

## STAFF REPORT NO. 166-09

**TO:** Mayor and City Council  
**FROM:** Pat McDonnell, City Manager

**DATE:** 11/23/09  
12/07/09

**Subject:** Fall 2009 Supplemental Budget.

**Objective:** To adjust the 2009-2010 budget appropriation for various funds to reflect events that occurred after the budget was adopted.

**Present Situation:** Each year, certain budget adjustments must be made to reflect changes in revenues and expenses that occurred after the date the budget was adopted by City Council. These adjustments can be generally categorized into several areas:

- Corrections or administrative updates to the adopted 2009-2010 budget.
- Activities and expenditures associated with new revenues, primarily grant revenues.

Budget adjustments are recommended for the City's various funds as detailed in Attachment A of the ordinance. Overall, the recommended adjustments for the City's Operating and Capital funds included in the Fall 2009 Supplemental Budget will increase the City's expenditure appropriation by \$3.9 million. Of that amount, \$3.7 million represents changes in the General, Street, and Fire funds. Major adjustments in the City's General, Street, and Fire funds are summarized below.

- A significant portion of the appropriation is funded by new revenues or grants. The appropriation related to grants reflects the anticipated expenditures during the 2009-2010 remaining fiscal period. Grant expenditures for these grants that do not occur by the end of 2010 will be included in the 2011-2012 budget.
  - Revenue covered initiatives include funding for Police from the American Recovery and Reinvestment Act (ARRA) and the Washington Auto Theft Prevention Authority (WATPA). The 2009 ARRA JAG Gang Initiative provides \$399,000 to fund two officers in VPD and two officers in the Clark County Sheriff's Office for one year and would provide funding for two currently frozen officer positions for the Gang Task Force. The 2009 ARRA COPS Hiring Grant provides \$680,000 in 2009-2010 that would allow Police to fill 10 currently frozen officer positions with entry-level candidates. This Federal funding will fund full salaries and benefits associated with the positions for three years. After the COPS Grant expiration, the City has committed to funding these positions for at least one year. The WATPA Auto Theft Task Force Grant will extend for one year one existing position that was anticipated to expire in 2009.
  - Another significant grant that is being appropriated is a Washington State Department of Ecology grant for the Shoreline Master Program Update awarded to the Clark County Partnership. Funds are to be used to fulfill legislative requirements of the 2003 Shoreline Master Program which includes shoreline inventory and analysis, environment designation, and restoration.
- The City reduced expenditures funded by the County in the Parks Department by \$47,000 to reflect reductions approved in the context of the 2009 County Spring Supplemental Budget.

- Administrative changes include a true up of the City budget for CRESA and LERIS payments for 2010, largely offset by an increase in the unemployment insurance cost.
- No new requests are recommended to be funded in the Fall Supplemental in the General, Street, and Fire funds.
- All positions approved in the supplemental appropriation in the General, Street and Fire Funds are funded by new revenues, primarily grants.

A total appropriation reduction of \$0.8 million is proposed for other operating funds. Major adjustments in the City's other operating funds are summarized below:

- Reduction in the Solid Waste budget to adjust for the lower than anticipated cost of recycling carts of \$1.2 million;
- Increase in the Sewer Fund to reflect final costs related to purchase of the Industrial Lagoon, approved by Council in the Spring Supplemental of 2009.

Attachment B of the ordinance reflects a total of 2.5 net new positions in all funds:

- In the General Fund, 12 frozen positions in Police are being funded by grants. Two additional General Fund positions are funded by grants – one new position in Police and one existing position are extended for an additional time period in Transportation. One position in IT is funded by savings in the IT contract with the County. One position of a Fire Marshall is being eliminated in Fire – the position was added to be fully covered by new inspection revenues. The new revenues are not sufficient to fund the position.
- In other funds, a total of 0.5 FTE is added in the CDBG fund to support new grants that were received by the City from the Housing and Urban Development Department.

A total appropriation of \$1 million is added in the Capital Budget. Major adjustments in the City's Capital Funds include:

- Removal of the excess \$5.5 million budget in Drainage to reflect the actual amount of the low interest loan that the City received from the Federal Economic Stimulus Package to direct non-contact cooling water into constructed wetlands.
- Other major changes include a true up of the County Parks – related capital budget.

**Advantages:**

1. The proposed budget adjustments will ensure that the City remains in compliance with state statutes that require all City expenditures to have an appropriation approved by ordinance.
2. Appropriations are provided for important City programs, services, and capital projects.

**Disadvantages:**

1. Certain budget adjustments will require expenditure of City cash reserves; however, cash reserves remain adequate and investments are being made to improve efficiency, improve services, increase revenue and/or decrease costs.
2. New on-going expenses are included.

**Action Requested:**

1. On Monday, November 23, 2009 approve ordinance on first reading, setting date of second reading and public hearing for Monday, December 7, 2009.
2. On Monday, December 7, 2009, subject to second reading and public hearing, approve the ordinance.

Attachments:

- Ordinance
- Attachment A to the ordinance
- Attachment B to the ordinance
- Schedule of changes in Capital Projects

E9111901/PM:NR:MW