



INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**
CC: **Mayor McLeod**
FROM: **Vicky Carlsen, Finance Director**
BY: **Tony Cullerton, Deputy Finance Director**
DATE: **March 25, 2024**
SUBJECT: **February 2024 General Fund Departmental Budget-to-Actuals Report**

SUMMARY

The purpose of the February 2024 General Fund Financial Report is to summarize for the City Council the general state of departmental expenditures and to highlight significant items. The following provides a high-level summary of the departmental financial performance. The February 2024 report is based on financial data available as of March 1, 2024, for the period ending February 29, 2024.

Expenditures

General Fund departmental expenditures totaled \$8.9 million through February, which is \$2.2 million below the allocated budget of \$11.2 million. Department 20, which transfers to other funds, reported minimal activity for the month. In total the General Fund activity as of the end of February was \$9 million, which is below the allocated budget by \$2.2 million. However, due to ongoing labor negotiations, the \$2.2 million dollars under budget does not represent savings.

Allocated Budget

As of the end of February, all departments are under their allocated budgets.

% Expended

The end of February represents 16.7% of the year completed. Finance is the only department that finished the month with a % Expended greater than 16.7%. The 27% spending in **Finance** is a combination of Professional Services, Technical Services, and Machinery & Equipment. Professional Services saw a significant increase in the Risk Management program. This program is responsible for 98% of the cost in Professional Services. The increase in Technical Services is Software Maintenance contracts. Machinery & Equipment costs are Finance Enterprise Milestone payments and the replacement cost for a new Folding Machine.

2024 Compared to 2023

INFORMATIONAL MEMO

February 26, 2024

Page 2

When comparing the current year’s spending to the previous year’s spending, A few departments reported large swings is spending. The **Mayor’s Office** reported a decline of 34% when compared to the same period last year. The decline is in both Attorney Services and Public Defense expenditures. The 44% budgeted increase in **Finance** has been previously explained under the % Expended section of the memo. The large decline reported in **Fire** is a timing issue. Last year the City paid the Q1 invoice in February. Based on the allocated budget, we anticipate a \$3.8 million payment to the Regional Fire Authority (RFA) for contracted services in the month of March.

Departmental Variances

Year to Date Department Expenditures Through January 2024:

DEPARTMENT	BUDGET		ACTUAL			Allocated Budget vs Actual OVER/(UNDER)	% Expended	2023/2024	
	2024 Annual	2024 Allocated	2022	2023	2024			\$ Change	% Change
	City Council	393,067	65,511	54,853	55,773			50,409	(15,102)
Mayor's Office	2,405,513	400,919	275,003	454,468	300,579	(100,340)	12.5%	(153,889)	-33.9%
Administrative Services	5,621,624	964,500	685,140	792,800	735,932	(228,567)	13.1%	(56,867)	-7.2%
Finance Department	4,625,307	1,279,668	831,005	871,125	1,260,794	(18,874)	27.3%	389,669	44.7%
Rec Dept / Parks Maint	5,808,439	942,198	584,521	707,264	601,602	(340,596)	10.4%	(105,662)	-14.9%
Community Dev	5,063,237	843,873	710,773	671,131	560,456	(283,417)	11.1%	(110,675)	-16.5%
Municipal Court	1,859,399	309,900	244,465	267,167	254,824	(55,075)	13.7%	(12,342)	-4.6%
Police Department	24,212,875	4,433,574	3,058,958	3,676,374	3,595,082	(838,493)	14.8%	(81,293)	-2.2%
Fire Department	15,605,441	384,921	2,346,086	3,984,579	378,904	(6,017)	2.4%	(3,605,675)	-90.5%
PW Dept / Street Maint	8,002,142	1,573,617	1,061,423	1,255,585	1,234,557	(339,060)	15.4%	(21,028)	-1.7%
Subtotal	73,597,044	11,198,680	9,852,227	12,736,267	8,973,140	(2,225,540)	12.2%	(3,763,127)	-29.5%
Non Departmental	5,865,345	0	0	0	18,953	18,953	0.3%	18,953	N/A
Total Expenditures	79,462,388	11,198,680	9,852,227	12,736,267	8,992,093	(2,206,587)	11.3%	(3,744,174)	-29.4%
						% of Year	16.7%		

General Fund by Category

INFORMATIONAL MEMO

February 26, 2024

Page 3

Per ordinance, the City adopts a biennial budget by fund. This is the required level of reporting for external authoritative sources of oversight such as of the Washington State Auditor's office. This level of reporting is also utilized for the purposes of debt issuance and by other stakeholders. For managerial reporting and internal use, the city reports activity at the department level. This provides more details and additional information used by decision makers within the city and those charged with governance. To provide an enhanced level of reporting, additional information is being provided for activity by category that reflect an increase of more than **5%** over the prior year AND **\$50,000**, that are part of a Category that is reporting total activity above the % of Year calculation.

Allocated Budget

All Category totals except **Capital Outlay** are within their allocated budget. There was no Capital spending for the period of Jan – Feb in 2023. The expenditures incurred during this period in 2024 were for capital purchases that support a variety of programs, including Financial Reporting & Analysis, A/P, A/R and Misc Billing. The large decline in **Salaries** is due to ongoing labor negotiations and should not be interpreted as cost savings.

% Expended

The end of February represents 16.7% of the year. The only category that is reporting expenditures greater than 16.7% YTD is Machinery & Equipment. These are the costs previously explained as capital software milestone payments and the purchase to replace an outdated folding machine.

\$ Change 2023/2024

When comparing changes in spending between 2023 and 2024 there were no large increases at the category level. However, there were a couple of significant decreases. **Professional Services** decreased significantly from the same period last year. The decrease is due to the timing of when the City makes its 1st quarter contract payment to the RFA. In 2023, the 1st quarter payment was made in February. In 2024, the payment is budgeted for the month of March. **Communications** reflects an increase of 143% over the same period last year. However, the dollar amount is less than \$50k. While the % is high, the total dollar amount is immaterial. This purchase is for a Business Reply Mail permit for the Business Systems Management Support program within the City Clerk's Office. **Rentals** are up 49%. Similar to Communications, while the % of increase seems high, the dollar amount is low. The increase in Rentals is an expenditure for training in the Public Safety program. Specifically, EVOC track fees. The increase in **Machinery & Equipment** has been explained above in the % Expended section of this memo.

INFORMATIONAL MEMO

February 26, 2024

Page 4

General Fund

City of Tukwila

General Fund Expenditures

Year-to-Date as of Feb 29, 2024

	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2023	2023	2021	2022	2023	Actual Budget vs Allocated	% Expended	Change	
	Annual	Allocated				OVER/(UNDER)		\$ 2022/2023	% 2022/2023
Salaries	28,083,897	4,680,650	4,878,147	3,842,367	3,126,737	(1,553,913)	11.1%	(715,630)	(18.6%)
Extra Labor	794,977	132,496	41,959	54,499	59,792	(72,704)	7.5%	5,293	9.7%
Overtime	797,180	132,864	432,520	291,849	218,463	85,599	27.4%	(73,386)	(25.1%)
Holiday Pay	250,000	41,667	2,885	1,935	623	(41,044)	0.2%	(1,312)	N/A
FICA	2,299,308	383,218	310,328	315,667	257,275	(125,943)	11.2%	(58,392)	(18.5%)
Pension-LEOFF	690,494	102,749	146,850	85,931	73,249	(29,500)	10.6%	(12,682)	(14.8%)
Pension-PERS/PSERS	1,877,476	312,912	239,320	253,845	181,211	(131,701)	9.7%	(72,634)	(28.6%)
Industrial Insurance	616,066	102,677	99,101	63,390	55,067	(47,610)	8.9%	(8,323)	(13.1%)
Medical & Dental	5,818,916	969,819	1,224,582	894,256	981,781	11,962	16.9%	87,525	9.8%
Unemployment	0	0	168	0	0	0	-	0	N/A
Uniform/Clothing	33,504	5,584	0	242	635	(4,949)	1.9%	393	N/A
Total Salaries & Benefits	41,261,818	6,864,635	7,375,860	5,803,982	4,954,832	(1,909,803)	12.0%	(849,149)	(14.6%)
Supplies	640,401	106,734	5,172	45,824	52,194	(54,540)	8.2%	\$6,370	13.9%
Repairs & Maint Supplies	420,705	70,118	13,448	34,599	57,454	(12,663)	13.7%	\$22,855	66.1%
Resale Supplies	2,580	430	0	0	0	(430)	-	\$0	-
Small Tools	228,078	38,013	3,306	22,521	9,215	(28,799)	4.0%	(\$13,306)	(59.1%)
Technology Supplies	112,364	18,727	3,659	2,741	12,426	(6,301)	11.1%	\$9,685	353.4%
Fleet Supplies	7,260	1,210	0	740	619	(591)	8.5%	(\$121)	(16.4%)
Total Supplies	1,411,387	235,232	25,584	106,424	131,908	(103,324)	9.3%	\$25,483	23.9%
Professional Services	23,292,740	3,029,313	1,578,383	5,974,870	2,774,924	(254,389)	11.9%	(\$3,199,947)	(53.6%)
Communications	468,177	78,029	37,111	29,816	72,576	(5,454)	15.5%	\$42,759	143.4%
Professional Dev	532,851	86,663	99,662	150,198	164,710	78,047	30.9%	\$14,512	9.7%
Advertising	66,716	11,120	0	50	0	(11,120)	-	(\$50)	N/A
Rentals	319,003	53,167	27,462	10,852	16,202	(36,965)	5.1%	\$5,350	49.3%
Technology Services	1,081,907	217,880	240,306	275,610	286,318	68,438	26.5%	\$10,708	3.9%
Utilities	2,387,484	193,481	31,341	118,684	114,872	(78,609)	4.8%	(\$3,812)	(3.2%)
Repairs & Maint Svs.	1,483,739	247,290	323,102	208,616	259,910	12,621	17.5%	\$51,295	24.6%
Miscellaneous	701,220	116,870	63,917	57,165	39,449	(77,421)	5.6%	(\$17,716)	(31.0%)
Total Services	30,333,839	4,033,813	2,401,284	6,825,861	3,728,960	(304,853)	12.3%	(3,096,900)	(45.4%)
Capital Outlay-Land	0	0	0	0	0	0	-	0	-
Other Improvements	0	0	0	0	0	0	-	0	-
Machinery & Equipment	590,000	65,000	49,499	0	176,392	111,392	29.9%	176,392	N/A
Construction Projects	0	0	0	0	0	0	-	0	-
Total Capital Outlay	590,000	65,000	49,499	0	176,392	111,392	29.9%	176,392	N/A
Transfers Out	5,865,345	0	0	0	0	0	-	0	N/A
Total Non Operating Expen:	5,865,345	0	0	0	0	0	-	0	N/A
Total Expenditures	79,462,389	11,198,680	9,852,227	12,736,267	8,992,092	(2,206,588)	11.3%	(3,744,174)	(29.4%)
						% of Year	16.7%		

Riverton Park United Methodist Church Response (RPUMC)

INFORMATIONAL MEMO

February 26, 2024

Page 5

Total costs to date are slightly over \$217,072. These expenditures are a combination of consulting services/contracts, employee time, and services.

Total Costs (Snapshot)

SNAPSHOT				
Object	2023 \$	2024 \$	Total	%
Consulting/Contracts	107,598	5,000	112,598	51%
Salaries/Benefits	55,494	39,007	94,501	43%
Services	0	14,222	14,222	6%
Total	163,092	58,229	221,321	100%

The City has entered into four contracts for service. The total contract amount is currently \$192,948. Of that total, \$112,598 has been spent, leaving a remaining encumbered amount of \$80,350.

CONTRACTS	
#1 Fencing	
Initial Contract Amount	15,000
Change Orders	<u>5,000</u>
Total Contract Amount	20,000
Amount Invoiced	<u>18,734</u>
Amount Remaining	1,266
#2 I-2 Strategies	
Initial Contract Amount	39,000
Change Orders	<u>61,000</u>
Total Contract Amount	100,000
Amount Invoiced	<u>77,898</u>
Amount Remaining	22,102
#3 Brad Harwood Communications	
Initial Contract Amount	60,000
Change Orders	<u>0</u>
Total Contract Amount	60,000
Amount Invoiced	<u>15,966</u>
Amount Remaining	44,034
#4 Cascadia Cleaning & Removal	
Initial Contract Amount	12,948
Change Orders	<u>0</u>
Total Contract Amount	12,948
Amount Invoiced	<u>0</u>
Amount Remaining	12,948
Contracts Summary	
Initial Contract Amount	126,948
Change Orders	66,000
Total Contract Amount	192,948
Amount Invoiced	112,598
Amount Remaining - Encumbered	80,350
TOTAL CONTRACT COSTS	112,598
Encumbrances	80,350
CONTRACT GRAND TOTAL	192,948

INFORMATIONAL MEMO

February 26, 2024

Page 6

Several departments within the City are dedicating staff time to the RPUMC project. Below is a breakdown at the department level.

Cost by Department

Department	2023 \$	2024 \$	Total
Admin Svcs-Administration	123	140	263
City Council	587	352	939
Comm Dev Administration	6,140	4,770	10,910
Community Service & Engagement	2,724	607	3,331
Economic Development	4,009	424	4,432
Emergency Mgmt.	7,317	731	8,047
Finance Department	100	0	100
Golf Course Operations	0	36	36
Mayor's Office Administration	4,240	4,080	8,319
Non-Dept General Government	107,598	19,294	126,892
Park Maintenance	0	611	611
PD Recruiting & Hiring	61	0	61
Police Dept Administration	8,740	7,033	15,773
Recreation Dept-Administration	21,454	19,731	41,184
Tourism-Basic Operations	0	424	424
Total	163,092	58,229	221,321

INFORMATIONAL MEMO

February 26, 2024

Page 7

Projections

Looking ahead we anticipate the following additional costs.

6 Month Projections	
Consulting/Contracts	
Future Encumbrances	80,350
Durable Tenting	
Initial setup + 28 days	42,000
Four months lease (\$25k/Mo.)	100,000
Demobilization + 28 days	37,000
Misc expenditures (6 Mo.)	<u>215,000</u>
Estimated Total	394,000
Salaries/Benefits	
Staff Time (6 Mo.)	108,624
Services	
Miscellaneous	2,000
Total Projections	584,974
Current Incurred Expenditures	<u>217,071</u>
Expected Total Costs	802,045