City of Kenmore - 18120 68th Avenue NE - Kenmore, WA 98028
Phone: 425-398-8900 - E-mail: cityhall@kenmorewa.gov

City Council Special Meeting

ON-SITE

THURSDAY, NOVEMBER 7, 2024 - 7:00 PM

In addition, we try to provide access to the meeting virtually:

ZOOM LINK: https://kenmorewa-gov.zoom.us/j/81565546544

ZOOM PASSWORD: 110724

Or One tap Mobile: US: +12532050468,,81565546544#

Or Telephone Dial US: +1 253 205 0468

Webinar ID: 815 6554 6544

ZOOM PASSWORD: 110724

SIGN UP FOR VIRTUAL PUBLIC COMMENT HERE: www.kenmorewa.gov/virtualpubliccomment

If you have technical difficulties accessing the meeting virtually, please contact the Deputy City Clerk at mkang@kenmorewa.gov.

Technical Difficulties - If the virtual component of the meeting disconnects, and we cannot resolve technical difficulties to reconnect the virtual component, the in-person meeting will continue at City Hall if there is a quorum of the body to conduct business.

Land Acknowledgement to Honor First Peoples

We acknowledge that the City of Kenmore is situated upon the ancestral lands of the Snohomish, Snoqualmie, Sauk-Suiattle, Duwamish, Stillaguamish, Tulalip, Suquamish, Muckleshoot, and other tribes who are part of the Coast Salish Peoples. We recognize and express our deepest respect for their enduring stewardship and profound relationship with this land, which they have cherished and protected since time immemorial. We honor the First Peoples, acknowledge their vibrant cultures, and commit ourselves to learning from their wisdom in our journey to promote justice, equity, and mutual understanding. We pledge to stand alongside these communities in acknowledging past injustices and working towards a future that respects and celebrates the diverse heritage of this land.

I. CALL SPECIAL MEETING TO ORDER - 7:00 PM

II. ROLL CALL

III. LAND ACKNOWLEDGEMENT

IV. FLAG SALUTE

V. WHERE'S THE FUN?

VI. PUBLIC COMMENTS

Welcome to the Council's meeting. Please address your comments to the Mayor and Council. You'll have three minutes to speak. If there are more than 20 speakers, time will be reduced to two minutes per speaker. The Clerk will call your name when it's your turn. The Presiding Officer may choose to alternate between in-person and online comments. Please state your name and city of residence and keep within the allotted time. To make every person feel welcome and safe here, please refrain from booing, clapping, heckling, yelling, or other interruptions. The meeting is recorded for transparency. Thank you for being here, and for sharing your input respectfully.

VIRTUAL PUBLIC COMMENT PRE-REGISTRATION PROCESS: To provide public comments virtually, please fill out the Virtual Public Comment Request Form in advance of the meeting. The form opens Tuesdays at 12:00 Noon and closes Mondays at 12:00 Noon. You will be confirmed by the City Clerk. If you are having difficulty, please reach out to the City Clerk at awarhol@kenmorewa.gov.

VII. BUSINESS AGENDA

A. Budget Presentations: General Fund, Strategic Reserve, Strategic Opportunities, Transportation Benefit District, UTGO Debt Service, Real Estate Excise Tax, Walkways & Waterways, Transportation Impact Fee, Public Works Operations Center, Affordable Housing, Surface Water Management (SWM), SWM Capital, Swamp Creek, and Equipment Replacement, presented by Department Heads and Staff, *for discussion and possible action/direction*
DISCUSSED
Agenda Bill - Budget Presentations
Attachment 1 - Budget Presentations (updated 11/18)

B. Proposed Ordinance No. 24-0617, Amendments to the 2023-2024 Biennial Budget, presented by Finance & Administration Director Melinda Merrell, *for discussion and possible action/direction*
DISCUSSED
Agenda Bill - 2023-2024 Budget Amendments (updated 11/1)
Attachment 1 - 2024 Year End Recommended Budget Adjustments
Presentation - 2023-2024 Budget Amendments (updated 11/1)

VIII. ADJOURNMENT

UPCOMING MEETINGS

A. Monday, November 11, 2024 - HOLIDAY (Veterans Day) - Moved to Tuesday, November 12, 2024
Tuesday, November 12, 2024 at 6:00 PM - City Council Special and Regular Meeting
Thursday, November 14, 2024 at 7:00 PM - City Council Special Meeting
Monday, November 18, 2024 at 7:00 PM - City Council Regular Meeting
Monday, November 25, 2024 at 7:00 PM - City Council Regular Meeting

NOTICE OF POTENTIAL QUORUMS

Click here for information about Potential Quorums of the City Council. Now found on the City website under City Council Meetings.

City Council Agenda Bill
City of Kenmore, WA

Subject/Topic: Presentation of 2025-2026 Proposed Biennial Budgets for the following funds: Update to General Fund, Strategic Reserve, Strategic Opportunities, Transportation Benefit District, UTGO Debt Service, Real Estate Excise Tax, Walkways & Waterways, Transportation Impact Fee, Public Works Operations Center, Affordable Housing, Surface Water Management (SWM), SWM Capital, Swamp Creek, Equipment Replacement **Proposed Council Action/Motion:** Presentation of 2025-2026 Proposed Biennial Budgets for the following funds: Update to General Fund, Strategic Reserve, Strategic Opportunities, Transportation Benefit District, UTGO Debt Service, Real Estate Excise Tax, Walkways & Waterways, Transportation Impact Fee, Public Works Operations Center, Affordable Housing, Surface Water Management (SWM), SWM Capital, Swamp Creek, Equipment Replacement	**For Council Meeting Agenda of:** 11/07/2024 **Departments:** PW Operations, Finance & Admin, Environmental Services **Prepared by:** Richard Sawyer, Environment Services Director Jennifer Gordon, PW Operations Director Melinda Merrell, Finance & Admin Director **Initial & Date** **Approved by Department Head:** MM 10/22/24 **Approved by City Attorney:** NA **Approved by Finance Director:** MM 10/22/24 **Approved by City Manager:** RK 10/22/24 **Exhibits/Attachments:** Budget Presentations

Summary:

Department presentations to be shared in conjunction with the 2025-2026 proposed preliminary biennial budget. In addition, the City Manager will be recommending staffing adjustments that were not included in the budget that was presented to the City Council on October 7. From the City Manager:

In the budget message we read to you on 10/7, the letter described the strain our organization is under due to all of the programs and services we have added over the years, especially at the management level. Here are a couple of paragraphs from the budget letter:

"As a residential contract city with a comparatively small tax base, this leaner structure worked well for us for the first 10 or 15 years of the City's existence. But this lean structure has been increasingly

strained as we have: 1) moved from contracting for services to bringing more services in house, and 2) added new programs, infrastructure, and services.
As a result, we are due for a broadening of the base of our organizational chart. Quality of work in many parts of our organization is already suffering under current workload demands—the list of tasks and programs is too big to do everything well. Additional workload from new programs or initiatives would result in "thinning the soup" even more; quality and morale would suffer as the same resources would be distributed over more competing priorities. "

The letter went on to say we've either reached max capacity or have gone beyond max capacity in most of the organization, and that we need to broaden the leadership base in our organizational structure to lessen the strain and better handle the workload. Due to subsequent feedback on this topic, I am proposing two additional mid manager positions to assist in two areas where the workload demand is at a core service level and where the strain is the most acute. These positions are as follows:

Budget and Finance Manager. The City's Finance and Administration director manages the City's finance functions as well as Information Technology, Risk Management, and Human Resources Management. To better align the Finance and Administration Department's staffing resources with workload demands, I am proposing a manager-level position in finance to assist with budget planning and development; budget monitoring, reporting, and reconciliations; financial forecasting and cost/benefit analysis; capital improvement program development and monitoring; grants and contracts reconciliation and monitoring; cash and investment management; capital financing; cost allocating; and policy analysis and technical support and research.

Public Works Manager (exact title to be determined). The Public Works Operations Manager directs parks maintenance, recreation management, streets maintenance, facilities (i.e., city buildings) management, fleet operations, and volunteers and events management. This range of responsibilities has become too broad, and a management-level position is needed to provide relief and assist with the Director's workload. This proposed new position will help manage the workflows of the department, serving as a second-in-command and backup with the Director is out of the office. This position will assist with the management of parks, streets, facilities, and fleet management; the department website and communications; tracking training and certifications; administrative tasks such as budget tracking and purchasing; special projects; contract administration; safety functions; and emergency management responsibilities, including emergency radios.

In addition, the City Engineer is assessing his capacity given increasing direct reports, including the proposed addition of two engineering positions to be paid for mostly with consultant savings in project design and construction management. If the City Engineer determines a second-in-command position is needed, the position will be funded from consultant savings and capital project revenues.

The two proposed positions in Finance and Public Works Operations will each cost approximately $165,000 per year, including benefits, starting in 2025. Due to an inadvertent error, one similarly compensated position is double counted in the budget. Therefore, the approximate net impact on the proposed biennial budget is $180,000 per year starting in 2025.

Information Technology

Simply adding more staff is not the only answer to addressing the workload strains on the organization. Making better use of technology can also play a key role in the solution.

We need to get the right IT structure and tools in place, including where and how we store our data. Data is in so many places now compared to a decade ago, and we need to get a handle on this. And the more the City and our organization grows, the harder our current IT structure is going to be to work with.

Once we get the right IT structure and tools in place, then we can improve how we use those tools to their potential. This IT work is foundational to the basics of running a good city. If we get our back end more organized, we will present a better and more efficient front end to the public.

And as IT continues to evolve, we need to be better at keeping up with it. Artificial Intelligence is a big example of how IT is evolving.

As a result, we are proposing to budget $150,000 in 2025 to hire a firm with expertise in information technology to holistically assess our IT systems, including hardware and software systems, data storage, security, service delivery, and evolving technologies. The deliverable of this work will be a plan with recommendations to improve our IT systems and how to deliver them.

Information/Background:

The following 2025-2026 proposed budgets will be presented to the City Council for review and discussion: Update to General Fund, Strategic Reserve, Strategic Opportunities, Transportation Benefit District, UTGO Debt Service, Real Estate Excise Tax, Walkways & Waterways, Transportation Impact Fee, Public Works Operations Center, Affordable Housing,
Surface Water Management (SWM), SWM Capital, Swamp Creek, and Equipment Replacement Fund. A staff presentation will be provided.

Fiscal Consideration:

The 2025-2026 preliminary budget book includes expenditure budget details for the following Funds which will be reviewed at the meeting:

Finance will present an update to General Fund which was originally presented to Council on October 14, 2024, Strategic Reserve, Strategic Opportunities, Transportation Benefit District, UTGO Debt Service, Real Estate Excise Tax, Walkways & Waterways, Transportation Impact Fee, Affordable Housing, and Equipment Replacement proposed budgets.

PW Operations will present the Public Works Operations Center Fund proposed budget.

Environmental Services will present the Surface Water Management (SWM), SWM Capital, and Swamp Creek proposed budgets.

The budget impact of the proposed positions in Finance and Public Works Operations as well as the proposed IT assessment is as follows:

2025 - 2026 GF and Street Revenues and Expenses

10/24/2024

	General Fund			Street Fund			GF and Street
	2025	2026	Totals	2025	2026	Totals	Totals
Revenue	17,215,097	17,860,266	35,075,363	1,340,091	1,333,142	2,673,233	37,748,596
Expense	17,302,183	17,733,429	35,035,612	1,523,918	1,554,806	3,078,724	38,114,336
Net	(87,086)	126,837	39,751	(183,827)	(221,664)	(405,491)	(365,740)
Additional Expenses, 10/2024							
Budget position	(165,000)	(170,000)	(335,000)				(335,000)
PW Operations position	(165,000)	(170,000)	(335,000)				(335,000)
Less: Duplicate staff	150,000	157,500	307,500				307,500
IT Study (2025)	(150,000)	-	(150,000)				(150,000)
Additional impact to GF	(330,000)	(182,500)	(512,500)				(512,500)
Adjusted Budget	(417,086)	(55,663)	(472,749)	(183,827)	(221,664)	(405,491)	(878,240)

The above table does not include Lakepointe and Special Project expenses. Additional expenditure information will be provided in the staff presentation on November 7, 2024.

City Council Priority or Budget Objective Being Addressed:
RCW 35A.33.055 Prior to the final hearing on the budget, the legislative body shall schedule hearings on the budget or parts thereof and may require the presence of department heads to give information regarding estimates and programs.

BUDGET PRESENTATIONS

2025-2026

General Fund, Strategic Reserve, Strategic Opportunities, Transportation Benefit District, UTGO Debt Service, Real Estate Excise Tax, Walkways & Waterways, Transportation Impact Fee, Public Works Operations Center, Affordable Housing, Surface Water Management (SWM), SWM Capital, Swamp Creek, Equipment Replacement

NOVEMBER 07, 2024

GENERAL FUND

STAFFING ADJUSTMENTS

Additional positions recommended to the 2025-2026 biennial budget based on feedback from the preliminary budget:

- Budget/Finance Manager, 1.0 FTE, $335,000*
- Public Works Manager, 1.0 FTE, $335,000*

*Costs partially offset by double counting of one staff person ($307,500)

INFORMATION TECHNOLOGY

- $90,000 in 2025 for:
  - IT assessment of our IT systems to include hardware and software, data storage, security, service delivery and evolving technologies

GENERAL FUND

Department Head Positions Comparison

	Kenmore	Mountlake Terrace	Mill Creek	Covinginton	Maple Valley
Population	24,350	24,260	21,630	22,000	29,320
Deputy City Manager	x	x	x		
Finance Director	x	x	x	x	x
Administrative Services Director				x	x
IT Director/Manager		x	x	x	x
Human Resources Director/Manager		x	x	x	x
Community Development Director	*	x	x	x	x
Public Works Director**		x	x	x	x
Parks & Rec Director		x		x	x
Economic Development Director/Manager		x			

* Two dept heads cover this function in addition to other functions, including parks capital, Emergency Mgt., and Lakepointe

** In Kenmore, three PW functions, engineering, surface water, & operations report directly to the City Manager instead of reporting to a PW Director.

Administrative Services Staffing Comparison

Number of Full Time Employees	Kenmore	Mountlake Terrace	Mill Creek	Covinginton	Maple Valley	Four City Average
Finance	4	8.75	7.2	4.4	4.5	6.2
Human Resources	0	1	1	2	2.5	1.6
Information Technology	0	3.75	2	2	2	2.4
Total	4	13.5	10.2	8.4	9	10.3

GENERAL FUND

2025-2026 General and Street Fund Revenues & Expenses

	General Fund			Street Fund			GF and Street
	2025	2026	Totals	2025	2026	Totals	Totals
Revenue	$17,215,097	17,860,266	35,075,363	1,340,091	1,333,142	2,673,233	$37,748,596
Expense	17,302,183	17,733,429	35,035,612	1,523,918	1,554,806	3,078,724	38,114,336
Net	(87,086)	126,837	39,751	(183,827)	(221,664)	(405,491)	(365,740)
Additional Expenses, 10/2024							
Budget position	(165,000)	(170,000)	(335,000)				(335,000)
PW Operations position	(165,000)	(170,000)	(335,000)				(335,000)
Less: Duplicate staff	150,000	157,500	307,500				307,500
IT Study (2025)	(90,000)	-	(90,000)				(90,000)
Additional impact to GF	(270,000)	(182,500)	(452,500)				(452,500)
Adjusted Budget	$ (357,086)	(55,663)	(412,749)	(183,827)	(221,664)	(405,491)	$ (818,240)

GENERAL FUND

2025-2026 General and Street Fund Revenues & Expenses

Including Special Project & Lakepointe Expenses

	General Fund			Street Fund			GF and Street
	2025	2026	Totals	2025	2026	Totals	Totals
Revenue	$ 17,215,097	17,860,266	35,075,363	1,340,091	1,333,142	2,673,233	$37,748,596
Expense	17,302,183	17,733,429	35,035,612	1,523,918	1,554,806	3,078,724	38,114,336
Lakepointe	650,000	-	650,000	-	-	-	650,000
Spec Proj Expenses	1,015,939	1,010,125	2,026,064	-	-	-	2,026,064
NEW Costs above	270,000	182,500	452,500	-	-	-	452,500
Subtotal Expenses	19,238,122	18,926,054	38,164,176	1,523,918	1,554,806	3,078,724	41,242,900
Net	$ (2,023,025)	(1,065,788)	(3,088,813)	(183,827)	(221,664)	(405,491)	$(3,494,304)

GENERAL FUND

2025-2026 General and Street Fund, Fund Balances

	General Fund			Street Fund			GF and Street
	2025	2026	Totals	2025	2026	Totals	Totals
Beginning Fund Balance	$ 9,396,325	7,373,300	9,396,325	2,429,022	2,245,195	2,429,022	$ 11,825,347
Revenue	17,215,097	17,860,266	35,075,363	1,340,091	1,333,142	2,673,233	37,748,596
Expense	18,968,122	18,743,554	37,711,676	1,523,918	1,554,806	3,078,724	40,790,400
Additional Expenses, 10/2024	270,000	182,500	452,500	-	-	-	452,500
Ending Fund Balance	$ 7,373,300	6,307,512	6,307,512	2,245,195	2,023,531	2,023,531	$ 8,331,043

GENERAL FUND

2025-2026 General Fund Budget Savings

	Amount	Subtotal
Dev Services		
PS Clean air dues	8,600	
Hist-beaufit program	4,000	
Dues/Memb/Printing	3,000	
Fire Marsh. Review	10,000	25,600
Comm Dev		
Misc office	1,650	
Telecom/printing	2,680	
Training/meetings/memb	5,320	9,650
Council		
Greater Sea Partners	10,000	
Travel/Training	10,000	20,000
City Manager		
Comm Event Spons	6,500	
Website/enews	3,000	
Gen Consulting	10,000	
Dues/Hardware	5,000	24,500

	Amount	Subtotal
Public Safety		
Public Defender	40,000	
CTED Distr Innov	2,000	
Jail Svcs Contract	80,400	122,400
Financial Services/HR		
General Consulting - HR	15,000	
Office Supplies/postage	7,200	
Subscriptions/Dues/Memb	4,500	
Photo copier Rental	28,500	55,200
Environmental Services		
Office Supplies	5,750	
Telecom	1,720	
Training	4,500	
Strategic Partnerships	17,000	
Grant matches	100,000	128,970
Total		$ 386,320

STRATEGIC RESERVE FUND

DEPARTMENT DESCRIPTION

- Page 131
- Serves as the City's emergency reserve
- Cannot exceed $0.375 per $1,000 AV (RCW)
  - $3.0 million

PROPOSED BUDGET

- No expenditures or transfers are proposed for this fund
- Fund will continue to earn interest income
- $1.55 million projected ending fund balance

STRATEGIC OPPORTUNITIES FUND

DEPARTMENT DESCRIPTION

- Page 133
- Created from General Fund reserves; serves as savings account
- Used to respond to strategic initiatives or opportunities on a start up or temporary basis

PROPOSED BUDGET

- No expenditures or transfers are proposed for this fund due to low fund balance at end of 2024 ($157,631 projected)
- Fund will continue to earn interest income
- 2023-2024 expenses have been moved to General Fund

TRANSPORTATION BENEFIT DISTRICT FUND

DEPARTMENT DESCRIPTION

- Page 146
- Generates revenues from the $40 vehicle license fee*
- Supports transportation improvements and road preservation efforts

*Fee was increased from $20 to $40 in 2023

PROPOSED BUDGET

- $1.43 million in Vehicle License Fee revenue
- $20,000 in interest
- $1.45 million transferred to the Street Fund
- $176,377 projected 2026 ending fund balance

2016 & 2021 UTGO DEBT SERVICE FUND

DEPARTMENT DESCRIPTION

- Page 150
- This fund accounts for the special property tax levy for the Walkways & Waterways bonds
- Tax revenues are deposited in this fund
- Principal and interest on the bonds are paid from these revenues

PROPOSED BUDGET

- 2025-2026 tax levy proceeds: $2,109,900

- 2025 Principal $605,000, Interest $449,550
- 2026 Principal $630,000, Interest $425,350

REAL ESTATE EXCISE TAX FUND

DEPARTMENT DESCRIPTION

- Page 156
- Accounts for the two 1/4% of real estate excise tax revenues
- Dedicated to capital expenditures (up to $100,000 may be used for certain maintenance)

PROPOSED BUDGET

- $1.8 million projected annually
- Over $250,000 of interest income anticipated

- 2025-2026 expenses:
  - $1.8 million to Public Works Operations Center Fund
  - $1.6 million to Transportation Capital Fund

- $1.7 million projected ending fund balance

WALKWAYS & WATERWAYS FUND

DEPARTMENT DESCRIPTION

- Page 158
- This fund accounts for the proceeds of the 2016 & 2021 UTGO bonds
- Funds were transferred to the W&W Transportation and Park projects as needed

PROPOSED BUDGET

- Project is completed
- No expenditures or transfers are proposed for this fund
- Remaining fund balance will continue to earn interest income
- $634,941 projected ending fund balance
- Close out of fund and distribution of monies to other capital funds to occur in the next biennium

TRANSPORTATION IMPACT FEE FUND

DEPARTMENT DESCRIPTION

- Page 165
- Transportation impact fees assessed on new development
- Funds restricted to transportation projects increasing capacity

PROPOSED BUDGET

- 2024 fee for a single family house is $6,822.20
- No changes for 2025
- Projected impact fees
  - 2025 - $375K
  - 2026 - $350K
- $1.5 million projected ending fund balance

TRANSPORTATION IMPACT FEE FUND

HIGHLIGHTS AND CHANGES

- Transportation impact fees were updated and put into effect January 2024
- Fees fluctuate based upon development, eligible development projects are projected to drop this biennium (49% reduction from 2023-2024 actual/projected)

PROJECTS 2025-2026

- Impact fees are proposed for the following projects:
  - 80th Ave NE Ped/Bike Project
  - Arrowhead Sidewalk and Traffic Calming Project
  - NE 192nd Sidewalk Project
  - NE 181st Sidewalk Project

STAFFING

- This fund does not support any staffing

PUBLIC WORKS OPERATIONS CENTER CAPITAL FUND

FUND DESCRIPTION

- Page 169
- The purpose of this fund is for the design and development of the Public Works Operations Center (PWOC), a Facilities Capital Improvement Project.

PROPOSED BUDGET

- Adopted CIP Budget: $22.5 million
- **2025-2026 Revenues**
  - Beginning Fund Balance $17.93 million
  - Real Estate Excise Tax $1.8 million
  - Surface Water Management Fund $1.8 million
- **2025-2026 Expenditures**
  - PWOC Design & Construction $16.08 million
  - $3.6 million Debt Service

PUBLIC WORKS OPERATIONS CENTER CAPITAL FUND

HIGHLIGHTS

2023-2024

- Completed permits - Conditional Use Permit, Land Use & Boundary Line Adjustment
- Conceptual and schematic design
- Issue bonds

2025-2026

- Complete final design
- Apply for and obtain site development and building permits
- PS & E – Complete the final construction documents and specifications for site improvements and building construction
- Advertise and bid for site improvement construction
- Complete site improvements
- Advertise and bid for building construction
- Start building construction with the hope of completing the project by the end of 2026

PUBLIC WORKS OPERATIONS CENTER CAPITAL FUND

PROJECTS

- The projects include all aspects of developing the Public Works Operations Center located at north end of the City adjacent to Kenmore Middle School on NE 202nd St.

STAFFING

- 1.0 FTE Capital Projects Manager managed by the Public Works Operations Director

PUBLIC WORKS OPERATIONS CENTER CAPITAL FUND

CONSTRUCTION COSTS

- In 2020, budget we were considering when we were pursuing the property on 175th Street was $7M - $8M
- When we identified the properties we finally purchased, our estimate in 2021 was $7,768,000. This cost estimate was at 0% design.
- September 2022: Presented to Council. Public Works Operations Center was estimated at $35.6 M (this was for full buildout and all environmental features). Council said it was too costly, come back with a revised proposed project plan
- November 2022: Established a revised cost and proposed a $20 million budget for a reduced PWOC development. Was adopted as part of the CIP and the 2023-2024 budget
- July 2023: Presented Council with a phased approach to building the PWOC and funding plan that proposed increasing the budget to $22.5 million. Approved by the Council
- September 2023: $22.5 million Budget was adopted as part of the CIP

AFFORDABLE HOUSING FUND

DEPARTMENT DESCRIPTION

- Page 171
- Created in 2023 (Ord No. 23-0572) to collect and hold fees and grants related to affordable housing for support of future affordable housing developments
- "Fees in lieu" collected from developers as alternative to meeting certain affordable housing requirements (Chapter 18.77 of Kenmore Municipal Code)
- $453,527 collected in 2023-2024

PROPOSED BUDGET

- 2025-2026 no new revenues anticipated; no expenditures planned
- Ending fund balance projected to be $453,527

ENVIRONMENTAL SERVICES SURFACE WATER FUND

DEPARTMENT DESCRIPTION

- Page 176
- Manage Stormwater Utility
  - Both Public and Private
  - Inspections
  - Operations & Maintenance
  - Utility Funding/Rates
- Climate Action Plan
- Aquatic Vegetation Management
- NPDES Permit Compliance
- Development
- Surface Water Planning
- Water Quality
- Public Education & Outreach
- Enforcement
- GIS

PROPOSED BUDGET

2025-2026

Beginning Fund Balance	$377,542
Revenues	$9,918,427
Expenditures	$9,235,369
Ending Fund Balance	$1,060,600

ENVIRONMENTAL SERVICES SURFACE WATER FUND

HIGHLIGHTS/ CHANGES

2025-2026

- Operations and Maintenance
  - Stormwater facilities continue to grow in number and complexity
  - Small Works
  - Seasonal Work
- Monitoring
- Aquatic Plant Management
- NPDES Compliance
  - New permit issued in 2024 with additional requirements:
    - Planning, Tree Canopy, Education & Outreach, Mapping, Source Control and Operation & Maintenance

PROJECTS

2025-2026

- NPDES Programs
- Surface Water Master Plan Update
- Sammamish River CIS Coordination
- Rapid Progress+
- Lakepointe Shoreline Acquisition and Restoration

ENVIRONMENTAL SERVICES SURFACE WATER FUND

STAFFING

Environmental Services Director
0.85 FTE

Senior Environmental Services Technicians
1.0 FTE

Interns (2)

Environmental Services Technicians
2.0 FTE

ESD Capital Projects Manager
(see SWM Capital Fund)

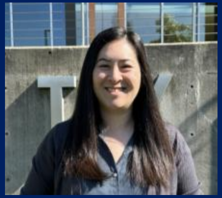
Administrative Specialist
0.85 FTE

GIS Analyst
0.67 FTE

Intern (1)

Climate Action Plan Program Manager
0.1 FTE

Intern (1)



SWM Funded Operations Staff

Public Works Operations Director

Maintenance Supervisor
0.75 FTE
Senior Maintenance Worker
0.75 FTE
Maintenance Worker
1.50 FTE
Seasonal Workers (4)

ENVIRONMENTAL SERVICES SURFACE WATER CAPITAL FUND

DEPARTMENT DESCRIPTION

- Page 182
- Surface Water Capital Projects
  - Fish Passage Culvert Replacements
  - Habitat Restoration
  - Stormwater Facility Retrofits
  - Small Works

PROPOSED BUDGET

SWM CIP is funded through a variety of sources:

- Transfer from Surface Water Fund
- Grants
- Loans
- Capital Facilities Charge

2025

- Revenues $1,664,250
- Expenditures $4,338,540

2026

- Revenues $2,863,640
- Expenditures $2,863,640

ENVIRONMENTAL SERVICES SURFACE WATER CAPITAL FUND

PROJECTS

- Stormwater Facility Retrofit
  - 1 Design
  - 1 Construction
- Fish Passage Culvert Projects
  - 8 Design
  - 0 Construction (Starting 2027)
- Acquisition
  - 1-2 Properties
- Habitat Restoration Projects
  - 3 Design
  - 1-2 Construction
- Small Works (Annual)

STAFFING

Environmental Services Director
0.15 FTE

ESD Capital Projects Manager
1.0 FTE

Engineering Director
Charged to Project

Senior Civil Engineer

Capital Projects Manager
Charged to Project

ENVIRONMENTAL SERVICES SURFACE WATER CAPITAL FUND

PROJECTS 2025-2026

- Small Works (Annual)
- Stormwater Facility Retrofit
  - 1 Design
  - 1 Construction
- Fish Passage Culvert Projects
  - 8 Design
  - 0 Construction (Starting 2027)
- Habitat Restoration Projects
  - 3 Design
  - 1-2 Construction

ENVIRONMENTAL SERVICES SWAMP CREEK FUND

DEPARTMENT DESCRIPTION

- Page 186
- Established via MOA with King County
- Eligible fund expenditures include:
  - Maintenance of Swamp Creek flood projects
  - Acquisition and/or restoration of land within Swamp Creek Basin

PROPOSED BUDGET

2025-2026

- ƛ̕ax̌ʷadis Park Site Mitigation $80,000
- Ending Fund Balance $343,350

ENVIRONMENTAL SERVICES SWAMP CREEK FUND

PROJECTS

2025-2026

- Mitigation monitoring at ƛ̓ax̌ʷadis Park

STAFFING

The fund does not support staff costs and is managed by the Finance Director and Environmental Services Director.

EQUIPMENT REPLACEMENT FUND

DEPARTMENT DESCRIPTION

- Page 188
- Used to collect and maintain a reserve for future replacement of vehicles, computers, and equipment
- Contributions are received from departments and Funds that benefit from or use the assets
- Beginning in 2025, $120,000 per year proposed to be transferred from the General Fund to create a reserve for building preservation

PROPOSED BUDGET

- $466,740 in biennial revenues from contributions and interest income
- $525,000 of expenditures planned for sweeper replacement and vehicle and technology purchases
- 2026 Projected ending fund balance - $791,856

TIMELINE: NEXT STEPS

BUDGET PRESENTATIONS	10/14: First round of Budget Presentations 10/21: Second round of Budget Presentations 11/07: Tonight's Budget Presentations
PRELIMINARY BUDGET	11/12: Public Hearing; opportunity for Council to make changes
FINAL BIENNIAL BUDGET	11/25: Public Hearing and Possible Adoption

THANK YOU

QUESTIONS AND COMMENTS

Melinda Merrell
Finance & Administration Director
mmerrell@kenmorewa.gov

City Council Agenda Bill
City of Kenmore, WA

Subject/Topic:

Ordinance No. 24-0617
Amendments to the 2023-2024 Biennial Budget

Proposed Council Action/Motion:

Review and Discussion

For Council Meeting Agenda of: 11/07/2024

Department: Finance & Administration Department

Prepared by: Melinda Merrell, Finance and Administration Director

	Initial & Date
Approved by Department Head:	MM 10/17/24
Approved by City Attorney:	NA
Approved by Finance Director:	MM 10/17/24
Approved by City Manager:	RK 10/22/24

Attachments/Exhibits:

1. 2024 Year End Recommended Budget Adjustments

Information/Background:

On November 21, 2022, the City Council adopted the 2023-2024 biennial budget. The City-wide budget was amended on December 4, 2023, during the mid-biennium review. The amended budget included revenue ($94,586,432) and expenditures ($104,418,852) projections for both years which supported the City Council priorities, departmental work programs, various municipal obligations, as well as Federal and State mandates.

Prior to the close of each biennium, it is important to review all funds' budgets, consider actions taken by the Council since the last budget amendment, consider significant unappropriated expenditures, and adjust fund budgets accordingly, so as not to exceed approved legal appropriations.

Amendments to the following funds will be recommended:

<u>General Fund, Lakepointe Fund, and Surface Water Management (SWM) Fund</u>. Staff will bring forward an ordinance for the creation of a new Lakepointe Fund at the November 18 council meeting. This will be in conjunction with the adoption of the 2023-2024 budget amendments. Transfers from the General Fund and SWM Fund will provide needed revenues for the new Fund and certain expenditures are planned before the end of the year. These proposed expenditures were discussed at the October 21, 2024 council meeting as part of the budget presentations.

<u>KAPE Fund</u>. Revenues need to be increased to better reflect actuals and program expenses were not originally budgeted and need to be included.

<u>Public Art Fund</u>. Budget needs to be added to cover the Story Pole expenses.

ARPA Fund. Additional budget needs to be added to allow for close out of the Fund.

Following Council's direction on the proposed budget amendments to the 2023-2024 budget, a public hearing will be held on Tuesday, November 12, 2024. An ordinance to formally amend the 2023-2024 biennial budget will be presented for approval following at the same Council meeting on Tuesday, November 12, 2024.

Fiscal Consideration:

Details of proposed revenue and expenditure adjustments are included in the attachment.

City Council Priority or Budget Objective Being Addressed:

All City Council Priorities. Per RCW 35A, the budget is the legal authority to expend public funds and controls those expenditures by setting the amount of the appropriation at the fund level by ordinance.

REVENUE					
FUND NO.	FUND	2023-2024 Adopted Revenue Budget	2023 Mid-Biennium Amendments	2024 Mid-Biennium Amendments	2023-2024 Amended Revenue Budget
001	General Fund	31,305,131	1,662,127		32,967,258
045	Strategic Reserve Fund	27,356			27,356
046	Strategic Opportunities Fund	135,018			135,018
101	Street Fund	3,850,380			3,850,380
105	KAPE Fund	800,000	(250,000)	200,000	750,000
110	Public Art Fund	1,400			1,400
115	Transportation Benefit District	726,305	480,000		1,206,305
130	ARPA Fiscal Recovery Fund	-			-
200	2016 & 2021 UTGO DS Fund	2,116,750			2,116,750
300	Transportation Capital Fund	5,636,383	4,292,230		9,928,613
301	Real Estate Excise Tax Fund (REET)	4,896,168			4,896,168
302	W&W Bond Project Fund	22,700			22,700
303	Park Capital Fund	749,300	(36,100)		713,200
304	Park Impact Fee Fund	505,670			505,670
305	Transportation Impact Fee Fund	1,043,334			1,043,334
306	Sammamish Bridge Replacement	1,381,785			1,381,785
307	Public Works Shop Fund	15,951,006	2,924,598		18,875,604
309	Lakepointe Fund	-	-	2,240,000	2,240,000
401	Surface Water Management Fund	6,318,615	837,050		7,155,665
402	SWM Capital Fund	4,215,496	2,790,192		7,005,688
403	Swamp Creek Basin	10,000			10,000
501	Equipment Replacement Fund	196,740			196,740
	TOTAL	$ 79,889,537	$ 12,700,097	$ 2,440,000	$ 95,029,634

EXPENDITURES					
FUND NO.	FUND	2023-2024 Adopted Expenditure Budget	2023 Mid-Biennium Amendments	2024 Mid-Biennium Amendments	2023-2024 Amended Expenditure Budget
001	General Fund	31,252,425	1,483,876	650,000	33,386,301
045	Strategic Reserve Fund	-	-		-
046	Strategic Opportunities Fund	576,000	-		576,000
101	Street Fund	3,804,980	(21,198)		3,783,782
105	KAPE Fund	641,200	(100,000)	200,000	741,200
110	Public Art Fund	-	-	50,000	50,000
115	Transportation Benefit District	700,000	480,000		1,180,000
130	ARPA Fiscal Recovery Fund	4,932,411		203,103	5,135,514
200	2016 & 2021 UTGO DS Fund	2,116,750			2,116,750
300	Transportation Capital Fund	5,636,383	3,088,946		8,725,329
301	Real Estate Excise Tax Fund (REET)	5,848,900	806,301		6,655,201
302	W&W Bond Project Fund	-			-
303	Park Capital Fund	775,700	1,297,500		2,073,200
304	Park Impact Fee Fund	-	157,500		157,500
305	Transportation Impact Fee Fund	700,000			700,000
306	Sammamish Bridge Replacement	1,381,785			1,381,785
307	Public Works Shop Fund	15,951,006	2,924,598		18,875,604
309	Lakepointe Fund	-	-	2,148,789	2,148,789
401	Surface Water Management Fund	8,467,779	1,203,778	290,000	9,961,557
402	SWM Capital Fund	3,949,550	3,492,600		7,442,150
403	Swamp Creek Basin	80,000			80,000
501	Equipment Replacement Fund	470,000			470,000
	TOTAL	$ 87,284,869	$ 14,813,901	$ 3,541,892	$ 105,640,662

BUDGET ADJUSTMENTS - NOVEMBER 2024

Account No.	Account Name	Current 2023-2024 Amended Budget	Recommended Budget Amendment Increase (decrease)	2023-2024 Amended Budget
Fund 001 General Fund				
REVENUES				
EXPENDITURES				
	Transfer to Lakepointe Fund	-	650,000	650,000
Fund 105- Kenmore Automated Photo Enforcement Fund				
REVENUES				
105.000.35310002	Photo enforcement revenue	550,000	200,000	750,000
	Adjust revenue forecast based on YTD actuals			
EXPENDITURES				
105.000.XXXXXXXX	KAPE program	-	200,000	200,000
	Adjust expenses to reflect program costs not originally budgeted			
Fund 110- Public Art Fund				
REVENUES				
EXPENSE				
110.000.57320.6006	1% for Arts Program	-	50,000	50,000
	For storypole and use taxes			
Fund 130 - ARPA Fiscal Recovery Fund				
REVENUES				
EXPENDITURES				
130.000.52120.5302	Police Services Contract	-	203,103	203,103
	To spend down remainder of ARPA funds			
Fund 309 Lakepointe Fund (to be created)				
REVENUES				
	Bond Anticipation Note	-	1,300,000	1,300,000
	Transfer from Surface Water Mgmt Fees	-	290,000	290,000
	Transfer from General Fund	-	650,000	650,000
EXPENDITURES				
	Deposit on Property	-	1,500,000	1,500,000
	Consulting	-	533,174	533,174
	Legal, other	-	115,615	115,615
Fund 401 Surface Water Management Fund (SWM fund)				
REVENUES				
401.000.XXXXXXXX		-	-	-
EXPENDITURES				
401.000.XXXXX.XXXX	Transfer to Lakepointe Fund	-	290,000	290,000

PROJECTED ENDING FUND BALANCE							
FUND NO.	FUND	2022 Actual Ending Fund Balance	Budget Revenues	Budget Expenditures	Amendments Revenues	Amendments Expenditures	2024 Projected Ending Fund Balance
001	General Fund	3,533,762	31,305,131	31,252,425	1,662,127	2,133,876	3,114,719
045	Strategic Reserve fund	1,365,196	27,356	-	-	-	1,392,552
046	Strategic Opportunities Fund	799,756	135,018	576,000	-	-	358,774
101	Street fund	2,270,571	3,850,380	3,804,980	-	(21,198)	2,337,169
105	KAPE Fund	-	800,000	641,200	(50,000)	100,000	8,800
110	Public Art Fund	119,725	1,400	-	-	50,000	71,125
115	Transportation Benefit District	151,522	726,305	700,000	480,000	480,000	177,827
130	ARPA Fiscal Recovery Fund	5,135,514	-	4,932,411	-	203,103	-
200	2016 UTGO Debt Service Fund	176,713	2,116,750	2,116,750	-	-	176,713
300	Transportation Capital Fund	2,443,877	5,636,383	5,636,383	4,292,230	3,088,946	3,647,161
301	Real Estate Excise Tax Fund (REET)	2,951,067	4,896,168	5,848,900	-	806,301	1,192,034
302	W&W Bond Project fund	59,961	22,700	-	-	-	82,661
303	Park Capital Fund	1,604,872	749,300	775,700	(36,100)	1,297,500	244,872
304	Park Impact Fee Fund	94,931	505,670	-	-	157,500	443,101
305	Transportation Impact fee Fund	360,027	1,043,334	700,000	-	-	703,361
306	Sammamish Bridge Replacement	617,654	1,381,785	1,381,785	-	-	617,654
307	Public Works Shop fund	429,799	15,951,006	15,951,006	2,924,598	2,924,598	429,799
309	Lakepointe Fund	-	-	-	2,240,000	2,148,789	91,211
401	Surface Water Management Fund	4,323,250	6,318,615	8,467,779	837,050	1,493,778	1,517,358
402	SWM Capital Fund	1,768,341	4,215,496	3,949,550	2,790,192	3,492,600	1,331,879
403	Swamp Creek Basin	450,390	10,000	80,000	-	-	380,390
501	Equipment Replacement Fund	690,533	196,740	470,000	-	-	417,273
	TOTAL	$ 29,347,461	$ 79,889,537	$ 87,284,869	$ 15,140,097	$ 18,355,793	$ 18,736,433

CITY OF KENMORE, WASHINGTON

2023-2024 BUDGET AMENDMENTS

NOVEMBER 07, 2024

Why End of Biennium Adjustment

- Prior to closing the 2023-2024 budget period, need to ensure expenditures do not exceed legally adopted budgets

- Adjust for previously approved Council actions and/or direction since the mid biennial review

- Unanticipated increases in certain expenditures as well as better than expected revenues

ADJUSTMENTS PROPOSED

- General Fund
- Surface Water Management (SWM) Fund
- Lakepointe Fund
- Kenmore Automated Photo Enforcement (KAPE) Fund
- Public Art Fund
- ARPA Fund

ADJUSTMENTS PROPOSED, cont

General Fund, expenditures

- Increase $650,000 for transfer to Lakepointe
- No changes to revenues proposed

Surface Water Management Fund, expenditures

- Increase $290,000 for transfer to Lakepointe
- No changes to revenues proposed

ADJUSTMENTS PROPOSED, cont

Lakepoint Fund

- New fund to be created (to Council 11/18)
- Detailed discussion provided at 10/21 council meeting (D. Bent)
- Revenues:
    - Bond Anticipation Note - $1,300,000
    - Transfer from SWM - $290,000
    - Transfer from GF - $650,000
    - Total Revenues $2,240,000
- Expenses:
    - Deposit on Property - $1,500,000
    - Consulting - $533,174
    - Legal, other - $115,615
    - Total Expenses $2,148,789

ADJUSTMENTS PROPOSED, cont

Kenmore Automated Photo Enforcement (KAPE) Fund

- Increase expenses $200,000 to reflect program costs not originally budgeted
- Increase revenues $200,000 to better align with projected actuals

ADJUSTMENTS PROPOSED, cont

Public Art Fund, expenditures

- Increase $50,000 for Storypole costs and use taxes
- Leaves $71,125 in fund balance
- No changes to revenues proposed

ARPA Fund, expenditures

- Increase $203,103 to utilize remainder of ARPA funds for police contract services
- Leaves zero fund balance
- No changes to revenues proposed

2024 Budget Amendments Summary

Revenues	
KAPE Fund	$ 200,000
Lakepointe Fund	2,240,000
Total	$2,440,000
Expenses	
General Fund	$ 650,000
KAPE Fund	200,000
Public Art Fund	50,000
ARPA Fund	203,103
Lakepointe Fund	2,148,789
SWM Fund	290,000
Total	$3,541,892

TIMELINE: NEXT STEPS

11/07

Tonight's Presentation

11/12

Public Hearing
and
Potential Adoption

Thank you

Questions or Comments?

Melinda Merrell
Finance & Administration Director
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