

Response to Council
Week of November 5, 2010

Page 3:

- *Fund 112: so much up and down from 2010 budget to actual to proposed budget*

Answer: The grant supported project at 228th and Hwy 99 was budgeted at \$1.45M for 2010. However, we did not receive grant notification until October 2010. Therefore, the funds will not be available until 2011. As a result, both revenue and expenses scheduled for 2010 were lower than expected. Additionally, since the 2010 water line replacement project was delayed due to a hold on filling the vacant Utility Engineer position, and other project priorities, the overlays expected for those streets also did not go forward. They will, however move forward in 2011.

- *Fund 113: same concern, so it looks like the budget is off by a lot*

Answer: Fund 113 is a pass through entity and is used solely for Edmonds Crossing budgeting purposes, and tracking related expenditures and payments (consultants, studies, etc.). Funds used to support activities related to Edmonds Crossing come from Federal and State appropriations, not the City of Edmonds. The amounts included in the Capital Facilities Plan for years 2011, 12, 13, etc., are not actual project expenditures, but instead a placeholder as has been done in the past. The purpose is to cover potential Washington State Ferry system expenditures on the project, if they decide to conduct additional studies or study alternative minimum build alternatives to help bring down the cost of the project. As an example, Fund 113 in the 2009/2010 City budget included amounts of \$3,100,000 (revenue & expenditures) and \$3,000,000 (revenue & expenditures) respectively. According to Washington State Ferries, the amount spent in year 2009 was \$588,395.50, and in 2010, WSF has spent only a few thousand dollars. Funds used to pay for professional services related to Edmonds Crossing come/comes from Federal grants (approximately 80%), and State of Washington appropriations (approximately 20%).

What is important to note about Fund 113 is that the amounts listed in the 2011 Budget are potential Federal or State expenditures, not what the City of Edmonds will be spending on this project. Additionally, the 2011 Budget does not identify funding coming from the City.

- *Fund 116: same concern, the 2010 budget is way off from the 2010 actual and from the 2011 proposed*

Answer: Between Aug/Sept 2008 (when the 2009-2010 biennial budget was prepared) and now, the Senior Center received a Community Development Block Grant for extensive major maintenance work (ongoing) and the Museum project got grant funds (33%) to do renovations to the exterior of that building. These totaled approximately \$230k in unscheduled expenditures in 2010.

- *Fund 511: why the big differences from column to column*

Answer: For operations (A) Fund: the biggest difference was due to lower fuel costs. As a result of reduced need, we were able to forgo payments from the participating departments for the last three months of 2010. Therefore, revenue actuals were reduced as well. Adequate balances still exist to cover all expected cash flow variability and credible emergency contingencies in both the operational 511 (A) Fund and the 511 (B) fund.

The total current (Sept. 2010) 511 (B) fund cash is \$3.671 million. Only \$992k of that is for General Fund vehicle replacement. If you add the \$308k in GF replacement money directed by council to be made in 2010 the total will be \$3.98M and of that approx. \$1.3M will be GF related. With purchases of GF vehicles projected at \$295k for 2011 there will still be \$1 million left in the 511 (B) Fund for GF vehicle replacement going forward. In addition, the 2012 Police patrol car purchase will already be paid for.

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- *What is the \$256,650 transfer out for and what fund was it transferred to?*

Answer: Fire Hydrant Liability to the Combined Utility Fund - This is a budgeted transfer from the Public Safety Emergency Reserve Fund through the General Fund to the Combined Utility Fund (411) to cover the estimated costs for maintaining fire hydrants during 2011. This payment is a now required based on rulings of the State Supreme Court that hydrant maintenance is a general governmental responsibility.

- *What was the \$133,446 for professional services in the community services department?*

Answer: As discussed during the August 2010 City Council Budget Workshop, a specific budgeted line item can sometimes appear to be significantly exceeded as a result of securing federal, state or private sector grants. The Community Services Professional Services budgeted amount for year 2010 was \$42,000. This amount increased to an estimated \$133,446 primarily to recognize expenditures related to the following:

- a. A U.S. Housing and Urban Development (HUD) grant secured by the City on behalf of the Edmonds Center for the Arts (ECA). By the end of year 2010, the EDA anticipates expending approximately \$91,000 of the HUD grant. The estimated amount for year 2010 acknowledges, in part, the receipt of the federal grant by the City. Processing this particular grant requires the City to submit ECA invoices to HUD, receipt payments from HUD, then issue checks to the ECA.
- b. City Council authorized expenditure related to paying River Oaks Communications for contract services to the City for the purposes of assisting with renewal of the Comcast Franchise Agreement.
- c. Imagine Edmonds Workshop

- *What explains the up-and-down in the Interfund Transfer Out" row?*

Answer: The "Interfund Transfer Out" line is almost exclusively related to providing funds from the 411 Combined Utility Fund to support the utility capital projects in the capital funds for Water, Sewer, and Stormwater. Funds are currently being transferred on an "as needed" rather than prospective basis into 411.100, 411.200, and 411.300 to pay for scheduled projects. The amounts actually transferred can vary significantly from budget if a project is delayed for any reason or if a grant is received for a project that was not anticipated. If the budget is drafted with the project and its grant funding included, and if the grant is not received, then the project often will not go forward which appears as "underspending" in the Capital account. Conversely, if the project is not put in to the budget, either because it is a new project or because it's funding source was speculative then that portion of the project coming from Fund 411 would appear to be "overspending". There would, of course, always be either a reduction in or enhancement to, a corresponding revenue account as a result.

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- *Where is our city's gasoline purchase accounted for?*

Answer: Fuel purchased by the total 511 Fund for distribution (i.e. sale) to each department is included on Page 169 under "Supplies Purchased for Resale". It is very difficult to predict gasoline and other fuel prices as can be seen in this budget history. \$499,973 was budgeted for fuel in 2010 when the budget was prepared in 2008 and prevailing pump prices were much higher. Actual expenditures for 2010 are estimated to be \$258,897. We are recommending \$294,000 for 2011, which is based on static consumption and an average price of \$3.25/gallon for regular gasoline. The line directly above "Supplies Purchased for Resale" is labeled "Fuel Consumed" and that may cause confusion. "Fuel Consumed" refers to the fuel used by only the three vehicles currently owned by the 511 Fund directly, a 1999 Gran Prix loaner car, a 1999 GMC small pickup, and a 2006 Ford Ranger.

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- *What was the \$294,000 spent for in the 2010 actual construction projects?*

Answer: Three projects accounted for the bulk of this spending in 2010:

- HWY 524 walkway project – \$91k
- 2009 Overlay – \$178k (stimulus project)
- OVD sidewalk - \$25K

All were carry-over projects from 2009

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- *Who gives the private donations to Fund 116 ?*

Answer: The Senior Center received a \$40,000 Community Development Block Grant for new kitchen equipment in 2009. Since the grant went directly to the Senior Center and not to the City, we could not list this resource as a "Grant" in the city's budget. Instead, it shows as a donation from the Senior Center to the City's "Remodel Project" at the facility. The building is owned by the City and the kitchen equipment adds to its total value.

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- *Why was the professional services item so overspent?*
- *How was the construction projects item so overspent*

Answer: Both the *Professional Services* line and the *Construction Projects* line (next question) were overspent in 2010 primarily because a major construction project was delayed from 2009 until 2010 (*the 75th /76th St. Walkway & 162nd St. Park project – now Haines Wharf Park*). When the biennial 2009-2010 budget was being prepared in the summer/fall 2008, it was anticipated that this project would be completed in 2009, but it became a 2009 carryover into 2010.

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- *Who was going to give over a million dollars to the parks donations item in the 2010 budget?*

Answer: This amount should actually be in the line above as it is *Grants*, not *Donations*. We will correct that description in the final version of the 2011 budget.