



MEMO TO: Members of the City Council

FROM: Mayor John Marchione

DATE: December 4, 2018

SUBJECT: 2017-2018 Biennial Budget Adjustment No. 8

I. RECOMMENDED ACTION

Adopt the proposed ordinance amending the 2017-2018 Budget. The adjustment includes changes between the Recreation Activity and Community Events Fund and recognition of new revenue and expenditures in the General Fund, General Governmental Major Maintenance Fund, Development Agreement Fund, Real Estate Excise Tax Fund, Novelty Hill – Water/Wastewater Fund and the Worker’s Compensation Fund.

II. DEPARTMENT CONTACTS

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|--|--------------|
| Malisa Files, Finance Director | 425-556-2166 |
| Kelley Cochran, Financial Planning Manager | 425-556-2748 |
| Nancy Violante, Senior Financial Analyst | 425-556-2162 |

III. DESCRIPTION/BACKGROUND

Periodically the Finance Department adjusts the budget to recognize revenue and expenditure changes during the biennium. These are housekeeping adjustments that can either increase or decrease each of the City’s budgeted funds as shown in Exhibit 1. The details of each of the adjustments are outlined below.

Community Events Fund (013) - \$71,304

Transfer the budget associated with an Administrative Assistant position from the Senior Center (Recreation Activity Fund 110) to the Community Events Fund as of June 4, 2018. The position was reassigned to support the Events team.

General Governmental Maintenance Project Fund (099) - \$11,000,000

Esterra Development Partners LP has completed their contractual obligation for payment of a \$4,000,000 fee-in-lieu for an affordable housing multifamily tax exemption. First American Title Company holds \$3,000,000 in escrow, and the City has received **\$1,000,000** in 2018 to be passed through to “A Regional Coalition for Housing” (ARCH) program, administered by the City of Bellevue.

The City purchased land parcel 644890-0030 in Esterra Park, in the Overlake urban center for **\$10,000,000**. This parcel of land will be sold to Imagine Housing in 2019. Imagine Housing will construct multifamily housing units on the parcel, half of which will be affordable housing units.

General Fund (100) – \$160,639

Recognize grants, reimbursements and associated expenditures for the Fire Department, including:

1. \$32,957 for Hurricane relief efforts from the Federal Emergency Management Act (FEMA).
2. \$51,567 for the Mobile Integrated Healthcare Program (MIHP) from King County Department of Health accepted by Council on April 8, 2017.
3. \$34,389 for the Emergency Management Performance grant accepted by Council on December 5, 2017.
4. \$10,194 reimbursement for training from Washington State Patrol.
5. \$3,819 reimbursement for training from Urban Search and Rescue (USAR).
6. \$18,887 reimbursement for training from Homeland Security.
7. \$8,826 reimbursement for the Stay Active and Independent for Life (SAIL) program.

Recreation Activity Fund (110) - (\$71,304)

Decrease the budget associated with an Administrative Assistant position moved from the Senior Center (Recreation Activity Fund 110) to the Community Events Fund as of June 4, 2018. The position was reassigned to support the Events team.

Development Agreements Fund (115) - \$2,991,158

Staffing agreements for Sound Transit 3 (\$669,112) including an increase of 5.50 full-time equivalent (FTE) positions, and Microsoft Refresh (\$2,322,046) including an increase in 22.00 FTEs were approved by Council November 6, 2018 and July 17, 2018 respectively. This adjustment will recognize the additional FTEs, and revenues the City will receive in 2018

Real Estate Excise Tax (125) - \$2,200,000

Recognize REET revenue received in excess of budget, and the associated fund transfer expense to make funds available to partially fund the Esterra Park land purchase (see explanation in the General Government Major Maintenance Fund (099) above).

Novelty Hill Water/Wastewater Operations and Maintenance Fund (402) - \$507,422

The City has collected additional regional capital facility charges that will be recognized to offset expenses paid to Cascade Water Alliance for connections to the City's regional water system.

Worker's Compensation Insurance Fund (512) - \$1,700,000

The City experienced several large worker's compensation claims during the 2015-2016 biennium which were settled and paid during 2017 and 2018. Due to the increase in claims, an additional \$1,700,000 needs to be recognized into the Workers' Compensation Fund to offset the higher costs. A total of \$622,000 will be recognized from insurance

reimbursements received as well as \$1,078,000 held in contingency to cover higher claims costs. On the Finance and Human Resources work plan for the coming biennium, staff will look at the types and frequency of claims and identify trends to analyze if it still makes sense for the City to be self-insured for Workers' Compensation, given the increased risks.

IV. PREVIOUS DISCUSSIONS HELD

The Council has had discussions on the various adjustments during the year, including:

- Review of the Esterra Park Development Agreement Amendment on November 7, 2017, Executive Session on February 20, 2018 and authorization to the Mayor to sign a purchase and sale agreement on June 19th, 2018
- Acceptance of funding from the Mobile Integrated Health Care Program on April 18, 2017, Emergency Management Performance Grant on December 5, 2017 and King County/Mobile Integrated Healthcare Program on April 18, 2017.
- Approval of the Sound Transit 3 Staffing Agreement on November 6, 2018.
- Approval of the Microsoft Refresh Staffing Agreement on July 17, 2018.
- Review of the housekeeping budget adjustment on November 27, 2019 at the Finance, Administration and Communications Committee of the Whole.

V. IMPACT

A. Service/Delivery:

None

B. Fiscal Note:

Adoption of the attached ordinance will increase the City's 2017-2018 by - \$18,559,219 to a total of \$804,772,413 as shown in Exhibit 1 of the Ordinance (see Attachment A).

VI. ALTERNATIVES TO STAFF RECOMMENDATION

1. Adopt the ordinance as proposed.
2. Adopt the ordinance with modifications recommended by Council.
3. Do not adopt the ordinance as proposed, if the ordinance is not approved the adjustments to the proposed funds will not be initiated.

VII. TIME CONSTRAINTS

Staff recommends approving the adjustment as soon as possible to make sure the budget remains in line with Council actions and needed fund updates.

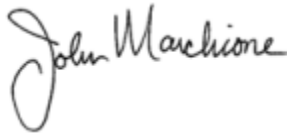
VIII. LIST OF ATTACHMENTS

Attachment A: Ordinance 2017-2018 Budget Adjustments

Exhibit 1: Summary of 2017-2018 Budget Adjustments



Malisa Files, Finance Director



Approved for Agenda _____
John Marchione, Mayor