



INFORMATIONAL MEMORANDUM

TO: Finance and Safety Committee
FROM: Peggy McCarthy, Finance Director
BY: Vicky Carlsen, Deputy Finance Director
CC: Mayor Ekberg
DATE: November 1, 2017
SUBJECT: 2017-2018 Mid-Biennium Budget Amendments

ISSUE

Approve the administrative 2017-2018 mid-biennium budget amendments.

BACKGROUND

While amending the budget is only legally required when a fund, in total, is in danger of exceeding budget, it is practice to adjust the budget to keep departments in the general fund from exceeding budget as authorized through the biennial budget process. It is also practice to adjust budgets in other funds to reflect changes in financial plans that occur throughout the fiscal year.

Many of the proposed budget amendments have been reviewed and approved by the Committee and/or Council process as noted below in the discussion and in the Exhibit A. Budget amendments are being proposed for the following reasons:

- Add budget for departments or funds experiencing higher than expected costs and in danger of being over budget at year-end. For 2017, an adjustment is proposed for the Fire Department and several other funds.
- Add budget for revenue-backed expenditures such as grants and reimbursable services.
- Adjust budget for carryovers - initiatives budgeted in one year but expended in the next year.
- Add budget for new initiatives. In 2017, Council authorized the purchase of land, a contract for quality assurance related to the Public Safety Plan, and the Axon Body Camera program for the Police Department. Additional details on the initiatives are included below in the discussion and in exhibit A.
- Several administrative adjustments including debt service and compliance with the Reserve Policy.

The proposed amendments have been categorized into the following four groups:

No	Category Name	Category Description
1.	Existing Service Levels & Plans	Adjust budget to reflect changes needed to maintain existing service levels and plans including departmental under and over expenditures.
2.	Revenue Backed	Increase both expenditure and revenue budget for new programs or services that have a dedicated funding source.
3.	Carryovers	Move budget to or from budget years to mirror actual or planned spending and revenue recognition.

4.	Initiatives	Budget for new programs, enhanced service levels or system improvements. (e.g. for 2017, The quality assurance contract for the Public Safety Plan).
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The budget amendments are discussed below and are also listed in Exhibit A titled, "2017 Year End Budget Amendment Detail."

DISCUSSION

GENERAL FUND

Category 1 – Existing Service Levels and Plans.

Departmental Expenditures Exceeding Budget. At the July 5, 2016 meeting, Council authorized the Fire Department to increase the total pipeline positions from three to five. These positions are unbudgeted and are intended to reduce overtime due to retirements. The Fire Department has been experiencing three retirements each year for the last several years. In 2017, only one retirement has occurred. Because the retirements did not occur as expected, \$240 thousand in labor costs were incurred that were not offset by a reduction in overtime. Additional details on the Fire Department budget is provided in Exhibit B. This item has been discussed at several Finance Committee meetings.

Another budget amendment in this category relates to the Public Safety Plan. The budget was drafted to include bond proceeds to be received in 2017 for costs associated with the Public Works Shops facility. It is not expected that the earliest the City will sell bonds for the Shops will be in 2018. Costs for preliminary siting work have been incurred in 2017. An operating transfer from the general fund into the City Facilities fund (fund 306) will need to be done to cover costs incurred.

The final amendment in this category is to transfer 10% of previous year one-time revenue from the general fund to the contingency fund. One-time revenue received in 2016 was related to construction sales tax.

Category 2 – Revenue Backed

The most significant amendment in this category is for the Fire Department. In September, fire personnel were deployed to assist in recovery efforts from two hurricanes; one in Texas and the other in Florida. Approximately \$125 thousand in labor costs were incurred that will be reimbursed. Due to the lateness in the fiscal year that these events occurred, it is anticipated that funds will not be received until 2018.

The Fire Department also incurred emergency medical costs that will be reimbursed in 2017. Total costs and reimbursement is approximately \$35 thousand.

A grant was approved by Council at the October 23, 2017 special meeting for the Police Department. The grant, which requires a 10% match, is to fund a temporary position to maintain service levels in the Police Records Unit. Grant revenue is approximately \$77 thousand, and with the required match, expenditures will be approximately \$77.5 thousand.

The Mayor's Department secured a grant from the Port of Seattle to create marketing materials for business development and attraction. Resolution #1888 was approved on August 15, 2017 supporting the City's efforts to obtain this grant. The total grant is \$16,500.

Other revenue backed amendments are for four grants received by the Recreation Department. A Wilderness Explorers grant, in the amount of \$2,671 was secured to support Camp Tukwily. A grant from World Vision MOU, in the amount of \$5,000 was secured to support the 2017 Youth Action day. Amendments for these two grants is specific to 2017. The Recreation Department also secured a grant from the United Way to support summer playground sites. The grant is \$3,000 for 2017 and \$3,000 for 2018. The final grant is the At-Risk Afterschool Meals program, part of the Child and Adult Food Program.

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Revenue for this grant was budgeted in both 2017 and 2018 at \$4,000 but the City will receive \$9,000. Expenditures were budgeted at \$1,500 each year but will match the revenue received.

Category 3 – Carryovers

The Technology and Innovation Services Department has a capital budget of \$43 thousand. Planned purchases that were anticipated to occur in 2017 will be moved into 2018.

Category 4 – Initiatives

Budget of \$50 thousand is being added to the Council's budget. At the June 26, 2017 special meeting, Council approved a contract with Steven Golblatt to provide quality assurance for the Public Safety Plan. The contract extends through December 31, 2021 in an amount not to exceed \$250 thousand.

OTHER FUNDS

Budget amendments for other funds are proposed to --

- Add expenditure budget to ensure adequate coverage of actual 2017 expenditures in the hotel/motel (lodging tax 101) and drug seizure fund (109),
- Add expenditure budget to ensure adequate coverage of projected 2018 expenditures in the surface water fund (412) associated with the 42nd Avenue South project,
- Add expenditure budget to purchase land in the land acquisition fund,
- Reflect budget changes in General Fund transfers as well as utility funds into the City Facilities fund (306) for the Public Works Shops facility.
- Replace the line of credit that is due in December 2017 with a new 5-year debt in the facilities fund (302),
- Carryover budget from 2017 projects in the residential streets (103) and arterial streets (104) funds, and
- Reflect additional Local Improvement District (LID) bond payments resulting from the early LID assessment payoffs that occurred in 2016.
- Streamline CAFR (Comprehensive Annual Financial Report) process. Combine all LTGO (limited tax obligation bond fund budgets into one fund to streamline CAFR reporting.

RECOMMENDATION

The Council is asked to approve the 2017 mid-biennium Budget Amendment ordinance and consider this item at the November 14, 2017 Committee of the Whole, and November 20, 2017 Regular Council Meeting.

ATTACHMENTS

Draft Ordinance

Reconciliation of 2017-2018 Budget Summary to Ordinance

Info Memo – Fire Department

DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AMENDING ORDINANCE NO. 2515, WHICH ADOPTED AND AMENDED THE CITY OF TUKWILA'S BIENNIAL BUDGET FOR THE 2017-2018 BIENNIUM, TO ADOPT AN AMENDED MID-BIENNIUM BUDGET; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on December 5, 2016, the City Council of the City of Tukwila adopted Ordinance No. 2515, which adopted the 2017-2018 biennial budget of the City of Tukwila; and

WHEREAS, a mid-biennium budget amendment was presented to the City Council in a timely manner for their review, in accordance with RCW 35A.34.130; and

WHEREAS, on November 13, 2017, following required public notification, the City Council conducted a public hearing on the proposed mid-biennium budget amendment;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Ordinance Amended. Tukwila Ordinance No. 2515 is hereby amended with the City Council's adoption of the document entitled "City of Tukwila 2017-2018 Mid-Biennium Budget Amendment," attached hereto and incorporated by this reference as if fully set forth herein, in accordance with RCW 35A.33.075.

Section 2. Estimated Revenues and Appropriations. The totals of the estimated revenues and appropriations for each separate fund and the aggregate totals are as follows:

FUND		EXPENDITURES	REVENUES
000	General	\$142,679,203	\$142,679,203
105	Contingency	\$5,894,563	\$5,894,563
104	Arterial Street	\$39,473,923	\$39,473,923
2XX	Debt Service	\$9,922,528	\$9,922,528
302	Facility Replacement/Urban Renewal	\$10,271,906	\$10,271,906
305	Public Safety Plan	\$25,160,000	\$25,160,000
306	City Facilities (Public Works Shops)	\$29,913,000	\$29,913,000

Section 3. Copies on File. A complete copy of the amended budget for 2017-2018, as adopted, together with a copy of this amending ordinance, shall be kept on file in the City Clerk's Office, and a copy shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

Section 4. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 5. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 6. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force and effect five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2017.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Rachel B. Turpin, City Attorney

Filed with the City Clerk: _____
Passed by the City Council: _____
Published: _____
Effective Date: _____
Ordinance Number: _____

Attachment: City of Tukwila 2017-2018 Mid-Biennium Budget Amendment

Exhibit A

2017-18 Mid-Biennium Budget Amendment Detail -- Spreadsheet

Ref	Dept	Sponsor	Explanation	2017 Increase (Decrease)			2018 Increase (Decrease)		
				Expense	Revenue	Effect on EFB	Expense	Revenue	Effect on EFB
GENERAL FUND									
POLICE DEPARTMENT									
Category 2 - Revenue Backed									
1	PD	Richardson	Grant funded temporary FTE to maintain level of service in the Police Records Unit. Grant was approved by Council at the October 23, 2017 special meeting.				86,029	77,426	(8,603)
Police Department Total				-	-	-	86,029	77,426	(8,603)
FIRE DEPARTMENT									
Category 1 - Existing Service Levels or Plans									
2	FD	Carlsen	Funding to cover costs associated with two additional pipeline positions approved by Council at the July 5, 2016 meeting.	240,000		(240,000)	240,000		(240,000)
Category 2 - Revenue Backed									
3	FD	Carlsen	Firefighter deployment to assist with recovery efforts from hurricanes in Texas and Florida. Information on the deployment was presented to Council at the October 23, 2017 C.O.W. meeting.	125,000	125,000	-			
4	FD	Carlsen	Expenses related providing emergency medical services. The City was able to receive an additional \$35 thousand in reimbursement for incurred costs.	35,000	35,000	-			
Fire Department Total				400,000	160,000	(240,000)	240,000	-	(240,000)
MAYOR									
Category 2 - Revenue Backed									
5	Mayor	Speck	Port of Seattle grant to create marketing materials for business development and attraction. Resolution 1888 was approved on August 15, 2016 supporting the City's efforts to obtain this grant.	16,500	16,500	(240,000)			
Mayor Total				16,500	16,500	-	-	-	-
PARKS & RECREATION									
Category 2 - Revenue Backed									
6	Rec	Gallaway	Wilderness Explorers grant to support Camp Tukwilly.	2,671	2,671	-			
7	Rec	Gallaway	United Way grant to support summer playground sites.	3,000	3,000	-	3,000	3,000	-
8	Rec	Gallaway	World Vision MOU to support 2017 Youth Action day.	5,000	5,000	-			
9	Rec	Gallaway	At-Risk Afterschool Meals program, and is part of the Child and Adult Food Program. When budget was drafted, \$4,000 in revenue was budgeted expected revenue is not \$9,000 each year. Only \$1,500 in expenditures was budgeted but total funds to be spent is	7,500	5,000	(2,500)	7,500	5,000	(2,500)
Parks & Recreation Total				18,171	15,671	(2,500)	10,500	8,000	(2,500)
COUNCIL									
Category 4 - Initiatives									
10		Humphrey	Steve Golblatt Quality Assurance for Public Safety Plan. This contract was approved at the June 26, 2017 special meeting. The contract extends through December 31, 2021 in an amount not to exceed \$250,000.	30,000		(30,000)	60,000		(60,000)
Council Total				30,000	-	(30,000)	60,000	-	(60,000)
TECHNOLOGY SERVICES									
Category 3 - Carryovers									
11	TS	Todd	Planned capital and other purchases will not occur until 2018.	(43,000)		43,000	43,000		(43,000)
Technology Services Total				(43,000)	-	43,000	43,000	-	(43,000)
TRANSFERS, REVENUE & OTHER									
Category 1 - Existing Service Levels or Plans									
12		Carlsen	Expenditures associated with the PW Works Shops facility. The budget was drafted to include bond proceeds. However, bonds will not be sold until at least 2018. An operating transfer is necessary to cover 2017 costs until bonds are sold.	210,000		(210,000)			
13		Carlsen	Transfer 10% of previous year one-time revenue (construction sales tax) to Contingency fund per Reserve Policy.	138,515		(138,515)			
Transfers, Revenue & Other Total				348,515	-	(348,515)	-	-	-
Total General Fund 000				770,186	192,171	(578,015)	439,529	85,426	(354,103)

Exhibit A
2017-18 Mid-Biennium Budget Amendment Detail -- Spreadsheet

Ref	Dept	Sponsor	Explanation	2017 Increase (Decrease)			2018 Increase (Decrease)		
				Expense	Revenue	Effect on EFB	Expense	Revenue	Effect on EFB
CONTINGENCY FUND 105									
Category 1 - Existing Service Levels or Plans									
14	Fin	Carlsen	Transfer 10% of previous year one-time revenue (construction sales tax) to Contingency fund per Reserve Policy.	-	138,515	138,515			
Total Contingency Fund 105				-	138,515	138,515	-	-	-
HOTEL/MOTEL FUND 101									
Category 1 - Existing Service Levels or Plans									
15	Fin	Carlsen	True up budget in 2017 and 2018 as approved by Council at the June 20, 2016 regular meeting and as recorded in the 2017-20018 biennial budget document.	281,800		(281,800)	213,586		(213,586)
Total Hotel/Motel Fund 101				281,800	-	(281,800)	213,586	-	(213,586)
DRUG SEIZURE FUND 109									
Category 4 - Initiatives									
16	Police	Mitchell	True up budget to account for costs of Axon body camera program approved by Council at the July 17, 2017 regular meeting.	380,000		(380,000)	200,000		(200,000)
Total Drug Seizure Fund 109				380,000	-	(380,000)	200,000	-	(200,000)
RESIDENTIAL STREET FUND 103									
Category 3 - Carryovers									
17	Fin	Labanara	42nd Ave S project. Carry forward into 2018 as this project spans more than one year.	(2,000,000)		2,000,000	2,000,000		(2,000,000)
18	Fin	Labanara	53rd Ave S project. Carry forward into 2018 as this project spans more than one year.	(3,800,000)		3,800,000	3,800,000		(3,800,000)
Total Residential Street				(5,800,000)	-	5,800,000	5,800,000	-	(5,800,000)
ARTERIAL STREET FUND 104									
Category 3 - Carryovers & Reclassifications									
19	Fin	Labanara	Boeing Access Road Bridge Rehab project. Carry forward into 2018 as the project spans more than one year.	(9,900,000)	(9,000,000)	900,000	9,900,000	9,000,000	(9,900,000)
20	Fin	Labanara	Stander Blvd Extension project. Carry forward into 2018 as this project spans more than one year.	(2,400,000)	(2,000,000)	400,000	2,400,000	2,000,000	(2,400,000)
Total Arterial Street				(12,300,000)	(11,000,000)	1,300,000	12,300,000	11,000,000	(1,300,000)
LAND ACQUISITION FUND 301									
Category 4 - Initiatives									
21		Still	Land acquisition as authorized by Council at the October 16, 2017 regular meeting.	2,000,000		(2,000,000)	500,000		(500,000)
Total Land Acquisition Fund 301				2,000,000	-	(2,000,000)	500,000	-	(500,000)
PUBLIC SAFETY PLAN FUND 305									
Category 3 - Carryovers & Reclassifications									
22		Carlsen	Transfer in impact fee revenue collected to date from the Fire Impact Fee fund.		1,017,000	1,017,000			
23		Wittwer	Adjust budget to reflect purchasing the ladder and other equipment in 2018 rather than 2019 as originally				2,245,000		(2,245,000)
Total Public Safety Plan Fund 305				-	1,017,000	1,017,000	2,245,000	-	(2,245,000)
CITY FACILITIES (PW SHOPS) FUND 306									
Category 1 - Existing Service Levels or Plans									
24		Carlsen	Expenditures associated with the PW Works Shops facility. The budget was drafted to include bond proceeds. Bonds will not be sold until at least 2018. an operating transfer is necessary to cover 2017 costs.		420,000	420,000			
Total City Facilities (PW Shops) Fund 306				-	420,000	420,000	-	-	-

Exhibit A

2017-18 Mid-Biennium Budget Amendment Detail -- Spreadsheet

Ref	Dept	Sponsor	Explanation	2017 Increase (Decrease)			2018 Increase (Decrease)		
				Expense	Revenue	Effect on EFB	Expense	Revenue	Effect on EFB
URBAN RENEWAL FUND 302									
Category 1 - Existing Service Levels or Plans									
25	Fin	McCarthy	Pay off line of credit with new, 5-year debt. The current line of credit with Bank of the West is budgeted to be paid in 2018.	2,350,000	2,350,000	-			
26		Bianchi	Gregor House property was budgeted to be sold in 2017. Rather than selling the property, it has now been proposed to enter into a long-term lease.		(250,000)	(250,000)			
Total Urban Renewal Fund 302				2,350,000	2,100,000	(250,000)	-	-	-
FIRE EQUIPMENT FUND 304									
Category 3 - Carryovers & Reclassifications									
27		Carlsen	Transfer impact fee revenue collected to date to the Public Safety Plan fund.	1,017,000		(1,017,000)			
Total Fire Equipment Fund 304				1,017,000	-	(1,017,000)	-	-	-
LID FUND 233									
Category 1 - Existing Service Levels or Plans									
28	Fin	Carlsen	Adjust LID principal payments to account for additional assessment revenue. Revenue was received in 2016, assessment was paid in January 2017.	146,000		(146,000)	200,000		(200,000)
Total LID Fund 233				146,000	-	(146,000)	200,000	-	(200,000)
WATER FUND 401									
Category 1 - Existing Service Levels or Plans									
30	Fin	Carlsen	Expenditures associated with the PW Works Shops facility. The budget was drafted to include bond proceeds. However, bonds will not be sold until at least 2018. an operating transfer is necessary to cover 2017 costs.	70,000		(70,000)			
Total Water Fund 401				70,000	-	(70,000)	-	-	-
SEWER FUND 402									
Category 1 - Existing Service Levels or Plans									
31	Fin	Carlsen	Expenditures associated with the PW Works Shops facility. The budget was drafted to include bond proceeds. However, bonds will not be sold until at least 2018. an operating transfer is necessary to cover 2017 costs.	70,000		(70,000)			
Total Sewer Fund 402				70,000	-	(70,000)	-	-	-
SURFACE WATER FUND 412									
Category 3 - Carryovers & Reclassifications									
32	Fin	Carlsen	Gillam Creek 42nd Ave S Surface Water project to cover increase in construction costs. This is only an estimate at this time.	-		-	1,000,000		(1,000,000)
33	Fin	Carlsen	Expenditures associated with the PW Works Shops facility. The budget was drafted to include bond proceeds. However, bonds will not be sold until at least 2018. an operating transfer is necessary to cover 2017 costs.	70,000		(70,000)			
Total Surface Water Fund 412				70,000	-	(70,000)	1,000,000	-	(1,000,000)
LIMITED TAX GENERAL OBLIGATION (LTGO) FUNDS 2XX									
Category 1 - Existing Service Levels or Plans									
34	Fin	Carlsen	To streamline CAFR (Comprehensive Annual Financial Report) only. Combine all LTGO debt service fund budgets into one fund to streamline CAFR reporting. Details on individual debt issues will still be maintained for administrative purposes. This change will not affect any voter approved debt issues or the two debt funds associated with Local Improvement District #33.	3,343,607	3,343,607	-	6,578,921	6,578,921	-
Total Limited Tax General Obligations 2XX				3,343,607	3,343,607	-	6,578,921	6,578,921	-

City of Tukwila 2017-2018 Mid-Biennium Budget Amendment

EXPENDITURES					ORIGINAL	AMENDED	
					BUDGET	BUDGET	
	2017	2018	2018 Ending	Total	Mid Biennial Amendment		Total
Expenditures	Expenditures	Fund Balance	Expenditures	2017	2018	Expenditures	
000 General	\$ 62,639,570	\$ 68,168,105	\$ 11,593,932	\$ 142,401,606	\$ 192,171	\$ 85,426	\$ 142,679,203
101 Hotel/Motel	440,700	423,914	1,536,261	2,400,875	-	-	2,400,875
103 City Street	9,353,000	5,425,000	887,431	15,665,431	-	-	15,665,431
104 Arterial Street	29,137,579	9,803,218	533,126	39,473,923	(11,000,000)	11,000,000	39,473,923
105 Contingency	-	-	5,756,048	5,756,048	138,515	-	5,894,563
109 Drug Seizure Fund	45,000	45,000	491,635	581,635	-	-	581,635
2XX LTGO Debt Service					3,343,607	6,578,921	9,922,528
200 LTGO Bonds	691,150	2,940,000	133,546	3,764,696	(824,696)	(2,940,000)	-
208 LTGO Bonds - 2017 (Public Safety Plan)	-	492,000	-	492,000	-	(492,000)	-
209 LTGO Bonds - 2017 (Residential Street)	-	672,000	-	672,000	-	(672,000)	-
211 Limited Tax G.O. Refunding Bonds, 2008	809,900	809,100	416	1,619,416	(810,316)	(809,100)	-
212 Limited Tax G.O. Bonds, 2009A	427,461	428,288	2	855,751	(427,463)	(428,288)	-
213 UTGO - 2107	-	2,681,000	-	2,681,000			2,681,000
214 Limited Tax G.O. Bonds, 2010A	581,191	575,153	33,972	1,190,316	(615,163)	(575,153)	-
217 2011 Refunding Bonds	552,300	549,250	539	1,102,089	(552,839)	(549,250)	-
218 2014 Facility	113,130	113,130	-	226,260	(113,130)	(113,130)	-
206 LID Guaranty	-	-	670,151	670,151			670,151
233 2013 LID	721,830	702,655	855,923	2,280,408	-	-	2,280,408
301 Land Acquisition, Recreation & Park Dev.	1,139,000	581,000	2,378,123	4,098,123	-	-	4,098,123
302 Facility Replacement	1,860,000	6,086,000	225,906	8,171,906	2,100,000	-	10,271,906
303 General Government Improvements	290,794	294,593	149,962	735,349			735,349
304 Fire Improvements	-	-	727,831	727,831	-	-	727,831
305 Public Safety Plan	14,187,000	9,599,000	357,000	24,143,000	1,017,000	-	25,160,000
306 City Facilities	6,150,000	2,302,000	21,041,000	29,493,000	420,000	-	29,913,000
401 Water	8,841,590	6,898,434	2,386,537	18,126,561	-	-	18,126,561
402 Sewer	11,168,523	8,618,352	6,695,216	26,482,091	-	-	26,482,091
411 Foster Golf Course	1,850,949	1,887,168	67,157	3,805,274			3,805,274
412 Surface Water	8,133,869	8,729,475	3,809,484	20,672,828	-	-	20,672,828
501 Equipment Rental	3,952,966	4,227,493	4,698,217	12,878,676			12,878,676
502 Insurance Fund	6,842,617	7,150,807	4,589	13,998,014			13,998,014
503 Insurance - LEOFF 1 Fund	606,299	623,714	516,872	1,746,884			1,746,884
611 Firemen's Pension	72,727	76,491	1,162,401	1,311,619			1,311,619
Total	\$ 170,609,146	\$ 150,902,340	\$ 66,713,277	\$ 388,224,762	\$ (7,132,314)	\$ 11,085,426	\$ 392,177,875

Shaded rows indicate debt fund budgets being combined into one fund for reporting purposes.

City of Tukwila 2017-2018 Mid-Biennium Budget Amendment

REVENUES	2015 Beginning Fund Balance	2017 Revenues	2018 Revenues	Total Revenues	Mid Biennial Amendment		Total Revenues
					2017	2018	
000 General	\$ 11,500,000	\$ 62,665,691	\$ 68,235,916	\$ 142,401,606	\$ 192,171	\$ 85,426	\$ 142,679,203
101 Hotel/Motel	906,875	736,000	758,000	2,400,875			2,400,875
103 City Street	833,331	9,397,500	5,434,600	15,665,431			15,665,431
104 Arterial Street	3,786,923	25,398,000	10,289,000	39,473,923	(11,000,000)	11,000,000	39,473,923
105 Contingency	5,716,048	20,000	20,000	5,756,048	138,515	-	5,894,563
109 Drug Seizure Fund	461,635	60,000	60,000	581,635			581,635
2XX LTGO Debt Service					3,343,607	6,578,921	9,922,528
200 LTGO Bonds	133,546	691,150	2,940,000	3,764,696	(824,696)	(2,940,000)	-
208 LTGO Bonds - 2017 (Public Safety Plan)	-	-	492,000	492,000	-	(492,000)	-
209 LTGO Bonds - 2017 (Residential Street)	-	-	672,000	672,000	-	(672,000)	-
211 Limited Tax G.O. Refunding Bonds, 2008	416	809,900	809,100	1,619,416	(810,316)	(809,100)	-
212 Limited Tax G.O. Bonds, 2009A	2	427,461	428,288	855,751	(427,463)	(428,288)	-
213 UTGO - 2107	-	-	2,681,000	2,681,000			2,681,000
214 Limited Tax G.O. Bonds, 2010A	33,972	581,191	575,153	1,190,316	(615,163)	(575,153)	-
217 2011 Refunding Bonds	539	552,300	549,250	1,102,089	(552,839)	(549,250)	-
218 2014 Facility	-	113,130	113,130	226,260	(113,130)	(113,130)	-
206 LID Guaranty	669,151	500	500	670,151			670,151
233 2013 LID	898,764	702,111	679,533	2,280,408			2,280,408
301 Land Acquisition, Recreation & Park Dev.	2,713,123	716,000	669,000	4,098,123			4,098,123
302 Facility Replacement	370,706	3,486,600	4,314,600	8,171,906	2,100,000	-	10,271,906
303 General Government Improvements	334,349	200,500	200,500	735,349			735,349
304 Fire Improvements	645,631	32,100	50,100	727,831			727,831
305 Public Safety Plan	-	23,843,000	300,000	24,143,000	1,017,000	-	25,160,000
306 City Facilities	-	6,150,000	23,343,000	29,493,000	420,000	-	29,913,000
401 Water	4,178,561	6,905,000	7,043,000	18,126,561			18,126,561
402 Sewer	9,009,091	8,674,000	8,799,000	26,482,091			26,482,091
411 Foster Golf Course	23,174	1,864,550	1,917,550	3,805,274			3,805,274
412 Surface Water	4,273,828	7,413,000	8,986,000	20,672,828			20,672,828
501 Equipment Rental	5,592,380	3,141,319	4,144,977	12,878,676			12,878,676
502 Insurance Fund	1,175,682	6,173,727	6,648,605	13,998,014			13,998,014
503 Insurance - LEOFF 1 Fund	1,210,204	268,340	268,340	1,746,884			1,746,884
611 Firemen's Pension	1,170,891	69,687	71,041	1,311,619			1,311,619
Total	\$ 55,638,823	\$ 171,092,757	\$ 161,493,183	\$ 388,224,762	\$ (7,132,314)	\$ 11,085,426	\$ 392,177,875

Shaded rows indicate debt fund budgets being combined into one fund for reporting purposes.



INFORMATIONAL MEMORANDUM

TO: Finance Council Committee

FROM: Peggy McCarthy, Finance Director and Jay C Wittwer, Fire Chief

BY: Vicky Carlsen, Deputy Finance Director

CC: Mayor Ekberg

DATE: October 11, 2017

SUBJECT: Fire Department Budget Update and Proposed Budget Amendment

ISSUE

The discussion below encompasses the Fire Department budget, pipeline positions, retirements, and lessons learned.

The Fire Department is currently projected to exceed the 2017 adopted budget, which is largely due to additional pipeline positions authorized by the Council in mid-2016 and fewer than anticipated retirements in 2017. Additionally, budget was exceeded due to deployment of fire personnel to assist with hurricane recovery efforts in Texas and Florida. While most of the deployment costs will be reimbursed, the City does not expect to receive that funding until 2018.

BACKGROUND

History of Pipeline Positions

Pipeline positions were initially introduced to the fire department in February of 2014. City Council approved up to three pipeline positions in 2014 and two additional pipeline positions in June of 2016. Two pipeline employees were hired in 2014 and only one of them completed the academy. When the department suffered an unexpected departure of an employee in 2014, the pipeline employee filled that open slot thus leaving no pipeline employees available. 3 more pipeline employees started post-academy in early 2016 and 3 more were hired in 2017.

The intent of pipeline positions is to keep staffing levels at or above the minimum of 13 to reduce overtime caused by employee departures. When staffing is at least 15, the aid car is placed in service. In 2015, when no pipeline employees existed, the aid car was in service for 31 shifts. In 2016, there were 3 pipeline employees and the aid car was in service for 81 shifts. For 2017, the aid car has been in service for over 100 shifts (and still counting) with 5 pipeline employees.

History of Fire Department Staff Departures

The Fire department's staff enjoys a significant amount of longevity. At least 17 firefighters have been on staff for at least 28 years. All are eligible to retire now. In addition to the 17 noted above, there are 5 other fire department personnel that are able to retire with less than 28 years of service in the system. 33% of the Fire department members will be able to retire at this point, and as the months pass by, more will be added to this list. With longevity, comes retirements and other departures.

Retirements have averaged three a year since 2012. However, through the end of October, there has only been one retirement. It was anticipated that there would be up to three retirements in 2017 and that at least one pipeline position would transfer into an existing position.

2017 – 2018 Budget Preparation

The budget was prepared in the fall of 2016 just as the new Fire Chief, Jay Wittwer, was beginning his tenure with the City. The Finance Department is responsible for budgeting salaries, benefits, liability insurance, and fleet costs. Finance does not budget facilities costs such as utilities nor does it determine budget for dispatch services (Valley Comm.).

A total of 67 positions are included in the budget. Existing staff were budgeted at their current salary and benefits. Vacant positions were budgeted at step 1 with benefits based on entry level salary. All pipeline positions are unbudgeted; each pipeline position has an average annual cost of \$125 thousand.

DISCUSSION

Salaries

During the first half of 2017, all five pipeline positions, as authorized by City Council, have been filled. Because the intent of pipeline positions is to reduce overtime, they are unbudgeted. Through the end of June, salaries are over budget by \$198 thousand, or 2% of allocated budget.

Budgeted salaries were increased 2% over 2016 salaries as a place-holder for cost-of-living (COLA) adjustments. Because labor contracts have not been settled yet, actuals do not reflect COLA increases.

Pipeline Positions

The primary intent of pipeline positions is to reduce overtime costs. Minimum staffing in the Fire Department is 13. A and C shifts have 20 staff assigned positions and B shift has 19 assigned positions. Labor contracts allow for a total of four positions to be off for Kelly day or vacation each shift. Pipeline positions provide a cushion for each shift to allow for sick leave without dropping below minimum staffing. An additional benefit of the pipeline positions is if minimum staffing for a shift is 15, the aid car is placed in service, thereby increasing service levels to the City.

Even with 5 pipeline positions spread across all three shifts, overtime is on par with allocated budget rather than below allocated budget. The existence of pipeline positions in the first nine months of 2017 offset 117 shifts of overtime. The approximate value of that offset is \$175K.

Many shifts have incurred overtime above minimum staffing levels of 13. This is due, in a small part, to not having a trained driver for apparatus on shift. If the driver is the one that calls in sick, even with minimum staffing, overtime will be incurred to bring in a driver to fill the position.

It should be noted that the five pipeline positions add \$600 thousand in unbudgeted expenditures, however, the department was able to absorb \$360 thousand without exceeding budget.

Looking Forward / Lessons Learned

Administration and the Fire Department are committed to making operational adjustments in order to keep Fire within authorized budget, as directed by policy.

In 2017, the Fire Department expended additional overtime to train drivers. The department currently faces a shortage of drivers, and at times, will incur overtime even when staffing is at, or above, the minimum of 13 when a driver is absent. Driver's training should be completed in the

next few months. This effort, along with balancing the shifts with fire fighters that have been trained to drive, should reduce the anticipated overtime budget by approximately \$80 thousand.

The City has the option to keep the department within budget by reducing minimum staffing. This could be done on a global level, or on days where vacation, sick and Kelly Day usage requires someone to be called in on overtime. The Department could determine that they can run below the minimum staffing of 12. On these days one engine would be "browned out" (i.e. placed temporarily out of service) and an aid unit would be placed in service. Minimum staffing of 11 would cause one unit (engine or ladder truck) to be browned out and the ladder would operate with four personnel. This would also cause a station to be browned out for that day. If minimum staffing is reduced to 10, the ladder would remain in service with a total of three personnel.

As mentioned above, Administration and the Fire Department is committed to keeping the Fire budget below the adopted budget. Ongoing meetings will occur each month, overtime will continue to be monitored on a daily basis, and budget reviewed each pay period. At these meetings, issues can be promptly identified and corrective action taken.

Proposed Budget Amendment – Fire Department

Staff is recommending a budget amendment of \$400 thousand for the Fire Department consisting of the following three elements:

1. Costs associated with the two additional pipeline positions authorized in June 2016. Costs for each pipeline position is approximately \$120 thousand including wages, benefits, equipment, and training for a proposed amendment of \$240 thousand. This element of the amendment will be requested for both 2017 and 2018.
2. Additional EMS levy funds to account for costs for providing emergency medical services. The City has requested, and will receive, an additional \$35 thousand in EMS levy funds that is expected to be received this year. Both revenue and expenditure lines will be adjusted by \$35 thousand.
3. Expenditures associated with the deployments related to the hurricanes. Approximately \$128 thousand in costs were incurred to deploy fire personnel. These costs are revenue-backed, so the budget amendment would not only include an adjustment to overtime and related benefits, but to revenue as well. Since the deployments occurred later in the year, the City will most likely not receive reimbursement until 2018.

RECOMMENDATION

This memo is for information only. However, the full budget amendment will go to the Committee of the Whole on November 13 where this information will also be shared for Council deliberation on the budget amendment.

Fire Department Update

PROPOSED BUDGET AMENDMENT

Budget amendment request due to:

Unbudgeted pipeline positions

Revenue backed EMS levy funds

Natural disaster deployments

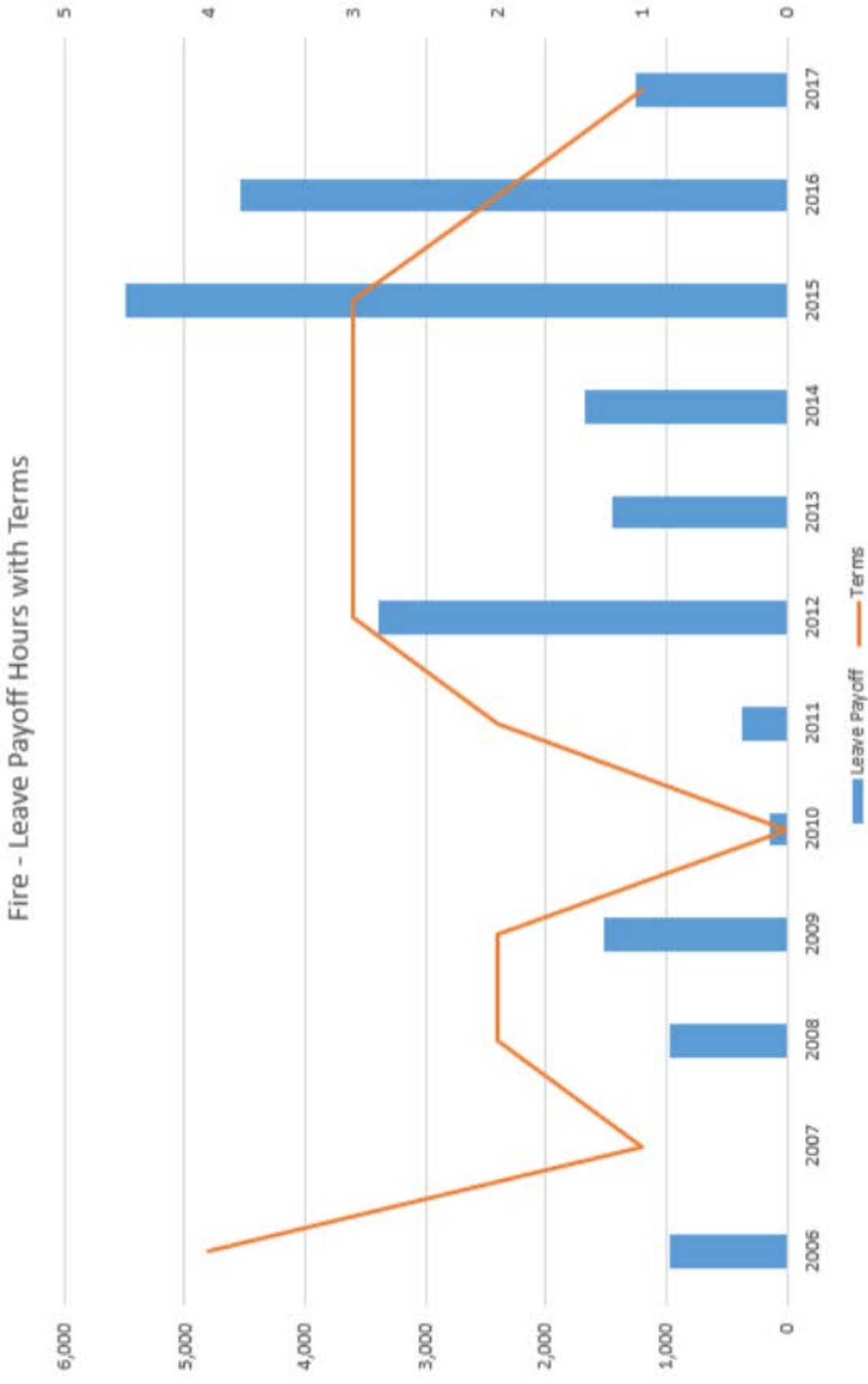
Pipeline positions

Three pipeline positions created in February of 2014

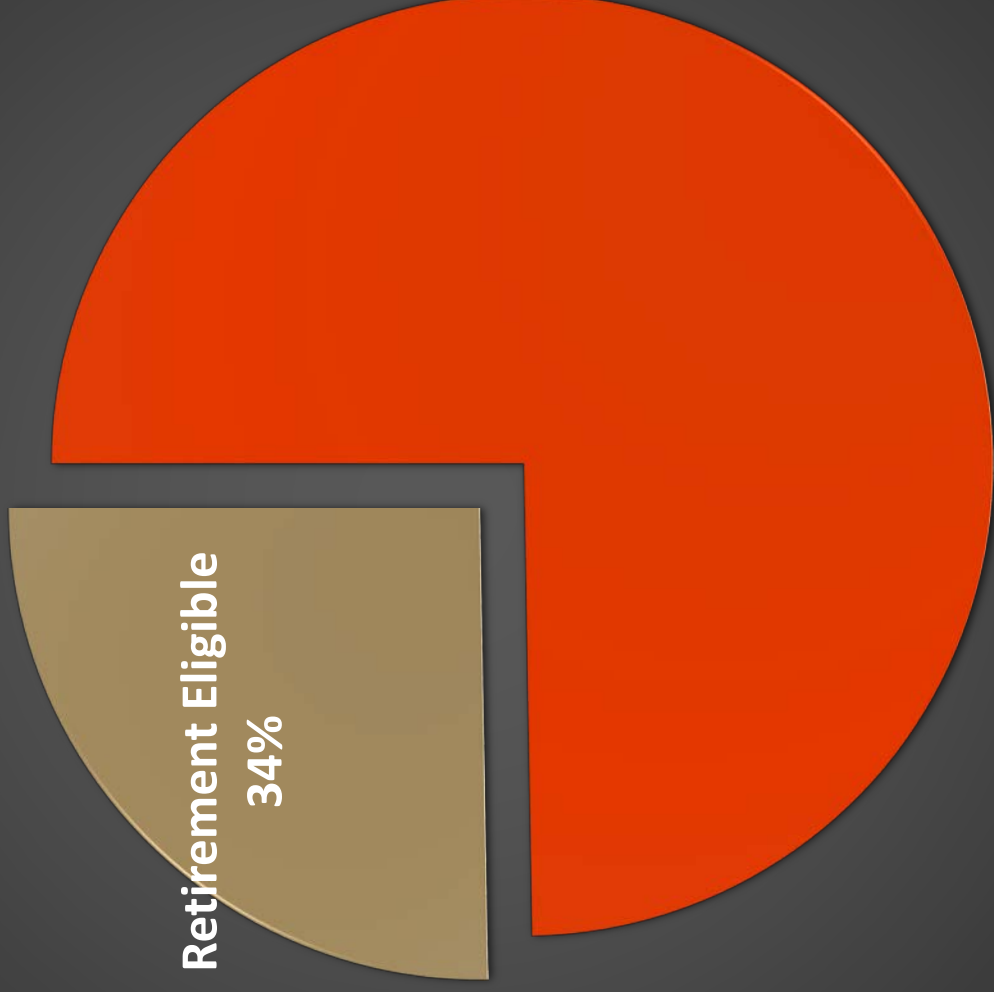
Two added in June of 2016 due to anticipated retirements

Pipeline positions are unbudgeted

The orange line indicates how many staff departures occurred each year since 2006. The blue bars indicate the number of hours paid out at separation.



Fire Department Suppression Personnel



Retirement Eligible
34%

68 Suppression
Employees

23 are Retirement
Eligible

■ Retirement Eligible

Pipeline positions Aid Car Usage

2015 (no pipeline positions filled) shifts aid
car in service: **31**

2016 (3 pipeline positions filled) shifts aid
car in service: **81**

2017 (5 pipeline positions filled) shifts aid
car in service: **100+** (and two months to go)

Pipeline positions Overtime offset

Five pipeline positions spread across three shifts saved 117 shifts of overtime, approximately \$175,000

Pipeline positions Unbudgeted

Cost of five pipeline positions: \$600,000

Department able to absorb: \$360,000

Requested budget amendment for pipeline positions: \$240,000

EMS Levy Funds Additional funds not anticipated

The City requested and will receive additional EMS levy (voter-approved) funds for the cost of providing emergency medical services.

Both revenue and expenditure lines will be adjusted by \$35,000

Deployments Hurricanes Harvey & Irma

Four staff deployed to Texas for Harvey relief

Five staff deployed to Georgia for Irma relief

All but one staff members' time will be reimbursed

Reimbursement not likely until 2018; hence need for budget amendment

Budget amendment: \$128,000

TFD IN TEXAS:
CAPT.'S MCCOY, MORALES, NEVENS
AND FF O'BRIEN



TFD IN GEORGIA:
CAPT.'S MORALES, JOHNSON &
NEVENS. FF'S BROOKS AND
O'BRIEN

Moving forward

- Reduce pipeline positions back to three with coming retirements
- Overtime will be monitored on a daily basis
- Driver's Training to increase driver availability per shift
- Budget reviewed each pay period
- Potentially review adjustments to service levels
- Balancing shifts with drivers
- Monthly meetings to review budget, overtime and take corrective action if needed

Current process to track daily activities:

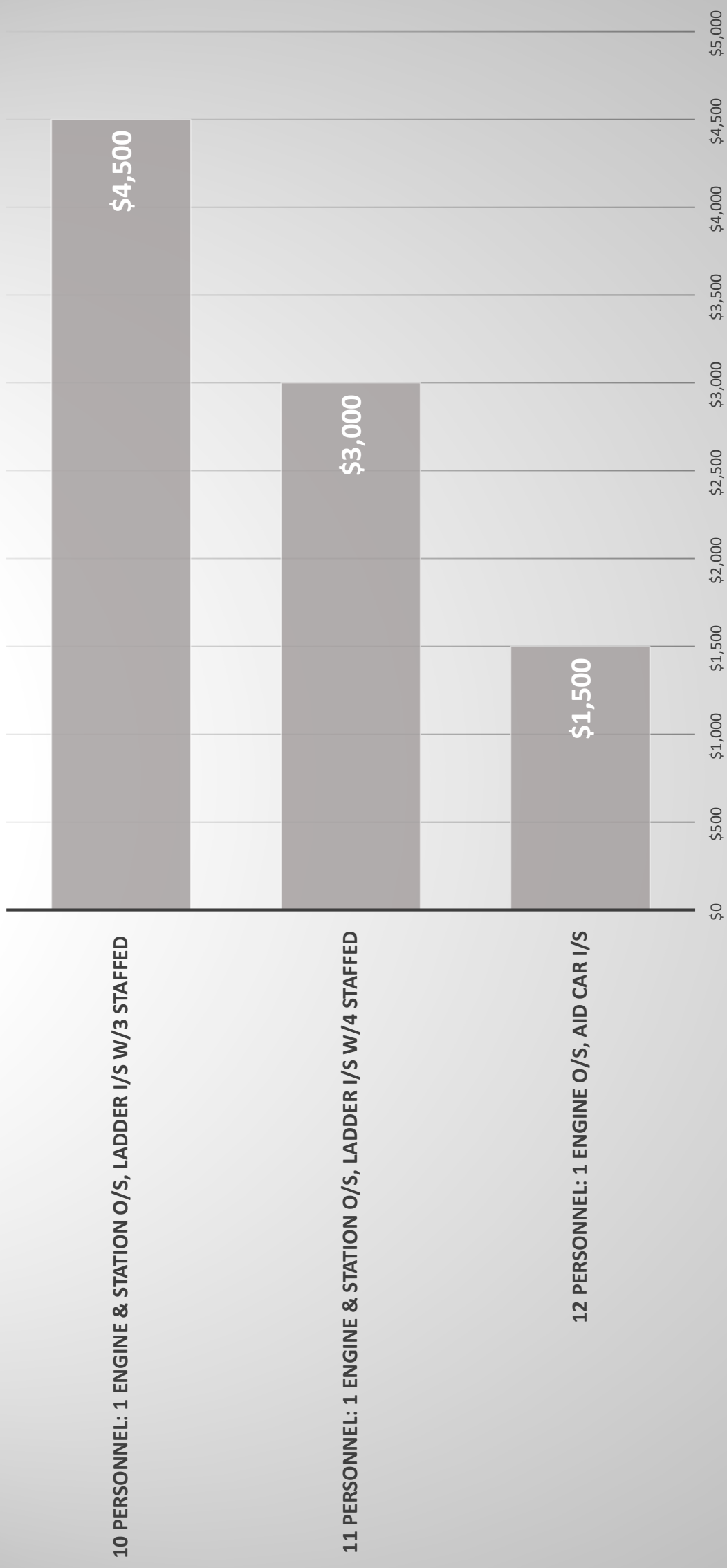
AutoSave Off | | **staffing oct 17 (1)** - Protected View - Excel

File Home Insert Draw Page Layout Formulas Data Review View DYMO Label Tell me what you want to do

PROTECTED VIEW Be careful—email attachments can contain viruses. Unless you need to edit, it's safer to stay in Protected View. Enable Editing

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	Fire Staffing Summary - Suppression																		
2	Date	1-Oct		2-Oct	3-Oct	4-Oct	5-Oct	6-Oct	7-Oct	8-Oct	9-Oct	10-Oct	11-Oct	12-Oct	13-Oct	14-Oct	15-Oct	16-Oct	17-Oct
3	Shift	C	A	A	B	B	C	C	C	A	A	B	B	C	C	A	A	B	B
4	Total Staff Scheduled	20	20	20	19	19	20	20	20	20	20	19	19	20	20	20	20	19	19
5	Vacation	-1	-1	-3	-1	-1	-1	-3	0	0	-3	0	-2	-1	0	-2	-1	-1	-3
6	Kelly Day	-3	-3	-1	-1	-1	-1	-1	-4	-4	-1	-4	-2	-3	-4	-2	-3	-2	-2
7	Sick	-1	-1	-2	-3	-1	-1	-1	0	-1.5	-1	-2	-1	-2.75	-2	-2	-2	-5	-1
8	Light Duty Days	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Education Leave - 10 hrs	-1	0	-1	0	0	-2	0	0	0	0	0	0	0	0	0	0	0	0
10	Military Leave - NOT Reimbursed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	FEMA Deployment (note: reimbursable)	0	0	0	0	0	0	0	-1	0	0	0	0	0	0	0	0	0	0
12	Temporarily Assigned to another shift	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total Staff Available	14	14	13	14	16	13	15	14.5	15	13	14	13.25	14	14	14	14	11	13
14	Minimum Staffing	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13	-13
15	Difference from Min. Staffing	-1	1	0.5	1	-1	0	2	1.5	2	0	1	0.25	1	1	1	1	-2	0
16																			
17	Overtime																		
18	24 Hr Shift of Suppression	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
19	10 Hr Supplemental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Total Overtime	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	A54 I/S	0.5	0	0	0	1	0.5	1	0.5	1	0	0	0	0	0	0	0	0	0
22	Final Staffing Available	14.5	14	13.5	14	16	15	15	14.5	15	13	14	13.25	14	14	14	14	13	13
23																			
24	Notes:																		
	FYI - FEMA Deployment OT is not showing as this is not the deployed shift. We have 5 deployed and OT will be calculated on their return.	A54 I/S			A54 I/S		A54 I/S	A54 I/S	A54 I/S	A54 I/S	A54 I/S								S/L from 1200-0800
25		1730-0800			1730-0800		1730-0800	1430 - I/S	1430 - I/S	1430 - I/S									

Potential Reduction in Cost & Services Per Shift if Staffing Dips Below 13



Fire budget amendment requested:

Pipeline positions:	\$240,000
EMS Levy:	\$35,000 (revenue backed)
Deployments:	\$128,000 (reimbursed in 2018)
Total:	\$400,000