

2013-2014 Mid-Biennial Review, Proposed Budget Amendments

City Council

Public Hearing

December 2, 2013



Council Packet Information (from 11/25/13 Council Packet)

Pages 55 thru 57– Summary of Proposed Requests

Provides a comprehensive list of all adjustments, sorted by fund category and fund.

Pages 58 thru 63 - Ordinance & Exhibits

The proposed ordinance restates the previous budget ordinances by breaking out beginning fund balance from revenues and ending fund balance from expenditures.

Pages 46 thru 54 – Staff Memo

Provides a summary of the total amendments to beginning balance, revenue, expenditures and ending fund balance. Also, highlights the proposed amendments by fund and provides a description of each of these requests, includes a discussion of ending fund balance reserves, and addresses the next steps.

Background

Washington state law requires a mid-biennial review and modification for cities that are on a biennial budget cycle

Focus primarily on 2013, however, includes some related adjustments in 2014

Submit 2014 budget amendments to Council in April 2014

Purpose of Amendments

Revise the beginning fund balance by adjusting the estimated amount used during the original adopted budget process to reflect the final 2012 ending fund balance

Housekeeping adjustments to incorporate items previously approved by Council

Reflect projects funded by grants and contributions

Changing operating trends and conditions

New Allocations

Total Adjustments for All Funds (Revised)

Beginning Balance

- › Increase by \$7.74M in 2013 and \$5.59M in 2014
- › Results in revised beginning balance of \$19.69M in 2013 & \$17.33M in 2014

Revenues

- › Increase by ~~\$3.09M~~ \$2.79M in 2013 and decrease by ~~\$850K~~ \$1.15M in 2014
- › Results in revised revenue estimate of ~~\$57.69M~~ \$57.39M in 2013 and ~~\$56.86M~~ \$56.56M in 2014

Expenditures

- › Increase by ~~\$5.23M~~ \$4.93M in 2013 and ~~increase of \$64K~~ decrease of \$236K in 2014
- › Results in revised expenditure estimate of ~~\$60.05M~~ \$59.75M in 2013 & ~~\$59.27M~~ \$58.97M in 2014

Ending Fund Balance

- › Increase by \$5.59M in 2013 and \$4.68M in 2014

Beginning Balance Adjustments (Revised)

Total increase of \$7,738K in 2013 and \$5,592K in 2014

- General Fund = increase of \$2,615K in 2013 and \$1,335K in 2014
- Special Revenue Funds = increase of \$599K in 2013 and ~~\$538K~~ \$837K in 2014
- Debt Service Funds = increase of \$724K in 2013 and \$803K in 2014
- Capital Project Funds = increase of \$653K in 2013 and \$254K in 2014
- Enterprise Funds = increase of \$537K in 2013 and ~~increase of \$51K~~ decrease of \$249K in 2014
- Replacement Reserve Funds = increase of \$2,611K in 2013 and \$2,611K in 2014

Revenue Adjustments (Revised)

Overall increase of ~~\$3,085K~~ \$2,785K in 2013 and decrease of ~~\$850K~~ 150K in 2014

General Fund = increase of \$685K in 2013 and decrease of \$18K in 2014

Special Revenue Funds = increase of \$997K in 2013 and decrease of \$1,488K in 2014

Debt Service Funds = increase of \$838K in 2013 and \$829K in 2014

Enterprise Funds = increase of ~~\$565K~~ \$265K in 2013 and ~~increase of \$250K~~ decrease of \$50K in 2014

Correction = decrease \$423K in 2014 to balance to sum of all funds

Expenditure Adjustments (Revised)

Total increase of ~~\$5,232K~~ \$4,932K in 2013 and ~~increase of \$64K~~
decrease of \$236K in 2014

- General Fund = increase of \$1,965K in 2013 and \$498K in 2014
- Special Revenue Funds = increase of ~~\$1,058K~~ \$758K in 2013 and decrease of ~~\$1,258K~~ \$1,558K in 2014
- Debt Service Funds = increase of \$759K in 2013 and \$747K in 2014
- Capital Project Funds = increase of \$398K in 2013
- Enterprise Funds = increase of \$1,050K in 2013 and \$500K in 2014

Ending Fund Adjustments (Revised)

Total increase of \$5,592K in 2013 and \$4,678K in 2014

General Fund = increase of \$1,335K in 2013 and \$819K in 2014

Special Revenue Funds = increase of ~~\$537K~~ \$837K in 2013 and ~~\$308K~~ \$907K in 2014

Debt Service Funds = increase of \$803K in 2013 and \$885K in 2014

Capital Project Funds = increase of \$254K in 2013 and \$254K in 2014

Enterprise Funds = ~~increase of \$51K~~ decrease of \$249K in 2013 and decrease of ~~\$199K~~ \$799K in 2014

Replacement Reserve Funds = increase of \$2,611K in 2013 and \$2,611K in 2014

Ending Fund Balance

General Fund Ending Fund Balance

- Estimated ending fund balance is \$1.28M
- Equates to 3.7% of operating expenditures of \$34.7M

In consideration of City's financial integrity, will propose as part of financial policies a 12% ending fund balance reserve which equates to roughly \$4.1M.

- Scheduled to be presented to Council in March 2014

Reserve Funds

% General Fund Contingency Reserves = \$700K

to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the original budget was prepared.

% General Fund Ending Fund Balance Reserves = \$1.7M

to provide financial stability, cash flow for operations and the assurance that the City will be able to respond to revenue shortfalls with fiscal strength.

% Strategic Reserves = \$1.7M

to provide some fiscal means for the City to respond to potential adversities such as public emergencies, natural disasters or similarly major, unanticipated events.

General Fund Adjustments – Highlights

ICMA Forfeiture Funds (one-time source)

- Refund totaling \$357K (\$317K General Fund / \$40K SWM Fund) received in 2013
- Spent \$43K earlier this year on new computers and software licenses
- Remaining balance applied to Cost Management Services tax refund
- Eliminate \$100K miscellaneous revenue estimate in each year of 2013 and 2014

Transfer In from General Government CIP (one-time source)

- Transfer \$398K in 2013, original source of funds is General Funds
- No projects currently anticipated
- Spent \$24K earlier this year on new gate at police facility
- Remaining balance applied to Cost Management Services tax refund

IPads for Council and Select Staff (one-time use)

- Estimated \$26K in 2013 for IPads and mobile device management software
- Allows Council & staff to access agenda packets and other city documents, emails & calendars

General Fund Adjustments – Highlights

Transfer to Office of Economic Adjustment Fund for 2014 SSMCP (one-time use)

Transfer \$50K in 2014 for City's contribution as Executive Leadership Team member to carry out Joint Base Lewis McChord Growth Coordination Plan

Liquor Excise Tax Revenue (ongoing source)

Add \$68K in 2013 and \$136K in 2014

Criminal Justice High Crime and Violent Crime Funding (one-time source)

Add \$148K in each year of 2013 and 2014 for high crime funding

Add \$60K in 2013 and \$30K in 2014 for violent crime funding

City will know in July 2014 if it will qualify for July 1, 2014 – June 30, 2015 allocations

Streamlined Sales Tax Mitigation (ongoing source)

Add \$48K in each year of 2013 and 2014

General Fund Adjustments – Highlights

Red Light & School Zone Infraction Revenue (ongoing source)

- Decrease annual revenue estimate by \$180K in each year of 2013 and 2014
- Anticipate \$820K revenues by end of year

Public Funds Interest Income (ongoing source)

- Eliminate \$100K revenue estimate in each year of 2013 and 2014

Redirect 0.50 FTE Finance Analyst from Street Capital to General Fund (ongoing use)

- Redirect \$44K in 2013 and \$46K in 2014
- Staff time not allocable to Street Capital Projects

Update Disk Storage Infrastructure (one-time use)

- Add \$65K in 2013 for city hall and police facility
- Request is proposed under the caveat that it is pending the IT strategic plan review

General Fund Adjustments – Highlights

New SQL Server Required for Eden System Upgrade (one-time use)

- Add \$24K in 2013 to replace older existing server
- Project was previously approved to move forward

New Computers & Additional Hardware for Tyler Cashiering Module (one-time use)

- Add \$23K in 2013 to replace computers & additional hardware for new cash receipting module
- Authorized as part of new permits and licensing software to reduce duplication of effort (permit system will interface with cash receipting system).

DUI Emphasis (ongoing source & use)

- Allocate \$26K of DUI reimbursement revenue in 2013 for DUI Emphasis (\$22K or 85% of proceeds) and traffic safety (\$4K or 15%)

General Fund Adjustments – Highlights

South Sound 911 (ongoing use, one-time reduction)

- Increase 2013 estimate by \$100K and decrease 2014 estimate by \$318K
- Assessment is \$2.36M in 2013 and \$1.94M in 2014
- Reductions due to available 2013 LESA ending fund balance
- Future annual assessments anticipated at \$2.6M

Implement Lakewood Police Management Guild Contract (ongoing use)

- Add \$33K in 2013 and \$53K in 2014 to implement contract, Council approved in August 2013

Implement Lakewood Police Independent Guild Contract (ongoing use)

- Add \$259K in 2013 and \$267K in 2014 to implement contract, Council approved in August 2013
- Note – fiscal impact statement as adopted of \$216K in 2013 and \$222K in 2014 was understated

Red Light & School Zone Infractions Vendor Payment (ongoing use)

- Add \$450K for vendor payments in 2013 and 2014

General Fund - Pending Adjustments for 2014

Information Technology – Some examples

- Replace Computers & Laptops for Migration from Windows XP to Windows 7
- Replace servers, backup hardware, printers, copiers, phone systems, etc.

Public Defender Contract

- Current annual budget of \$225K could increase by 50% to \$338K beginning in 2014
- Increase is due to the number of cases that may be handled by an attorney per year

Street O&M Adjustments

Transfer in From Street Capital Fund

- Add revenues and expenditures of \$56K in 2013 (MVET source) for the purpose of patching streets to preserve pavement due to limited resources in the Street O&M Fund

Street Capital Adjustments

Transfer To Street O&M Fund

- Add expenditures of \$56K in 2013 to account for the transfer of MVET funds to the Street O&M Fund for the purpose of patching streets to preserve pavement due to limited resources in the Street O&M Fund

~~Transfer to Surface Water Management Fund for O&M Facility~~

- ~~• Increase transfer by \$300K for a total of \$600K in each year of 2013 and 2014.~~
- ~~• Source of funds in real estate excise tax CORRECTION – this adjustment is not needed.~~

Transportation Benefit District Adjustments

Eliminate the original budget estimate of \$2M in revenues and \$2M in expenditures in 2014

The updated budget will be added when Council adopts a funding plan

Federal Seizure Fund Adjustments

Reduce expenditures by \$24K in 2013 and \$0.5K in 2014 to reflect actual 2012 ending fund balance

An adjustment to all seizure funds will be made during the 2014 budget adjustment to reflect actual balances available as we close out year 2013

Neighborhood Stabilization Program Fund

NSP 1

- Eliminate original revenue estimate of \$24K in 2014 and expenditure estimate of \$75K in each year of 2013 and 2014
- Replace with actual grant balance of \$193K in revenues and expenditures in 2013
- Additionally, appropriate \$2K in revolving loan principal and interest revenue and \$33K in abatement program income that must be spent in 2013
- NSP 1 grant provides funds to remove blighted structures from abandoned properties

NSP 3

- Eliminate original revenue estimate of \$5K in 2014 and expenditure estimate of \$225K in 2013 and \$2K in 2014
- Replace with actual grant balance of \$177K in revenues and expenditures in 2013
- NSP 3 grant provides funds to improve the stabilization of a community that suffered from foreclosures and/or abandonment by acquiring and rehabilitating or building single-family housing units in the Tillicum neighborhood for the purpose of reselling them to low-income families.

Office of Economic Adjustment Fund

Eliminate Original Estimates

- Eliminate original estimates for revenues of \$268K and expenditures of \$214K in 2013 and revenues of \$119K and expenditures of \$95K in 2014.
- Estimates are replaced with actual allocations for the OEA04 grant program and 2014 SSMCP

OEA04 Program

- Add revenues of \$219K in 2013 comprised of grants and contract contributions and expenditures of \$239K funded by OEA grant and current and prior years' contract contributions

2014 SSMCP

- Appropriate revenues of \$660K in 2014 comprised of grants, contributions from executive leadership team, steering committee and general partnerships.
- Grant balances at the end of 2014 will be carried over into year 2015

Public Safety Grant Fund

Emergency Preparedness Grant

- Add \$139K in revenues and expenditures in 2013

VA Auto Theft Prevention Authority Grant

- Add \$332K in revenues and expenditures in 2013

Detection and Prevention of Illegal Purchasing of Stolen Metals Grant

- Add \$54K in revenues and expenditures in 2013

Therapeutic Justice Problem Gambling Court

- Add \$56K in revenues and expenditures in 2013

Bullet Proof Vest Grant

- Add \$6K in revenues and expenditures in 2013

Grant balances at the end of 2013 will be carried over into year 2014.

Local Improvement District Debt Service

Purpose of budget amendment is to incorporate scheduled debt payments into the budget ordinance to comply with legal budgetary authority at the fund level

This fund accounts for the debt service payments for the City's Combined Local Improvement District and Local Improvement District

CLID 1101 – Add \$213K in debt service in 2013 and 2014 and assessments of same amount

CLID 1108 – Add \$85K in debt service in 2013 and \$76K in 2014 and assessments of same amount

Sewer Project Debt Service

Purpose of budget amendment is to incorporate scheduled debt payments into the budget ordinance to comply with legal budgetary authority at the fund level

The purpose of this fund is to account for the financing sewer extensions in Willicum and American Lake Gardens.

Add \$461K in 2013 and \$458K in 2014 for debt service

Add \$540K in each year of 2013 and 2014 to reflect surcharges on all Lakewood sewer accounts

General Government CIP Fund

Transfer \$398K to the General Fund for the purpose of partially funding \$375K of Cost Management Services tax refund and \$24K for new gate at police facility

Original source of funds is the General Fund

Surface Water Management Fund

CMA Forfeiture Funds

- Recognize refund revenues by \$40K in 2013

Public Funds Interest Income

- Eliminate \$50K interest earnings in 2013 & 2014

Wards Lake Property Expansion

- Appropriate \$475K for the purchase of two parcels of the Wards Lake property
- Funded by \$275K conservation futures grant and \$200K local match

O&M Facility Cost Increase & Transfer In

- ~~Add \$300K transfer in from Street Capital in 2013 and 2014~~ CORRECTION – this adjustment is not needed
- Add \$576K in 2013 and \$500K in 2014 to accurately reflect the original Council approved project budget as well as cost increases

Next Steps

Public Hearing scheduled for December 2, 2013

Adoption of Ordinance scheduled for December 16, 2013

Next Steps – Information to Council

Develop & present to Council the 3rd quarter financial report (December 2013)

Evaluate, develop & present to TBD Board Transportation Benefit District options (February 2014)

Develop & present to Council the 6-year financial forecast (March 2014)

Develop & present to Council the proposed financial policies (March 2014)

Evaluate, develop & present to Council a fleet & equipment plan (April 2014)

Evaluate, develop & present to Council an information technology plan (April 2014)

Evaluate & present to Council the proposed 2014 budget amendments (April 2014)

Present to Council the 2013 Year-End Financial Report (May 2014)



To: Mayor and City Councilmembers
From: Tho Kraus, Assistant City Manager/Finance & Administrative Services
Through: John J. Caulfield, City Manager
Date: November 21, 2013
Subject: 2013-2014 Mid-Biennial Budget Review, Proposed Budget Amendments

BACKGROUND:

Washington state law requires cities that are on a biennial budget cycle perform a mid-biennial review and modification of the biennial budget. The review is to occur no sooner than eight months after the start nor later than the conclusion of the first year of the biennium. The proposed budget amendment is focused primarily on year 2013 with related adjustments to year 2014. We are currently reviewing the 2014 budget in greater detail and will submit to Council a more comprehensive budget adjustment request in April 2014.

The proposed budget adjustment makes the following types of modifications to the current biennium:

- Revise the beginning fund balance by adjusting the estimated amount used during the original adopted budget process to reflect the final 2012 ending fund balance;
- Housekeeping adjustments to incorporate items previously approved by Council;
- Reflect projects funded by grants and contributions;
- Changing operating trends and conditions; and
- New allocations.

PROPOSED BUDGET AMENDMENTS - SUMMARY:

The proposed budget adjustment:

- Increases total beginning fund balance for all funds by \$7.74M in 2013 and \$5.59M in 2014, resulting in a total revised beginning fund balance estimate of \$19.69M and \$17.33, respectively;
- Increases total revenues for all funds by \$3.09M in 2013 and decrease by \$850K in 2014, resulting in a total revised revenue estimate of \$57.69M and \$56.86M, respectively;

- Increases total expenditures for all funds by \$5.23M in 2013 and \$64K in 2014, resulting in a total revised expenditure estimate of \$60.05M and \$59.27M, respectively; and
- Increases total ending fund balance for all funds by \$5.59M in 2013 and \$4.68M in 2014, resulting in a total revised ending fund balance estimate of \$17.33M and \$14.92M, respectively.

The table below provides a breakout of the proposed 2013 and 2014 budget adjustment totals by fund group.

Fund Group	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance		
	Current Budget	Proposed Adjustment	Proposed Revised Budget	Current Budget	Proposed Adjustment	Proposed Revised Budget	Current Budget	Proposed Adjustment	Proposed Revised Budget	Current Budget	Proposed Adjustment	Proposed Revised Budget
Total Year 2013	\$ 11,953,450	\$ 7,738,125	\$ 19,691,575	\$ 54,607,310	\$ 3,085,132	\$ 57,692,442	\$ 54,821,670	\$ 5,231,669	\$ 60,053,339	\$ 11,739,090	\$ 5,591,588	\$ 17,330,678
General	-	2,615,306	2,615,306	34,176,740	684,781	34,861,521	33,774,160	1,965,309	35,739,469	402,580	1,334,779	1,737,359
Special Revenue	3,076,730	598,537	3,675,267	14,633,620	997,131	15,630,751	13,443,700	1,058,064	14,501,764	4,266,650	537,604	4,804,254
Debt Service	-	723,969	723,969	-	838,220	838,220	-	758,954	758,954	-	803,235	803,235
Capital Projects	116,640	652,744	769,384	505,480	-	505,480	324,550	398,392	722,942	297,570	254,352	551,922
Enterprise	6,200,000	536,556	6,736,556	4,142,500	565,000	4,707,500	6,039,840	1,050,950	7,090,790	4,302,660	50,606	4,353,266
Replace Reserves	2,560,080	2,611,013	5,171,093	1,148,970	-	1,148,970	1,239,420	-	1,239,420	2,469,630	2,611,013	5,080,643
Correction*	-	-	-	-	-	-	-	-	-	-	-	-
Total Year 2014	\$ 11,739,090	\$ 5,591,588	\$ 17,330,678	\$ 57,708,395	\$ (850,327)	\$ 56,858,068	\$ 59,207,295	\$ 63,683	\$ 59,270,978	\$ 10,240,190	\$ 4,677,578	\$ 14,917,768
General	402,580	1,334,779	1,737,359	34,265,355	(18,000)	34,247,355	34,204,905	497,825	34,702,730	463,030	818,954	1,281,984
Special Revenue	4,266,650	537,604	4,804,254	17,580,710	(1,488,127)	16,092,583	18,671,830	(1,258,377)	17,413,453	3,175,530	307,854	3,483,384
Debt Service	-	803,235	803,235	-	828,470	828,470	-	746,905	746,905	-	884,800	884,800
Capital Projects	297,570	254,352	551,922	558,180	-	558,180	277,120	-	277,120	578,630	254,352	832,982
Enterprise	4,302,660	50,606	4,353,266	3,031,640	250,000	3,281,640	4,407,540	500,000	4,907,540	2,926,760	(199,394)	2,727,366
Replace Reserves	2,469,630	2,611,013	5,080,643	1,849,840	-	1,849,840	1,223,230	-	1,223,230	3,096,240	2,611,013	5,707,253
Correction*	-	-	-	422,670	(422,670)	-	422,670	(422,670)	-	-	-	-

* The 2014 adopted budget included \$422,670 in revenues and expenditures that are not accounted for in any fund. The elimination of \$422,670 in revenues and expenditures as proposed has no impact to any funds since it was included in the total of all funds, but not allocated specifically to any fund.

PROPOSED BUDGET AMENDMENTS - HIGHLIGHTS:

The narrative below provides additional information on the various proposed adjustments. A complete listing of all proposed budget adjustments is attached.

Fund 001 - General Fund

ICMA Forfeiture Funds (one-time source) – In 2013 the City received a refund of employer’s contributions forfeited as a result of employees departing city employment prior to being fully vested.

**2013-14 Mid-Biennial Budget Adjustment
Summary of Proposed Requests**

	YEAR 2013		Year 2014	
	Revenue	Expenditure	Revenue	Expenditure
Grand Total - All Funds	\$ 3,085,133	\$ 5,231,662	\$ (850,327)	\$ 63,683
Grand Total - Fund 001 General	\$ 684,781	\$ 1,965,310	\$ (18,000)	\$ 497,825
ICMA Forfeiture Funds	316,873	-	-	-
Transfer in From General Government CIP, Unrestricted Source	374,617	-	-	-
Cost Management Services Tax Refund, Funded Partially by Transfer In From General Government CIP and ICMA Forfeiture Funds	-	800,000	-	-
Ipads for Council, & Various Staff - Qty 11 \$11,000 and Mobile Device Management Software \$26,000	-	26,000	-	-
Transfer to Fund 192 Office of Economic Adjustment (OEA) for City's Contribution to 2014 SSMCP	-	50,000	-	-
Eliminate Miscellaneous Revenue Line Item	(100,000)	-	(100,000)	-
Liquor Excise Tax	68,000	-	136,000	-
Criminal Justice High Crime Funding	148,000	-	148,000	-
Criminal Justice Violent Crimes Funding	60,000	-	30,000	-
Streamlined Sales Tax Mitigation	48,000	-	48,000	-
Red Light/School Zone Camera Infractions	(180,000)	-	(180,000)	-
Public Funds Interest Income	(100,000)	-	(100,000)	-
Subtotal - City-Wide/Non-Departmental	\$ 635,490	\$ 876,000	\$ (18,000)	\$ -
Redirect 0.50 FTE Finance Analyst From Street Capital Fund to General Fund	-	44,060	-	46,070
Disk Storage Infrastructure Update, Pending IT Plan	-	65,000	-	-
Replace Computers for Finance, Info Tech, & Community Development - Paid on 5/16/13, Funded by ICMA Forfeiture Refund	-	19,530	-	-
New Software License for Finance - Paid on 7/25/13, Funded by ICMA Forfeiture Refund	-	11,855	-	-
New Software Licenses for IS and CD - Paid on 7/25/13, Funded by ICMA Forfeiture Refund	-	11,350	-	-
Replace SQL Server Required for Eden System Upgrade (Project Previously Scheduled to Move Forward)	-	24,000	-	-
Replace Computers & Add'l Hardware for Tyler Cashiering Module (Project Previously Scheduled to Move Forward)	-	22,600	-	-
City Manager Recruitment Costs, Funded by Redirection of City Attorney Personnel Costs Charged to City Manager Budget during Acting City Manager Assignment	-	21,671	-	-
Reduce Assistant City Attorney Position Costs Due to Charging Acting City Manager Pay to CM Budget - Fund City Manager Recruitment Cost	-	(21,671)	-	-
Subtotal - Finance & Administrative Services	\$ -	\$ 198,395	\$ -	\$ 46,070
Add Traffic Camera Redflex Vendor Payments Currently Not Budgeted	-	450,000	-	450,000
Allocated DUI Reimbursement to DUI Emphasis Per Ordinance 449 (85% DUI Emphasis Overtime / 15% Traffic Safety Requirements)	25,516	25,516	-	-
Implement Lakewood Police Independent Guild Contract 1/1/2013-12/31/2015 - Approved by Council 8/26/13 2013 Fiscal Impact = Original \$216K / Revised \$259K 2014 Fiscal Impact = Original \$222K / Revised \$267K	-	259,000	-	267,000
Implement Lakewood Police Management Guild Contract. 2/1/2013-12/31/2015	-	32,650	-	52,800
South Sound 911 Assessment Decrease in 2014 is one-time due to available LESA 2012 ending fund balance.	-	99,974	-	(318,045)
Subtotal - Police	\$ 25,516	\$ 867,140	\$ -	\$ 451,755
New Gate for the Police Facility, Funded by Transfer In From General Government CIP - Paid on 7/1/2013	23,775	23,775	-	-
Subtotal - Property Management	\$ 23,775	\$ 23,775	\$ -	\$ -

**2013-14 Mid-Biennial Budget Adjustment
Summary of Proposed Requests**

	YEAR 2013		Year 2014	
	Revenue	Expenditure	Revenue	Expenditure
Grand Total - Special Revenue Funds	\$ 997,131	\$ 1,058,064	\$ (1,488,127)	\$ (1,258,377)
Total - Fund 101 Street Operations & Maintenance	\$ 56,000	\$ 56,000	\$ -	\$ -
Patching Needed to Preserve Pavement, Funded by Transfer In from Street Capital Motor Vehicle Fuel Tax	56,000	56,000	-	-
Total - Fund 102 Street Capital	\$ -	\$ 311,940	\$ -	\$ 253,930
Increase transfer to Surface Water Management Fund for O&M Facility	-	300,000	-	300,000
Transfer MVET to Street O&M Fund for Patching Needed to Preserve	-	56,000	-	-
Redirect 0.50 FTE Finance Analyst From Street Capital Fund to General Fund	-	(44,060)	-	(46,070)
Total - Fund 103 Transportation Benefit District	\$ -	\$ -	\$ (2,000,000)	\$ (2,000,000)
Eliminate Original Budget Estimate Appropriate new budget once Council approves the funding plan.	-	-	(2,000,000)	(2,000,000)
Total - Fund 182 Federal Seizure	\$ -	\$ (24,129)	\$ -	\$ (480)
Decrease Due to 2013 Actual Beginning Balance Less than Budget	-	(24,129)	-	(480)
Total - Fund 191 Neighborhood Stabilization Program (NSP)	\$ 404,184	\$ 102,926	\$ (29,110)	\$ (77,280)
Eliminate Original NSP 1 Budget Estimate	-	(75,000)	(24,110)	(75,000)
Appropriate Actual NSP 1 Grant Balance	193,228	193,228	-	-
Eliminate Original NSP 3 Budget Estimate	-	(224,690)	(5,000)	(2,280)
Appropriate Actual NSP 3 Grant Balance	176,670	176,670	-	-
Abatement - Revolving Loan Principal & Interest	1,568	-	-	-
Abatement - NSP 1 Program Income, Must be Spent in 2013	32,718	32,718	-	-
Total - Fund 192 Office of Economic Adjustment (OEA)	\$ (48,865)	\$ 25,515	\$ 540,983	\$ 565,453
Eliminate Original Estimates	(268,240)	(213,860)	(119,380)	(94,910)
OEA04 Grant - Funding Period 1/1/2013 - 12/31/2013 (Extension Request of \$46K for 2014 SSMCP in Progress) Grant \$235,735 Local Match \$89,669 (\$50,000 contract & \$39,669 personnel)	189,375	239,375	46,360	46,360
Contributions from Partner Billings for OEA04 Grant Program	30,000	-	-	-
Joint Land Use Study (JLUS) Grant - Funding Period 1/1/2014 -12/31/2015 For 2014 SSMCP, Balance of Grant to Be Carried Over	-	-	426,003	426,003
Contributions from Executive Leadership Team for 2014 SSMCP (Excluding City of Lakewood)	-	-	70,000	70,000
Contribution from Executive Leadership Team for 2014 SSMCP - City's Portion Funded by Transfer In From General Fund	-	-	50,000	50,000
Contribution from Steering Committee for 2014 SSMCP	-	-	55,500	55,500
Contribution from General Membership	-	-	12,500	12,500
Total - Fund 195 Public Safety Grants	\$ 585,812	\$ 585,812	\$ -	\$ -
Emergency Mgmt Preparedness Grant, Funding Period 6/1/2012 - 8/31/2013 - WA State Military Dept of Homeland Security	90,699	90,699	-	-
Emergency Management Grant, Funding Period 6/1/2013 - 8/31/2014 - WA State Military Dept of Homeland Security	48,177	48,177	-	-
WA Auto Theft Prevention Authority Grant, Funding Period 7/1/2013-6/30/2015 - WA Association of Sheriffs and Police Chiefs	332,300	332,300	-	-
Detection and Prevention of Illegal Purchasing of Stolen Metals Grant, Funding Period 10/1/2012-9/30/2016 - US Dept of Justice Edward Byrne Justice Assistance Grant	53,590	53,590	-	-
Therapeutic Justice Problem Gambling Court, Funding Period 10/1/2011-9/30/2015 - US Dept of Justice Edward Byrne Justice Assistance Grant	55,503	55,503	-	-
Bullet Proof Vest Grant 2012 Grant Balance - Bureau of Justice Assistance Grant	1,085	1,085	-	-
Bullet Proof Vest Grant 2013 Grant Balance - Bureau of Justice Assistance Grant	4,458	4,458	-	-

**2013-14 Mid-Biennial Budget Adjustment
Summary of Proposed Requests**

	YEAR 2013		Year 2014	
	Revenue	Expenditure	Revenue	Expenditure
Grand Total - Debt Service Funds	\$ 838,221	\$ 758,946	\$ 828,470	\$ 746,905
Total - Fund 202 LID Debt Service	\$ 298,221	\$ 298,221	\$ 288,470	\$ 288,470
Combined Local Improvement District (CLID) 1101 Debt Service	213,296	213,296	212,874	212,874
Local Improvement District (LID) 1108 Debt Service	84,925	84,925	75,596	75,596
Total - Fund 204 Sewer Project Debt Service	\$ 540,000	\$ 460,725	\$ 540,000	\$ 458,435
Sewer Project Debt Service	540,000	460,725	540,000	458,435
Grand Total - Capital Improvement Project Funds	\$ -	\$ 398,392	\$ -	\$ -
Total - Fund 301 General Government CIP	\$ -	\$ 398,392	\$ -	\$ -
Transfer to General Fund for Cost Management Services Tax Refund	-	374,617	-	-
Transfer to General Fund for New Gate at Police Facility	-	23,775	-	-
Grant Total - Enterprise Funds	\$ 565,000	\$ 1,050,950	\$ 250,000	\$ 500,000
Total - Fund 401 Surface Water Management	\$ 565,000	\$ 1,050,950	\$ 250,000	\$ 500,000
Wards Lake Park Expansion Project - Funded by \$275K Conservation Futures Grant & \$200K City Match	275,000	475,000	-	-
Public Funds Interest Income	(50,000)	-	(50,000)	-
Transfer In from Street Capital for O&M Facility Building Construction	300,000	-	300,000	-
O&M Facility Building Construction Cost Increase- Project was originally budgeted at \$1,500,000. The revised budget with additional expenditures for the O&M building is \$2,490,000. \$624,050 was spent in 2012. The budget will be \$1,125,090 for 2013, \$500,000 for 2014, and \$240,000 for 2015.	-	575,950	-	500,000
ICMA Forfeiture Funds	40,000	-	-	-
Correction to Ordinance 556	\$ -	\$ -	\$ (422,670)	\$ (422,670)

ORDINANCE NO.

AN ORDINANCE of the City Council of the City of Lakewood, Washington, amending Ordinance No. 556, the 2013-2014 Budget Ordinance, originally adopted on November 26, 2012.

WHEREAS, pursuant to Chapter 35A.34 RCW, the City of Lakewood has created an biennial budget with the most recent budget having commenced on January 1, 2013;

WHEREAS, the City of Lakewood adopted Ordinance 556 on November 26, 2012 implementing the 2013 and 2014 Budget. It subsequently adopted Ordinance No. 559 on March 4, 2013 to amend original adopted 2013-2014 Budget Ordinance to reflect the receipt of the additional grants and to make the adjustments necessary to accurately reflect the revenues and the expenditures for 2013 & 2014 within the Street Capital Improvement fund (Fund 102); and

WHEREAS, the City of Lakewood finds it necessary to revise the 2013-2014 Biennial Budget as result of the mid-biennial review;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKEWOOD, WASHINGTON DO ORDAIN as follows:

Section 1. Budget Amendment. Ordinance 556, Section 2, is amended to adopt the revised budget for the 2013-2014 biennium in the amounts and for the purposes as shown on the attached Exhibits C(1) and C(2) 2013-2014 Budget By Fund.

Section 2. Severability. If any section, sentence, clause or phrase of this Ordinance shall be held to be invalid or unconstitutional by a court of competent jurisdiction, or its application held inapplicable to any person, property or circumstance, such invalidity or unconstitutionality or inapplicability shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance or its application to any other person, property or circumstance.

Section 3: Effective Date. This Ordinance shall be in full force and effect for the fiscal years 2013 & 2014 and five (5) days after publication as required by law.

ADOPTED by the City Council this 16th day of December, 2013.

CITY OF LAKEWOOD

Don Anderson, Mayor

Attest:

Alice M. Bush, MMC, City Clerk

Approved as to Form:

Heidi Ann Wachter, City Attorney

EXHIBIT A
2013-2014 ORIGINAL ADOPTED BUDGET BY FUND
Per Ordinance 556 Adopted November 26, 2012

Fund	2013				2014			
	Beginning Fund Balance	Revenue	Expenditure	Ending Fund Balance	Beginning Fund Balance	Revenue	Expenditure	Ending Fund Balance
General Fund (001)	\$ -	\$ 34,176,740	\$ 33,774,160	\$ 402,580	\$ 402,580	\$ 34,265,355	\$ 33,802,325	\$ 865,610
Special Revenue Funds:								
101 Street Operations & Maintenance	100	2,165,500	2,165,500	100	100	2,220,930	2,220,930	100
102 Street Capital Projects	470,000	7,225,800	7,238,370	457,430	457,430	10,613,570	10,542,880	528,120
103 Transportation Benefit District	-	-	-	-	-	2,000,000	2,000,000	-
104 Lodging Tax Fund	859,440	430,000	497,720	791,720	791,720	430,000	499,000	722,720
105 Property Abatement	85,000	50,000	85,000	50,000	50,000	50,000	100,000	-
106 Public Art	-	7,000	2,000	5,000	5,000	5,000	5,000	5,000
180 Narcotics Seizure	200,000	205,660	390,000	15,660	15,660	325,000	250,000	90,660
181 Felony Seizure	108,250	200	58,450	50,000	50,000	10,000	20,000	40,000
182 Federal Seizure	100,480	-	70,000	30,480	30,480	69,520	70,000	30,000
190 Grants	800,000	3,637,760	1,783,590	2,654,170	2,654,170	689,000	1,773,390	1,569,780
191 Neighborhood Stabilization Program	453,460	-	299,690	153,770	153,770	29,110	77,280	105,600
192 OEA Grant	-	268,240	213,860	54,380	54,380	119,380	94,910	78,850
193 Police ARRA Grant	-	8,300	8,000	300	300	-	300	-
195 Public Safety Grants	-	370,160	366,520	3,640	3,640	278,200	277,140	4,700
Debt Service Funds:								
202 LID Debt Service	-	-	-	-	-	-	-	-
204 Sewer Project Debt	-	-	-	-	-	-	-	-
251 LID Guaranty	-	-	-	-	-	-	-	-
Capital Project Funds:								
301 General Government CIP	-	-	-	-	-	-	-	-
311 Sewer Project CIP	-	235,580	234,610	970	970	185,650	184,830	1,790
312 Sanitary Sewer Connection	116,640	269,900	89,940	296,600	296,600	372,530	92,290	576,840
Enterprise Fund:								
401 Surface Water Management	6,200,000	4,142,500	6,039,840	4,302,660	4,302,660	3,031,640	4,407,540	2,926,760
Replacement Reserve Funds:								
501 Equipment Replacement	2,560,080	1,148,970	1,239,420	2,469,630	2,469,630	1,849,840	1,223,230	3,096,240
502 City Hall Service	-	-	-	-	-	-	-	-
Correction to Ord. 556	-	-	-	-	-	422,670	422,670	-
Grand Total All Funds	\$ 11,953,450	\$ 54,342,310	\$ 54,556,670	\$ 11,739,090	\$ 11,739,090	\$ 56,967,395	\$ 58,063,715	\$ 10,642,770

EXHIBIT B(1)
CURRENT REVISED BUDGET BY FUND - YEAR 2013
Per Ordinance No. 559 Adopted March 4, 2013

Fund	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance
	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	
Fund (001)	\$ -	\$ -	\$ -	\$ 34,176,740	\$ -	\$ 34,176,740	\$ 33,774,160	\$ -	\$ 33,774,160	\$ 402,580
Revenue Funds:										
Street Operations & Maintenance	100	-	100	2,165,500	-	2,165,500	2,165,500	-	2,165,500	100
Street Capital Projects	470,000	-	470,000	7,225,800	265,000	7,490,800	7,238,370	265,000	7,503,370	457,430
Transportation Benefit District	-	-	-	-	-	-	-	-	-	-
Lodging Tax Fund	859,440	-	859,440	430,000	-	430,000	497,720	-	497,720	791,720
Property Abatement	85,000	-	85,000	50,000	-	50,000	85,000	-	85,000	50,000
Public Art	-	-	-	7,000	-	7,000	2,000	-	2,000	5,000
Narcotics Seizure	200,000	-	200,000	205,660	-	205,660	390,000	-	390,000	15,660
Felony Seizure	108,250	-	108,250	200	-	200	58,450	-	58,450	50,000
Federal Seizure	100,480	-	100,480	-	-	-	70,000	-	70,000	30,480
Grants	800,000	-	800,000	3,637,760	-	3,637,760	1,783,590	-	1,783,590	2,654,170
Neighborhood Stabilization Program	453,460	-	453,460	-	-	-	299,690	-	299,690	153,770
DEA Grant	-	-	-	268,240	-	268,240	213,860	-	213,860	54,380
Police ARRA Grant	-	-	-	8,300	-	8,300	8,000	-	8,000	300
Public Safety Grants	-	-	-	370,160	-	370,160	366,520	-	366,520	3,640
Service Funds:										
LID Debt Service	-	-	-	-	-	-	-	-	-	-
Sewer Project Debt	-	-	-	-	-	-	-	-	-	-
LID Guaranty	-	-	-	-	-	-	-	-	-	-
Project Funds:										
General Government CIP	-	-	-	-	-	-	-	-	-	-
Sewer Project CIP	-	-	-	235,580	-	235,580	234,610	-	234,610	970
Sanitary Sewer Connection	116,640	-	116,640	269,900	-	269,900	89,940	-	89,940	296,600
Water Fund:										
Surface Water Management	6,200,000	-	6,200,000	4,142,500	-	4,142,500	6,039,840	-	6,039,840	4,302,660
Asset Reserve Funds:										
Equipment Replacement	2,560,080	-	2,560,080	1,148,970	-	1,148,970	1,239,420	-	1,239,420	2,469,630
City Hall Service	-	-	-	-	-	-	-	-	-	-
Change to Ord. 556	-	-	-	-	-	-	-	-	-	-
Total Funds	\$11,953,450	\$ -	\$11,953,450	\$ 54,342,310	\$ 265,000	\$54,607,310	\$ 54,556,670	\$ 265,000	\$54,821,670	\$ 11,739,090

EXHIBIT B(2)
CURRENT REVISED BUDGET BY FUND - YEAR 2014
 Per Ordinance No. 559 Adopted March 4, 2013

Fund	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance
	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	
Total Fund (001)	\$402,580		\$ 402,580	\$ 34,265,355	\$ -	\$ 34,265,355	\$ 34,204,905		\$ 34,204,905	\$ 463,030
Revenue Funds:										
Street Operations & Maintenance	100		100	2,220,930	-	2,220,930	2,220,930	-	2,220,930	100
Street Capital Projects	457,430		457,430	10,613,570	741,000	11,354,570	10,542,880	741,000	11,283,880	528,120
Transportation Benefit District	-		-	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-
Lodging Tax Fund	791,720		791,720	430,000	-	430,000	499,000	-	499,000	722,720
Property Abatement	50,000		50,000	50,000	-	50,000	100,000	-	100,000	-
Public Art	5,000		5,000	5,000	-	5,000	5,000	-	5,000	5,000
Narcotics Seizure	15,660		15,660	325,000	-	325,000	250,000	-	250,000	90,660
Felony Seizure	50,000		50,000	10,000	-	10,000	20,000	-	20,000	40,000
Federal Seizure	30,480		30,480	69,520	-	69,520	70,000	-	70,000	30,000
Grants	2,654,170		2,654,170	689,000	-	689,000	1,773,390	-	1,773,390	1,569,780
Neighborhood Stabilization Program	153,770		153,770	29,110	-	29,110	77,280	-	77,280	105,600
DEA Grant	54,380		54,380	119,380	-	119,380	94,910	-	94,910	78,850
Police ARRA Grant	300		300	-	-	-	300	-	300	-
Public Safety Grants	3,640		3,640	278,200	-	278,200	277,140	-	277,140	4,700
Service Funds:										
WID Debt Service	-		-	-		-	-		-	-
Sewer Project Debt	-		-	-		-	-		-	-
WID Guaranty	-		-	-		-	-		-	-
Project Funds:										
General Government CIP	-		-	-		-	-		-	-
Sewer Project CIP	970		970	185,650	-	185,650	184,830		184,830	1,790
Sanitary Sewer Connection	296,600		296,600	372,530	-	372,530	92,290	-	92,290	576,840
Enterprise Fund:										
Surface Water Management	4,302,660		4,302,660	3,031,640	-	3,031,640	4,407,540	-	4,407,540	2,926,760
Equipment Reserve Funds:										
Equipment Replacement	2,469,630		2,469,630	1,849,840	-	1,849,840	1,223,230	-	1,223,230	3,096,240
City Hall Service	-		-	-		-	-		-	-
Adjustment to Ord. 556	-	-	-	422,670	-	422,670	422,670	-	422,670	-
All Funds	\$11,739,090	\$ -	\$11,739,090	\$ 56,967,395	\$ 741,000	\$57,708,395	\$ 58,466,295	\$ 741,000	\$59,207,295	\$ 10,240,190

EXHIBIT C(1)
PROPOSED REVISED BUDGET BY FUND - YEAR 2013

Fund	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance
	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	
Fund (001)	\$ -	\$ 2,615,306	\$ 2,615,306	\$ 34,176,740	\$ 684,781	\$ 34,861,521	\$ 33,774,160	\$ 1,965,309	\$ 35,739,469	\$ 1,737,359
Revenue Funds:										
Street Operations & Maintenance	100	155,792	155,892	2,165,500	56,000	2,221,500	2,165,500	56,000	2,221,500	155,892
Street Capital Projects	470,000	193,085	663,085	7,490,800	-	7,490,800	7,503,370	311,940	7,815,310	338,575
Transportation Benefit District	-	-	-	-	-	-	-	-	-	-
Welding Tax Fund	859,440	78,377	937,817	430,000	-	430,000	497,720	-	497,720	870,097
Property Abatement	85,000	169,927	254,927	50,000	-	50,000	85,000	-	85,000	219,927
Public Art	-	-	-	7,000	-	7,000	2,000	-	2,000	5,000
Narcotics Seizure	200,000	207,797	407,797	205,660	-	205,660	390,000	-	390,000	223,457
Sex Offender Seizure	108,250	47,319	155,569	200	-	200	58,450	-	58,450	97,319
Federal Seizure	100,480	(54,609)	45,871	-	-	-	70,000	(24,129)	45,871	0
Grants	800,000	49,722	849,722	3,637,760	-	3,637,760	1,783,590	-	1,783,590	2,703,892
Neighborhood Stabilization Program	453,460	(283,684)	169,776	-	404,184	404,184	299,690	102,926	402,616	171,344
NEA Grant	-	32,517	32,517	268,240	(48,865)	219,375	213,860	25,515	239,375	12,517
Police ARRA Grant	-	0	0	8,300	-	8,300	8,000	-	8,000	300
Public Safety Grants	-	2,294	2,294	370,160	585,812	955,972	366,520	585,812	952,332	5,934
Service Funds:										
General Debt Service	-	3,995	3,995	-	298,220	298,220	-	298,220	298,220	3,995
Water Project Debt	-	329,191	329,191	-	540,000	540,000	-	460,734	460,734	408,457
Water Guaranty	-	390,783	390,783	-	-	-	-	-	-	390,783
Project Funds:										
General Government CIP	-	398,392	398,392	-	-	-	-	398,392	398,392	0
Water Project CIP	-	190,002	190,002	235,580	-	235,580	234,610	-	234,610	190,972
Sanitary Sewer Connection	116,640	64,349	180,989	269,900	-	269,900	89,940	-	89,940	360,949
Base Fund:										
Surface Water Management	6,200,000	536,556	6,736,556	4,142,500	565,000	4,707,500	6,039,840	1,050,950	7,090,790	4,353,266
Capital Reserve Funds:										
Equipment Replacement	2,560,080	2,158,893	4,718,973	1,148,970	-	1,148,970	1,239,420	-	1,239,420	4,628,523
City Hall Service	-	452,120	452,120	-	-	-	-	-	-	452,120
Change to Ord. 556	-	-	-	-	-	-	-	-	-	-
Funds	\$11,953,450	\$ 7,738,125	\$19,691,575	\$ 54,607,310	\$ 3,085,132	\$57,692,442	\$ 54,821,670	\$ 5,231,669	\$60,053,339	\$ 17,330,678

EXHIBIT C(2)
PROPOSED REVISED BUDGET BY FUND - YEAR 2014

Fund	Beginning Fund Balance			Revenue			Expenditure			Ending Fund Balance
	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	Prior Amount	Adjustment	Revised	
Fund (001)	\$ 402,580	\$1,334,779	\$ 1,737,359	\$ 34,265,355	\$ (18,000)	\$ 34,247,355	\$ 34,204,905	\$ 497,825	\$ 34,702,730	\$ 1,281,984
Revenue Funds:										
Street Operations & Maintenance	100	155,792	155,892	2,220,930	-	2,220,930	2,220,930	-	2,220,930	155,892
Street Capital Projects	457,430	(118,855)	338,575	11,354,570	-	11,354,570	11,283,880	253,930	11,537,810	155,335
Transportation Benefit District	-	-	-	2,000,000	(2,000,000)	-	2,000,000	(2,000,000)	-	-
Lodging Tax Fund	791,720	78,377	870,097	430,000	-	430,000	499,000	-	499,000	801,097
Property Abatement	50,000	169,927	219,927	50,000	-	50,000	100,000	-	100,000	169,927
Public Art	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000	5,000
Narcotics Seizure	15,660	207,797	223,457	325,000	-	325,000	250,000	-	250,000	298,457
Felony Seizure	50,000	47,319	97,319	10,000	-	10,000	20,000	-	20,000	87,319
Federal Seizure	30,480	(30,480)	0	69,520	-	69,520	70,000	(480)	69,520	0
Grants	2,654,170	49,722	2,703,892	689,000	-	689,000	1,773,390	-	1,773,390	1,619,502
Neighborhood Stabilization Program	153,770	17,574	171,344	29,110	(29,110)	-	77,280	(77,280)	-	171,344
Office of Economic Adj (OEA) Grant	54,380	(41,863)	12,517	119,380	540,983	660,363	94,910	565,453	660,363	12,517
Police ARRA Grant	300	0	300	-	-	-	300	-	300	0
Public Safety Grants	3,640	2,294	5,934	278,200	-	278,200	277,140	-	277,140	6,994
Service Funds:										
WID Debt Service	-	3,995	3,995	-	288,470	288,470	-	288,470	288,470	3,995
Sewer Project Debt	-	408,457	408,457	-	540,000	540,000	-	458,435	458,435	490,021
WID Guaranty	-	390,783	390,783	-	-	-	-	-	-	390,783
Project Funds:										
General Government CIP	-	0	0	-	-	-	-	-	-	0
Sewer Project CIP	970	190,002	190,972	185,650	-	185,650	184,830	-	184,830	191,792
Sanitary Sewer Connection	296,600	64,349	360,949	372,530	-	372,530	92,290	-	92,290	641,189
Use Fund:										
Surface Water Management	4,302,660	50,606	4,353,266	3,031,640	250,000	3,281,640	4,407,540	500,000	4,907,540	2,727,366
Asset Reserve Funds:										
Equipment Replacement	2,469,630	2,158,893	4,628,523	1,849,840	-	1,849,840	1,223,230	-	1,223,230	5,255,133
City Hall Service	-	452,120	452,120	-	-	-	-	-	-	452,120
Change to Ord. 556	-	-	-	422,670	(422,670)	-	422,670	(422,670)	-	-
Total Funds	\$11,739,090	\$ 5,591,588	\$17,330,678	\$ 57,708,395	\$ (850,327)	\$56,858,068	\$ 59,207,295	\$ 63,683	\$59,270,978	\$ 14,917,768

The total refund was roughly \$357K of which \$317K was receipted in the General Fund and \$40K of which was receipted to the Surface Water Management Fund. This adjustment results in the *elimination of the miscellaneous revenue* of \$100K budgeted in each year of 2013 and 2014. Roughly \$43K of the refunds were spent earlier this year on new computers and software licenses. The balance of the ICMA forfeiture funds was used to partially pay for the total \$800K Cost Management Services tax refund.

Transfer In from General Government CIP (one-time source) – The original source of funds is General Fund. This transfer of \$398K in 2013 results in a return of unspent proceeds which is proposed to be returned to the General Fund due to no projects currently anticipated in the General Government CIP Fund. Roughly \$24K of the transfer was spent earlier this year on the new gate at the police facility, and the balance was used to partially pay for the total \$800K Cost Management Services tax refund.

IPads for Council and Select Staff (one-time use) – Add adjustment of \$11K for the purchase of eleven iPads for use by Council, City Manager, City Attorney, City Clerk and information technology staff (to be able to provide support) and \$15K mobile device management software. The iPads would allow Council and staff to access agenda packets and other city documents, email and calendar.

Transfer to Office of Economic Adjustment Fund for 2014 SSMCP(one-time use) – Allocate \$50K in 2014 for the City's contribution as an Executive Leadership Team member to SSMCP to carry out the Joint Base Lewis McChord Growth Coordination Plan.

Liquor Excise Tax Revenue (ongoing source) – Add liquor excise tax allocation of \$68K in 2013 and \$136K in 2014. The state had temporarily suspended distribution of liquor excise tax revenue to cities during the state's fiscal period July 1, 2012 through June 30, 2013 and has since lifted the temporary suspension.

Criminal Justice High Crime and Violent Crime Funding (one-time source) – Add criminal justice high crime funding of \$148K each year of 2013 and 2014 to reflect the City's qualification of high crime funding (distributed based on population to cities that have a crime rate in excess of 125% of the state-wide average). Also, add \$60K in 2013 and \$30K in 2014 to reflect the City's qualification of violent crimes funding (distributed based on population to cities that have had an average violent crime rate in the last three years that is 150% of the state-wide average for those three years). The City has received high crime funding since 1997 and violent crimes funding since 1996; however, due to the requalifying requirement, it is considered a one-time source. The City will know around July 2014 if it qualifies for this funding for the period of July 1, 2014 through June 30, 2015.

Streamlined Sales Tax Mitigation (ongoing source) – Ongoing revenue estimate of \$48K in each year of 2013 and 2014 to reflect current trend. Actual revenue collections totaled \$49K in 2012, \$40K in 2011, \$63K in 2010, \$38K in 2009 and \$11K in 2008.

Red Light & School Zone Infraction Revenue (ongoing source) – Decrease the annual revenue estimate by \$180K from \$1.0M to \$780K in each year of 2013 and 2014 based on the current trend and is consistent with 2012 actual revenue collections of \$820K.

Public Funds Interest Income (ongoing source) – Eliminate \$100K interest earnings in each year of 2013 and 2014 to reflect actual earnings. The current interest earnings rate is 0.05%.

Redirect 0.50 FTE Finance Analyst from Street Capital to General Fund (ongoing use) – Reallocate \$44K in 2013 and \$46K in 2014 of the half-time analyst position to the General Fund. The original adopted budget anticipated that half of the finance analyst time would be spent on street capital projects; however, actual staff time is not allocable.

Update Disk Storage Infrastructure (one-time use) – Add adjustment of \$65K in 2013 for city hall and police facility for storing information related to public works projects, police in-car video images, police evidence documents, email archiving and more. The request is proposed under the caveat that it is pending the IT consultant's recommendation.

Add New SQL Server Required for Eden System Upgrade (one-time use) – Appropriate \$24K in 2013 to replace the existing server that is 6 to 9 years old and will not support a new server and SQL software that is needed for various Eden modules. Additionally, the software company has announced that they will no longer support programs that are running on the old server. The project was previously approved to move forward.

New Computers & Additional Hardware for Tyler Cashiering Module (one-time use) – Appropriate \$23K in 2013 to replace computers and purchase additional hardware (receipt printers, cash drawers, scanners, credit card readers) in order to implement the new cash receipting module. This program was authorized as part of the new permits and licensing software to reduce duplication of effort in that the permitting system will interface with the cash receipting system.

Pending Item: Replace Computers & Laptops for Migration from Windows XP to Windows 7 (one-time use) – Microsoft security updates and support the Windows XP operating system will end in April 2014. It is recommended that the City complete the conversion within six months of expiration (early October 2015). Staff will be evaluating the current inventory, needs and estimated costs in order to submit a proposal during the 2014 budget adjustment request.

DUI Emphasis (ongoing source & use) – In accordance with ordinance 449, allocate 85% or \$22K to DUI emphasis and 15% or \$4K to traffic safety. The funding source is year-to-date September 30th DUI reimbursement revenue.

South Sound 911 (ongoing use, one-time reduction) – Increase 2013 budget by \$100K, from \$2.26M to \$2.36M and decrease 2014 budget by \$318K, from \$2.26M to \$1.94M based on actual assessment. The 2014 reduction represents the available 2012 LESA ending fund balance. Since LESA was fully funded by the agencies, the Policy Board felt these funds should be distributed back by reducing allocation costs. This is a one-time reduction representing cost savings of approximately 11% in communications and 22% in information services. Future annual assessments estimated to be in the \$2.6M range will be incorporated in the upcoming six-year financial forecast.

Implement Lakewood Police Management Guild Contract (ongoing use) – Add \$33K in 2013 and \$53K in 2014 to implement Council's approval on August 26, 2013 of the three year contract effective February 1, 2013 to December 31, 2015. The additional allocation provides for incremental salary increases every six months of the contract and signing bonuses of \$2K for lieutenants with over four years of experience in Lakewood. The fiscal impact to future years will be incorporated in the upcoming six-year financial forecast.

Implement Lakewood Police Independent Guild Contract (ongoing use) – Add \$259K in 2013 and \$267K in 2014 to implement Council's approval on August 12, 2013 of the three year contract effective January 1, 2013 to December 31, 2015. The additional allocation provides for a 3% wage increase and related benefits. Please note – the budget adjustment figures are higher than those shown on the fiscal impact statement as adopted by Council of \$216K in 2013 and \$222K in 2014 as these figures were understated. The fiscal impact to future years will be incorporated in the upcoming six-year financial forecast.

Red Light & School Zone Infractions Vendor Payment (ongoing use) – Vendor payments to Redflex for red light photo and school zone cameras were inadvertently excluded from the 2013/2014 Adopted Budget. The City currently has eight cameras operating at five locations. The monthly red light photo vendor payments are \$3,904 for each of the four red light photo cameras at Bridgeport Blvd SW & San Francisco Ave SW and Steilacoom Blvd SW & Phillips Road SW and \$4,118 for the two red light photo cameras at South Tacoma Way & SR 512. The monthly school zone photo vendor payments are based on the number of citations issued at the 5405 Steilacoom Blvd and 9904 Gravelly Lake Drive and are \$4,870 (up to 100 issued citations), \$5,870 (101 – 160 issued citations), and \$6,870 (161+ issued citations). The estimated annual vendor payment is \$450K in each year of 2013 and 2014.

New Gate for the Police Facility – Appropriate \$24K in 2013 for the purchase of the new gate at the police facility and is funded by a transfer in from the General Government capital fund. The invoice was paid in July 2013.

Fund 101 – Street Operations & Maintenance Fund

Transfer In From Street Capital Fund (one-time) – Appropriate \$56K in revenues and expenditures in 2013 to account for the transfer of motor vehicle excise tax for the purpose of patching streets to preserve pavement due to limited resources in the Street O&M Fund.

Fund 102 - Street Capital Fund

Transfer to Street Operations & Maintenance Fund (one-time) – Appropriate expenditures of \$56K in 2013 to account for the transfer of motor vehicle excise tax for the purpose of patching streets to preserve pavement due to limited resources in the Street O&M Fund.

Transfer to Surface Water Management Fund for O&M Facility – Increase transfer to Fund 401 Surface Water Management by \$300K to a total of \$600K in each year of 2013 and 2014. The source of funds is real estate excise tax. Additional information is provided under Fund 401.

Fund 103 Transportation Benefit District

Eliminate the Original Budget Estimate – Eliminate revenue estimate of \$2M and expenditure estimate of \$2M in 2014. The updated budget will be added when Council adopts a funding plan.

Fund 182 - Federal Seizure Fund

Reduce Expenditures Due to Reflect 2012 Actual Balances – Reduce expenditures by \$24K in 2013 to \$0.5K to reflect actual balances available due to close out of year 2012. An adjustment to all seizure funds (Narcotics, Felony and Federal) will be made during the 2014 budget adjustment to reflect actual balances available due to close out of year 2013.

Fund 191 - Neighborhood Stabilization Program (NSP) Fund

NSP 1 – Eliminate the original revenue estimate of \$24K in 2014 and expenditure budget of \$75K in each year of 2013 and 2014 and replace with the actual grant balance of \$193K in revenues and expenditures in 2013. Additionally, the proposed adjustment allocates \$2K in revolving loan principal and interest revenue and \$33K in abatement program income that must be spent in 2013. The NSP 1 grant provides funds to remove blighted structures from abandoned properties.

NSP 3 – Eliminate the original revenue estimate of \$5K in 2014 and expenditure budget of \$225K in 2013 and \$2K in 2014 and replace with actual grant balance of \$177K in revenues and expenditures in 2014. The NSP 3 grant provides funds to improve the stabilization of a community that suffered from foreclosures and/or abandonment by acquiring and rehabilitating or building single-family housing units in the Tillicum neighborhood for the purpose of reselling them to low-income families.

Fund 192 – Office of Economic Adjustment (OEA) Fund

Eliminate Original Estimates - Eliminate the original estimates for revenues of \$268K and expenditures of \$214K in 2013 and revenues of \$119K and expenditures of \$95K in 2014. These estimates are replaced with actual allocations for the OEA04 grant program and 2014 South Sound Military & Communities Partnership (SSMCP) as follows:

OEA04 Program – Appropriate revenues of \$219K in 2013 comprised of grants and contract contributions and expenditures of \$239K funded by an Office of Economic Adjustment grant and current & prior years' contract contributions. The OEA grant totals \$236K for the funding period from January 1, 2013 to December 31, 2013. Staff is submitting an extension request to carry forward \$46K into 2014 to fund a portion of the 2014 SSMCP program. The purpose of the current phase of the effort is to build upon regional communication and coordination successes and deepen relationships between JBLM and the community, conduct ongoing data gathering and analysis in order to monitor trends in the region, update service member and family demographics and needs for off base services, and work with JBLM and entities in the region to continue to meet the challenges outlined in the Growth Coordination Plan.

2014 SSMCP – Appropriate revenues of \$660K in 2014 comprised of grants, contributions from the executive leadership team (includes City's \$50K contribution from the General Fund), steering committee and general memberships. The purpose of the SSMCP is to carry out the Joint Base Lewis McChord Growth Coordination Plan. The partnership will promote mutually beneficial investments and maximize opportunities for joint community and military cooperation. Grant balances at the end of 2014 will be carried over into year 2015.

Fund 195 – Public Safety Grant Fund

Emergency Management Preparedness Grant – Appropriate a total of \$139K in revenues and expenditures in 2013 to account for the grant funding. The allocation is comprised of \$91K for the funding period June 1, 2012 to August 31, 2013 and \$48K for funding period June 1, 2013 to August 31, 2014. The grant requires a 50% match which is already budgeted in the General Fund (portion of match from SS911 Information Services and City's emergency management budget). The grant is for the purpose of paying the salary and benefits of an emergency management coordinator in cooperation with West Pierce Fire & Rescue. Grant balances at the end of 2013 will be carried over into year 2014.

WA Auto Theft Prevention Authority Grant – Appropriate a total of \$332,300 in revenues and expenditures in 2013 to account for the City's share of this grant for the funding period from July 1, 2013 to June 30, 2015. No local match is required. The grant provides funding for the Auto Crimes Enforcement (ACE) Task Force, including salaries and benefits for detectives and deputy assistant prosecutor, rental of vehicle, rental of ACE facility and necessary office contracts, funding for undercover operations, training, public awareness and prosecution of criminals to aid in auto theft prevention. The purpose of these task forces is to reduce incidence of vehicle theft in Washington State and the Puget Sound Region through pro-active enforcement efforts, apprehension of criminals who steal vehicles, and increasing public awareness of auto theft, thereby improving the quality of life in our communities. Grant balances at the end of 2013 will be carried over into 2014.

Detection and Prevention of Illegal Purchasing of Stolen Metals Grant – Appropriate a total of \$53,590 in revenues and expenditures in 2013 to account for the grant funding for the funding period from October 1, 2012 to September 30, 2016. No local match is required. The grant provides funds for overtime wages and related benefits, benefits for law enforcement personnel to investigate violations at illegal metal recycling businesses and to interrupt the purchase of illegally gained metals at metal recycling shops. The grant also includes funding for four GPS micro-trackers that will be affixed to scrap metal and used to track illegal purchases along with tracking services. Grant balances at the end of 2013 will be carried over into 2014.

Therapeutic Justice Problem Gambling Court – Appropriate a total of \$55,503 in revenues and expenditures in 2013 to account for the grant funding for the funding period from October 1, 2011 to September 30, 2015. No local match is required. The grant provides funds for overtime wages and related benefits for law enforcement personnel to provide computer voice stress analysis for clients participating in gambling addiction treatment in relation to a partnership with the Pierce County Superior Court, the Evergreen Council on Problem Gambling, and Pierce County Alliance, as well as funds for training. Grant balances at the end of 2013 will be carried over into 2014.

Bullet Proof Vest Grant - Appropriate a total of \$6K in revenues and expenditures in 2013 to account for the grant funding. The allocation is comprised of \$1K for the balance of the 2012 grant which expires August 31, 2014 and \$5K for the 2013 grant which expires August 30, 2015. The grant is for the purpose of funding ballistic vests. The grant requires a 50% match which is already budgeted in the General Fund. Grant balances at the end of 2013 will be carried over into 2014.

Fund 202 – Local Improvement District (LID) Debt Service Fund

The purpose of the proposed budget adjustment is to incorporate scheduled debt payments into the budget ordinance in order to comply with legal budgetary authority at the fund level. In the future, debt service payments will be presented and adopted during the original adopted budget process.

This fund accounts for the debt service payments for the City’s Combined Local Improvement District (CLID) and the Local Improvement District (LID):

CLID 1101 – Appropriate expenditures of \$213K in each year of 2013 and 2014 to reflect annual debt service payments and revenues of \$213K in each year of 2013 and 2014 to reflect assessments received from eight property owners. This CLID was issued for the purpose of constructing curb, gutter, sidewalk, storm drainage, street lighting and related street improvements in the area of Lakewood Drive SW and Steilacoom Boulevard SW. The debt totaling \$2.82M was issued on December 11, 2006 and matures December 1, 2022 with an interest rate ranging from 3.75% to 4.65%. One principal redemption payment is made per year, based upon the amount of assessments from the property owners. The outstanding principal as of December 31, 2013 is \$1.41M.

LID 1108 - Appropriate expenditures of \$85K in 2013 and \$76K in 2014 to reflect annual debt service payments and revenues of \$85K in 2013 and \$76K in 2014 to reflect assessments received from a single party. This LID was issued for the purpose of constructing half-street improvements including road widening, curb, gutter, sidewalk, storm drainage, street lighting and landscaping along street frontage of South Tacoma Way SW, 112th Street, and 34th Avenue S. The debt totaling \$880K was issued on January 7, 2008 and matures December 1, 2024 with an interest rate ranging from 4.22% to 5.0%. Principal payment varies by year but is roughly \$50K annually. The outstanding principal balance as of December 31, 2013 is \$514K.

Fund 204 – Sewer Project Debt Service Fund

The purpose of the proposed budget adjustment is to incorporate scheduled debt payments into the budget ordinance in order to comply with legal budgetary authority at the fund level. In the future, debt services payments will be presented and adopted during the original budget process.

Sewer Project Debt Service - Appropriate expenditures of \$461K in 2013 and \$458K in 2014 to reflect annual debt service payments and \$540K in each year of 2013 and 2014 to reflect surcharges received in accordance with Resolution 2004-28 which authorizes a 4.75% surcharge on all Lakewood sewer accounts for the purpose of financing sewer extensions in Tillicum and American Lake Gardens. The surcharges collected are used to pay the debt service on the three public works trust fund loans. The combined PWTFL debt totaling \$7.43M was in 2005, 2006 and 2008 with interest rate ranging from 0.50% to 1.0% with final maturity September 1, 2028. The outstanding principal as of December 31, 2013 is \$5.72M.

Fund 301 – General Government CIP Fund

Transfer to General Fund – Transfer \$398K to the General Fund for the purpose of partially funding \$375K of the Cost Management Services tax refund and \$24K for the new gate for the police facility. The original source of funds in the General Government capital fund is General Fund.

Fund 401 – Surface Water Management Fund

ICMA Forfeiture Funds - ICMA Forfeiture Funds (one-time source) – In 2013 the City received a refund of employer's contributions forfeited as a result of employees departing city employment prior to being fully vested. The total refund was roughly \$357K of which \$317K was received in the General Fund and \$40K was received to the Surface Water Management Fund.

Public Funds Interest Income – Eliminate \$50K interest earnings in each year of 2013 and 2014 to reflect actual earnings. The current interest earnings rate is 0.05%.

Wards Lake Property Expansion – Appropriate expenditures of \$475K in 2013 for the purchase of two parcels of the Wards Lake property funded by \$275K Pierce County conservations grant and \$200K surface water utility local match. The property will be classified as open space and the City will be responsible for maintenance of the property.

O&M Facility Cost Increase & Transfer In from Street Capital Fund – The Project was originally budgeted at \$1.5M. The revised budget with additional expenditures for the O&M building is \$2.5M. Increased costs are related to an unsuitable soil base for paving or for building footings, necessity to use an outside contractor due to a health issue with a city employee, improvements along the property line that cover the sand/salt stock pile so they are not an eye-sore to the neighboring property owner, and an increase in the scope of the project by adding emergency power, a fueling station, and a shed row for equipment and material. \$625K was spent on the project in 2012. The budget for 2013 will be \$1.125M, which is \$576K more than what was originally budgeted. Additional costs for 2014 and 2015 will be \$500K and \$250K respectively. Due to the increased costs of the project, the Street Capital Fund will increase its transfer to Fund 401 by adding an additional \$300K in both 2013 and 2014.

ENDING FUND BALANCE:

The proposed budget adjustment results in a revised 2014 ending fund balance of \$1.28M, which is 3.7% of General Fund operating expenditures.

In consideration of the City's financial integrity, the following fund balance reserves, totaling 12% of General Fund operating expenditures of \$4.1M, will be proposed as part of the financial policies discussion scheduled to occur in March 2014:

2% General Fund Contingency Reserves: The purpose of this reserve is to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the original budget was prepared. A 2% reserve fund based on the General Fund operating expenditures equates to roughly \$700K.

5% General Fund Ending Fund Balance Reserves: The purpose of this reserve is to provide financial stability, cash flow for operations and the assurance that the City will be able to respond to revenue shortfalls with fiscal strength. A 5% reserve fund based on the General Fund operating expenditures equates to roughly \$1.70M.

5% Strategic Reserves: The purpose of this reserve is to provide some fiscal means for the City to respond to potential adversities such as public emergencies, natural disasters or similarly major, unanticipated events. A 5% reserve fund based on the General Fund operating expenditures equates to roughly \$1.70M.

NEXT STEPS:

- Develop and present to Council the 3rd quarter financial report (December 2013)
- Evaluate, develop and present to TBD Board Transportation Benefit District options (February 2014)
- Develop and present to Council the 6-year financial forecast (March 2014)
- Develop and present to Council the proposed financial policies (March 2014)
- Evaluate, develop and present to Council a fleet & equipment plan (April 2014)
- Evaluate, develop and present to Council an information technology plan (April 2014)
- Evaluate and present to Council the proposed 2014 budget amendments (April 2014)
- Present to Council the 2013 Year-End Financial Report (May 2014)

ATTACHMENTS:

- Summary of Proposed Adjustments
- Draft Budget Ordinance & Related Exhibits
- Exhibit A – Original Adopted 2013-2014 Budget By Fund Per Ord. No. 556 Adopted 11/26/12
 - Exhibit B(1) – Current Revised Budget By Fund- Year 2013 Per Ord. 559 Adopted 3/4/13
 - Exhibit B(2) – Current Revised Budget By Fund- Year 2014 Per Ord. 559 Adopted 3/4/13
 - Exhibit C(1) – Proposed Revised Budget By Fund- Year 2013
 - Exhibit C(2) – Proposed Revised Budget By Fund- Year 2014