>	<p>\$317,000 \$800,000 \$210,000 \$200,000 <u>\$225,000</u> \$1,752,000</p>

<p><b><u>Economic Development Office</u></b>                  The purpose of an Economic Development Office is to work in partnership with the community, businesses, developers, contractors, government sectors and City departments individually and through their organizations to strengthen and diversify the economy. Guided by the basic principle that the City can help to create an environment that encourages innovation, rewards risk-taking and promotes opportunity, the intent of the Economic Development Office would be to encourage the economic development of the community consistent with the policies articulated in the City Council Goals, Comprehensive Plan and other governing documents.                  This funding would allow for the research and development of a: Business Outreach Program, Business/Economic Development Newsletter, Marketing Opportunities and a “Welcome &amp; Information Packet.”</p>	<p>Generate Economic Development throughout the Community</p> <p>Develop and Implement More Effective Communication and Outreach with the Community</p>	<p>City Manager’s Office</p>	<p>\$30,000                  One-Time Expenditure</p>
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The City did an excellent job preparing the 2007-2008 biennial budget, but as shown above, a few significant items were not anticipated when the budget was developed in 2006. All of the budget modification requests are in alignment with Council Goals and the attached updated Six-Year Financial Forecast indicates how the City can accommodate these additional requests

The funding for the Town Center development needs to be carried over from 2007 to 2008. As a result there is a savings of \$615,000 of debt service costs in 2008. This savings will be used to fund the replacement generator (\$70,000), the increased appropriation for the street overlay project on 66<sup>th</sup>/65<sup>th</sup> Streets (\$228,000), with the balance (\$317,000) transferred to the Capital Improvement Fund for Parks and Open Space Future Development in 2009.

By conservatively increasing sales tax revenues by \$150,000 per year after 2008 for the impact of the implementation of Streamlined Sales tax, and by increasing passport revenues to \$60,000 per year, the City is able to fund Parks and Open Space Future Development an additional \$800,000 in 2009, \$210,000 in 2010, \$200,000 in 2011 and \$225,000 in 2012 for a total of \$1,752,000 over four years.

**ATTACHMENT:**

6-Year Financial Forecast (Updated)