

**Summary of Budget Adjustments**

**1 Cash Transfers to General Fund From:**

<b>Fund</b>	<b>Source</b>	<b>Amount</b>
333	Capital Development	\$ 1,765,000
199	Program Development	\$ 610,000
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105	Public Safety Sales Tax	\$ 730,000
<b>Subtotal: Cash Trsfrs to G.F.</b>		<b>\$ 3,260,000</b>

**2 New Dept Expenditures Reductions 1.6%**

Administrative Services	\$ 137,418	
City Council (1.6% done Fall'09)	\$ -	
Executive	\$ 13,748	
Human Resources	\$ 20,396	
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Public Works	\$ 178,948	
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Neighb & Commtly Affairs	\$ 9,188	
<b>Subtotal: 1.6% Cuts</b>	<b>\$ 581,662</b>	<b>\$ 581,662</b>

**3 New Dept Expenditure Reductions Beyond 1.6%**

Administrative Services - IT	\$ 235,000	
Executive	\$ 25,000	
City Council	\$ -	
<b>Subtotal: Beyond 1.6%</b>	<b>\$ 260,000</b>	<b>\$ 260,000</b>

**4 Suspension: Inter-Fund Transfers Out of G..F.**

F#510 Equip. Rental & Repar	\$535,000	
F#515 Insurance Reserves	\$300,000	
<b>Subtotal: Transfers</b>	<b>\$835,000</b>	<b>\$ 835,000</b>

**5 Additional Adjustment for Specific Items**

2010 July 4th Event	\$22,000	
Priorities of Gov't & BFO	\$50,000	
Independent Fin. Consult.	\$22,000	
<b>Subtotal</b>	<b>\$94,000</b>	<b>\$ (94,000)</b>

<b>Subtotal of All Items</b>	<b>\$ 4,842,662</b>
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1 **Date: March 12, 2010**  
2 **To: All Department Directors**  
3 **City Council Members**  
4 **From: Don Gough, Mayor**  
5 **John Moir, Finance Director**  
6 **Subject: Third Adjustments to the 2009-10 Biennial Budget**  
7

8 **Introduction & Overview**

9 On February 19, 2010, Finance Director Moir provided a budget status  
10 report. He provided a range of three scenarios for the balance of the General  
11 Fund at the end of 2010:

- 12 1. Best case scenario: + \$ 3,132,734  
13 2. Most likely scenario: - \$ 849,688  
14 3. Worst case scenario: - \$ 4,832,110

15 The purpose of this memorandum is to set forth the changes in the budget and  
16 financial arrangements of the city to accomplish offsetting the worst case  
17 scenario.

18 **Please Note: For additional background information please**  
19 **refer to the prior memorandum dated November 18, 2009**

20

21 **Summary of Budget Reduction Actions**

22 The budget reduction actions to be taken can be simply summarized as follows:

- 23 1. Cash Transfers into the General Fund \$3,260,000  
24 2. Department Budget Authority Reductions \$ 581,662  
25 3. Additional Department Budget Reductions \$ 260,000  
26 4. Suspension: General Fund Inter-fund Transfers Out \$ 835,000

27 **Budget Reduction Discussion**

28 1. Cash Transfers into the General Fund

29 **A. Capital Development Fund #333**

30 The Capital Development Fund is comprised of “unrestricted” money  
31 generated primarily from prior excess General Fund revenues and  
32 appropriate “unrestricted” monies. This fund is the prior source of

1 funding for our city's Strategic Invest Plan and our Capital Facilities  
2 Plan which are approved annually and were last approved on  
3 November 23, 2009 for 2010-2015. In order to make the transfer of  
4 these unrestricted funds to the General Fund various projects and  
5 funding commitments are being cut, reduced or transferred to be paid  
6 by REET 2 (Real Estate Excise Tax – Second ¼%) source funding.

7 **Understanding REET 2 “State Restrictions”:** Unlike REET 1, the  
8 second REET tax sources has more state law restrictions as to its use.  
9 Generally speaking, REET 1 can be used for all the functions of (1)  
10 purchase/acquisition of real property; (2) design, development and  
11 construction of projects, and then (3) maintenance and operation of the  
12 resulting project. Not so with REET 2. By state law REET 2 cannot be  
13 used for the third function – “*maintenance and operation*” after the  
14 project is completed. Fortunately the relationship between Capital  
15 Development Fund, Capital Facilities Plan (CFP), and Strategic  
16 Investment Plan (SIP), are generally focused almost entirely on the  
17 first two functions: (1) purchase/acquisition of real property; and (2)  
18 development and construction of projects.

19 **Movement of Projects from Capital Development Funding to REET**  
20 **2 Funding:** Please reference Exhibit B attached. **Exhibit B** is virtually  
21 the same page as the *revised* page 8 of the CFP adopted by the  
22 Council on November 23, 2010. It has three additional columns on the  
23 right side which show the changes being done and brief notes. Major  
24 decisions include:

- 25 1) The remaining city match of \$365,000 from REET 2 funds which  
26 are in construction Fund #322 (Doc Hageman Pk.) will be  
27 reversed back to REET 2 Fund #330. That increases available  
28 REET 2 funding to a total of \$1,376,411.
- 29 2) The following projects will be moved from Capital Development  
30 funding to REET 2 funding:
  - 31 a. Widen 36<sup>th</sup> Avenue Project
  - 32 b. Interurban Trail: Bridge at 44<sup>th</sup> Ave. (city match)
  - 33 c. Traffic Management Center & City Hall renovation
  - 34 d. Interurban Trail: Construction of east side trail section
- 35 3) The Police station emergency generator has not changed.
- 36 4) Olympic View Drive project is still funded from both REET2 and  
37 Capital Development, however, the split of funding has been  
38 adjusted to fit within available revenues.

- 1 5) Sidewalk/walkway and ADA ramp projects will be funded out of  
2 the Street Fund #111 and done when we do overlay projects.
- 3 6) Scriber Lake Floating Bridge Safety Study is not changed.
- 4 7) Stadler Ridge Park Development – city match cut to zero.
- 5 8) Lynndale Park Amphitheater renovation study – cut to zero.
- 6 9) City match for 40<sup>th</sup> Avenue Sidewalk Grant is not changed.
- 7 10) Fire Station #14 renovation for women’s facilities is not  
8 changed.
- 9 11) City-Wide Strategic/Annexation Space Analysis is not  
10 changed, except for a reduction in needed funds based upon  
11 the actual contract negotiated and there is an ample  
12 contingency for additional work.
- 13 12) City-Wide Comprehensive Plan 2011 Update was changed by  
14 the legislature to be due in 2014, funding cut to zero.
- 15 13) City Hall expansion of women’s restroom is not changed.
- 16 14) Cold Weather Shelter matching grant funding is not changed.

17 **B. Program Development Fund #199**

18 This account started with General Funds in 1996. Since then the  
19 overwhelming source of monies for this account has come from  
20 General Fund “remaining” monies and a small portion came from the  
21 profits from sale of the Eagle Hardware/Lowes LID remnant parcel(s).  
22 We have reviewed all the various budget items in this fund.

- 23 1) Please note that \$401,974 were already cut from this fund in the  
24 3.5% cuts done in 2009.
- 25 2) In Exhibit C there is listed the various corrections, cuts and  
26 adjustments which comprise a total of \$458,659 regarding this  
27 fund.
- 28 3) The available balance in the fund and which will be transferred  
29 to the General Fund is \$610,000

30 **C. Cumulative Parks Reserve Fund #114**

31 This fund receives monies from the General Fund appropriations and  
32 also from private donations. The amount to be transferred reflects the  
33 amounts of accumulated General Fund monies not needed at this time.  
34 The scholarships and other private donations in the fund are not  
35 affected.

36

1           **D. Cumulative Arts Reserve Fund #116**

2           This fund receives monies from the General Fund pursuant to our city  
3           ordinance and from construction related projects to do art projects.  
4           The staff has reviewed this fund and indicates that the amount to be  
5           transferred is not needed at this time.

6           **E. EMS Reserve Fund #120**

7           This fund is where “restricted” EMS Levy taxes are received by the city  
8           and remain until needed for scheduled transfers into the General Fund  
9           to pay for Fire Department budgeted expenditures. When tax  
10          payments are not needed immediately, this fund established by the  
11          City Council, allows interest for “restricted” EMS purposes to be  
12          generated and separately accounted until used. Our recent  
13          cooperative partnership for an EMS Medical Services Officer (MSO)  
14          with the City of Mukilteo is paid from this fund for 2010 and will be  
15          moved to the main fire budget for 2011-12. The un-obligated balance  
16          in the fund allows us to move \$95,000 from this fund to help offset  
17          EMS related over-expenditures occurring in the Department’s budget.

18          **F. Public Safety Sales Tax Fund #105**

19          This fund receives the state allocation of sales taxes specifically  
20          “restricted” to public safety purposes for both police and fire. The over-  
21          expenditures for 2010 in the Police Department Budget will be  
22          significantly offset by this transfer of \$730,000.

23          2. Department Budget Authority Reductions

24          During the Fall of 2009, each department prepared plans to do a second  
25          round of budget cuts of 1.6% of the 2009-10 Biennial Budget. On Exhibit A,  
26          Section 2, there is listed the amount of the 1.6% cuts to be done by  
27          departments.

28          3. Additional Department Budget Reductions

29          Two departments, Administrative Services and Executive will be cutting their  
30          budget by the additional amounts shown on Exhibit A, Section 3.

31          4. Suspension: General Fund Inter-fund Transfers Out

32          For a long the ER&R fund has needed to be reviewed in regard to its  
33          underlying fundamental assumptions. A full review of that fund was planned  
34          to occur during 2010. The staff has reviewed the status of the account and  
35          the current balances are sufficient to deal with current and near-term  
36          expenses. The automatic transfers from each department will be suspended  
37          during 2010, and will be reviewed in July at the mid-year review and decisions  
38          for the 2011-12 biennium will be made this fall in the budgeting process

1 The automatic deductions for insurance will likewise be suspended during  
2 2010 and reviewed mid-year.

3 5. Additional Adjustments for Specific Items

4 Because originally the Edmonds School District would have likely been doing  
5 its redevelopment, the fields for the July 4<sup>th</sup> event were not going to be  
6 available. However, all of that has been delayed and the opportunity to do a  
7 July 4<sup>th</sup> event is now here. The amount for the fireworks and associated costs  
8 in your packet would be funded from this source.

9 The Priorities of Government (Budgeting for Outcomes), based upon the  
10 presentation of the GFOA staff person on Tuesday, March 9<sup>th</sup>, appears to be  
11 a good program and is funded from this source. Also, the funding for an  
12 independent financial consultant is likewise funded from this source.

13 **Summary**

14 The estimated worst case scenario is met with the above referenced  
15 changes.

16

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# B09-10 Budget Reductions

# Exhibit B

## Re: S.I.P. Transfers from Capital Development to REET 2 Source Funding

	B	D	F	G	H	K	L	M	N
1	<b>2010 SIP Funding</b>								
2	<b>Project</b>	<b>2009 SIP</b>	<b>REET 1 (331)</b>	<b>REET 2 (330)</b>	<b>Capital Develop (333)</b>		<b>Revised REET 2</b>	<b>Revised CapDev</b>	<b>NOTES</b>
10	<b>Estimated Cash Balance by 12/31/2010</b>								
11	<b>Reverse F#322 Doc Hageman - City Match</b>								
12	<b>Est.Net E-O-Y 2010 REET2 - 12/31 Cash Bal. F#333</b>								
13							1,011,411		
14							365,000		Est. Unused Portion
15							1,376,411	2,348,590	
15	Emergency Generator: Design/System Adjustment	36,000	-	-	36,000			36,000	Bid Awarded
17	Olympic View Drive -- 76th Ave W. to 169th St[Perrinville to 168th] -- Transfer \$490,000 9/09	980,310		390,310	100,000		205,310	135,000	
19	Widen Road: 36th Ave W.: Maple Rd to 164th St. SW	476,000	-		200,000		200,000		
20	C-Wide Sidewalk/Walkway -- Build some, ADA ramps & Maint.	100,000		-	100,000			0	Do Out of Street/Overlay Funds
21	Interurban Trail: Pedestrian Bridge - 44th Ave	375,000		-	375,000		375,000		
24	Scriber Lake Park Renovation 0 Phases I - V	25,000		25,000			25,000		Bridge Safety Study
32	322 - Stadler Ridge Park Development	350,000		350,000			0		No Match at this time
34	322 - Lynndale Park Amphitheater (1968) Expan. Phase V	25,000		25,000			0	0	Cut at this time
38	City Hall: Design/Encl. "Breezeway,"- Constr. & TMC Match	350,000	-		350,000		350,000		
39	40th Ave. W. Sidewalk Grant Match	176,000			176,000			176,000	
41	Fire Station #14-Renovation: Interim Project	20,000			20,000			20,000	
42	Interurban Trail: Connect from 44th Bridge East to 40th Ave.	220,000			220,000		220,000		
43	City-Wide Strategic Annexation Space Analysis	300,000			300,000			155,000	155K - 128 Con= 27K Ext. to 2014 - SB 6611
44	City-Wide Comprehensive Plan Update 2011	225,000			225,000			0	3/10/10
51	City Hall Expand Women's Restroom	35,000			35,000			35,000	Bid Awarded
55	Cold Weather Shelter Matching Grant	25,000			25,000			25,000	
56	Traffic Calming Experiments	60,000							
60	<b>TOTALS</b>	<b>4,160,000</b>	<b>-</b>	<b>790,310</b>	<b>2,162,000</b>		<b>1,375,310</b>	<b>582,000</b>	
61	Estimated Net Balance						1,101	1,766,590	
65	Total Est.Cash Transfer from CapDev. To GenFund							<b>1,765,000</b>	

	A	B	C	D	E
1	<b>Bgt Yr</b>	<b>Dept</b>	<b>Description</b>	<b>Reductions in Projected Spending</b>	
2	09-10	AS	Police Mobile Comp Upgrade	(125,000.00)	Error--Project Funded in EER (510)
3	09-10	CD	Annexation Election	(30,000.00)	Pulled Back
4	09-10	CD	Annexation Program Run-up Support	(38,000.00)	Reduced except for Newsletter
5	09-10	CD	Education Sustainability Program	(84,223.30)	No Grants being Issued
6	09-10	CD	Historical Comm & City's 50th Anniv	(6,000.00)	Reduction in Estimated Cost
7	09-10	ED	City Branding		
8	09-10	ED	Economic Development Earmark--Includes City Branding; Economic Branding; & Profile Projects	(20,000.00)	Reduction in Estimated Cost
9	09-10	ED	Update Lynnwood Economic Profile		
10	09-10	EX	Graffiti Education Project-Eliminate	(5,000.00)	Eliminate
11	09-10	EX	Historical Plaques-Eliminate	(1,500.00)	Eliminate
12	09-10	EX	Paine Field Response Fund-Eliminate	(10,000.00)	Eliminate
13	09-10	EX	Tree Pruning Education Project-Funded in Tree Fund	(5,000.00)	Funded in Tree Fund
14	09-10	EX	Task Forces: Green Ribbon; Transportation and Traffic, Healthy Communities	(15,000.00)	Reduce Estimated Expenditures
15	09-10	FR	Fire Station #14 - Renovation: Interim Project	(20,000.00)	Moved to Capital Development Fund
16	09-10	HR	Create Central Tuition Reimbursement Fund	(20,000.00)	Eliminate
17	09-10	ONCA	Grant Program-Neighborhood, Human Services, & Festival Fund	(31,036.00)	Additional Reduction of \$10,000
18	09-10	PR	Lynnwood Creates 50th Anniversary Celebration Project	(2,900.00)	Reduction in Estimated Cost
19	09-10	PR	Park Equipment Replacement Fund	(25,000.00)	Additional Reduction of \$25,000
20	09-10	PW	Experimental Traffic Calming Program	(20,000.00)	Additional Reduction of \$20,000
21			<b>Total</b>	<b>(458,659.30)</b>	