

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	2008 Proposed Budget Department Presentations
DEPARTMENT:	City Manager
PRESENTED BY:	Robert Olander, City Manager

PROBLEM/ISSUE STATEMENT: The City Manager presented the 2008 Proposed Budget to the City Council on October 15, 2007. Tonight's agenda includes an opportunity for departments to review their budget proposals with the City Council. The proposed 2008 budget has been made available to the public and is available at the City Hall, Shoreline Police Station, Neighborhood Police Centers, Shoreline Library and Richmond Beach Library. In addition the November issue of "Currents" is a special 2008 Budget issue that was sent to all residents within the City.

The focus of the departmental presentations will be on any significant changes between the department's 2007 budget and the 2008 proposed budget. This will serve to expedite the budget review process and make the best use of the Council meeting time. Although this is the case, all Department Directors will be available to answer questions. Those departments with planned presentations include:

October 22	November 5
Economic Development	Planning & Development Services
Community Services	Public Works
Finance	
Police	
Parks, Recreation & Cultural Services	

Tonight we plan to complete department review through the Parks, Recreation & Cultural Services Department. Future budget workshops are planned for November 5, and November 19. Attachment A to this staff report is a suggested schedule for topics that will be covered at each of these workshops. Public hearings on the budget will be held on November 5th and 19th. The hearing on November 19th will have special emphasis on revenue sources and the 2008 property tax levy. The budget is scheduled for adoption on November 26.

FINANCIAL IMPACT: The 2008 Proposed Budget totals \$93,928,230.

RECOMMENDATION

No action is required by the City Council. Department presentations will be for informational purposes and provide an opportunity for Council to ask specific questions regarding proposed department budgets.

Approved By: City Manager  City Attorney ____

ATTACHMENTS:

Attachment A: Proposed Budget Review Schedule

INTRODUCTION

The presentation for the public hearing will provide a broad overview of the proposed 2008 budget. Department presentations will focus on any substantial changes from 2007 to 2008.

DISCUSSION

The 2008 proposed budget is the overall plan for allocating City resources to the programs necessary to keep the community safe, enhance the quality of life, and maintain and develop the City's infrastructure. The proposed budget totals \$93,928,230.

The most significant changes from 2007 included in the 2008 proposed budget include:

- *Property Tax:* The projected 2008 property tax levy rate is \$1.07 per \$1,000 assessed valuation. This is a 2.7% reduction from the 2007 tax rate of \$1.10. The budgeted property tax levy, 99% of the projected levy, is \$7,236,228, a 2.4% increase compared to 2007.
- *Salary & Benefit Changes of Existing Positions:*
 - Market salary adjustments and budgeted step increases. The budget includes an overall 3.15% market adjustment for all regular personnel classifications (\$290,565) and anticipated step increases for eligible employees (\$166,209). The 2008 proposed budget includes an additional \$54,000 as a contingency to implement the 2008 salary survey. The City's compensation policy establishes salary ranges that are set at the median of the City's comparable organizations. As was approved in 2005, the City reviews one-third of the City's classifications annually, ensuring that all classifications are reviewed once every three years. Any recommended salary schedule changes, as a result of the survey, will be discussed during the budget process. The salary schedule is currently planned to be discussed on November 19.
 - Increases in the employer contribution to the City's Social Security replacement program, and Medicare will increase by \$31,897, 4.3%, as a result of the recommended market adjustment and anticipated salary step increases.
 - Health benefit costs are projected to increase by \$83,632, 5.46%.
 - The Washington State Public Employees Retirement System (PERS) employer contribution rate will go from 6.13% to 8.31% effective July 1, 2008. This rate increase is part of the planned rate increases through 2011 that have been adopted by the State Legislature to meet the actuarial funding requirements for the system. Another rate increase is expected to occur July 1, 2009, which will raise the employer contribution rate to 9.1%. The 2008 budget reflects increased retirement contribution costs of \$159,063, a 30.5% increase when compared to the 2007 budget.
- *New Staff Positions:* The 2008 proposed budget recommends an increase to the City's regular employee full-time equivalents (FTE's) by a net 1.0 FTEs. The proposed position changes include:

- A 0.5 FTE Administrative Assistant be hired for the Community Services division. This division is focused on community involvement and support within a single division. These programs include Neighborhoods, Emergency Management, Customer Response Team, and Human Services. This division does not have an administrative position that can provide division-wide support and one is necessary. (Salary, \$20,800; Benefits \$7,943);
- A regular 0.5 FTE Recreation Assistant position. This position will work in the Specialized Recreation program. The position is being funded with revenue generated from increased programming in this area and a reduction in the existing extra-help budget. As a result there is a net zero impact to the budget.
- *Police Contract:* Overall, the City's cost for police services is projected to increase by \$476,993 (5.7%) when comparing the estimated 2008 cost to the City's 2007 budget. This is primarily a result of paying a full year for the Street Crime Officer added in 2007 (in 2007 we only paid 0.58 FTE since the position was added mid-year), increased personnel costs charged through the King County contract, and an increase in the City's share of activity based cost allocations such as the Fraud and Forgery unit.
- *Jail:* The City's 2008 jail costs are expected to increase at the lowest level in several years, approximately \$74,800 or 6.1%, over the 2007 budget. In 2007 we have started to see a downward trend in jail usage. Because of the limited amount of time that we have seen this trend, we are not comfortable in reducing the projected use for 2008, and therefore are projecting a 2008 cost of \$1.3 million. Staff will continue to monitor the trend and see if there are opportunities to reduce the budget in the future.
- *Human Service Funding:* The 2008 budget includes the biennial human service funding approved by the City Council. Since that time the Council has approved an additional \$18,000 for the Senior Center for 2008 and included \$25,000 to provide utility assistance for low-income residents.
- *Use of Operating Reserves:* The only budgeted use of operating reserves (fund balance) is the allocation of \$805,000 of the general fund fund balance for budget and insurance deductible contingencies, as per the City's reserve policies, and the use of \$105,565 of fund balance within the City Street fund for establishing a contingency for street light costs.
- *Fee Changes:* The 2008 budget reflects the policy adopted by the City Council in 2000 to adjust development and recreation fees by the CPI-U for Seattle which is estimated at 3.5%. The 2008 fee schedule also includes a proposed \$4, 3%, annual increase in the City's surface water utility rate, bringing the annual residential rate to \$124. This rate adjustment was included in the surface water master plan adopted by the City Council in 2005. In 2008 the City will conduct a rate review process to identify any rate adjustments that will be needed over the next few years.
- *One-Time Expenditures:* The 2008 General Fund budget includes \$422,500 in one-time resource allocations and an additional \$45,000 that is part of a three year funding package for Kruckeberg Garden transition plan. The one-time expenditures provide funding for the following:

<u>Department</u>	<u>Item</u>	<u>Budget</u>
Finance	Implement IFAS 7i Application & Architecture - Financial Software	\$ 101,500
Finance - GIS	Digital Aerial Photography and Mapping	75,000
Parks & Recreation	Kruckeberg Garden Operation Funding (1st year of 3 year funding)	45,000
Parks & Recreation	Metal Storage Building - Hamlin Park	40,000
Parks & Recreation	Spartan Recreation Center Weight Room Equipment	40,000
Parks & Recreation	Parks Equipment including Athletic Field ATV, Field Rake/Drag, Field Truck & Trenching Blade	56,000
Planning & Development Services	Construction Inspection Services	35,000
Planning & Development Services	Southeast Shoreline Subarea Plan	75,000
Total		\$ 467,500

- *Liability and Property Insurance Assessment:* The City's liability and property insurance assessment will increase by \$35,031 from 2007 to 2008. This is approximately an 8% increase.
- *Surface Water Utility Fund:* The 2008 budget accurately reflects the accounting for the surface water utility (SWM) by budgeting for both the operational and capital components of the utility in a single fund. Of the total \$10.48 million utility budget, \$7.1 million is for capital improvements. The most significant improvements include the Pan Terra Pond and Pump project, Ronald Bog South, Boeing Creek Park, and East Boeing Creek drainage improvements. These projects were included in the adopted 2008-2013 Capital Improvement Plan.

In addition to the major changes identified above, the City Council will have an opportunity to review each of the City's department budgets. Formal presentations will not be made by all departments as the department presentations will focus on those departments with significant budget and/or service level changes. This will serve to expedite the budget review process and make the best use of the Council meeting time. Although this is the case, all Department Directors will be available to answer questions. Those departments with planned presentations include:

<u>October 22</u>	<u>November 5</u>
Economic Development	Planning & Development Services
Community Services	Public Works
Finance	
Police	
Parks, Recreation & Cultural Services	

SUMMARY

The 2008 proposed budget is balanced and totals \$93.9 million. The City Council will have three workshops to review the proposed budget. The public will have an opportunity to speak to the Council about the budget at each of the Council meetings as part of either public comment or during the two formal budget public hearings held on November 5 and November 19. The City Council is scheduled to adopt the 2008 budget on November 26.

RECOMMENDATION

No action is required by the City Council. Department presentations will be for informational purposes and provide an opportunity for Council to ask specific questions regarding proposed department budgets.

ATTACHMENT A

2008 Proposed Budget Review Schedule

October 22	November 5	November 19
City Council City Manager Economic Development Community Services City Clerk City Attorney Finance Human Resources Police Parks & Recreation & Cultural Services	Criminal Justice Planning & Development Services Public Works	2008 Fee Schedule 2008 Salary Schedule