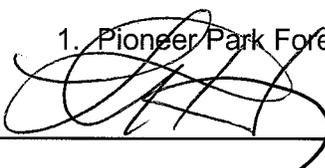




**BUSINESS OF THE CITY COUNCIL
CITY OF MERCER ISLAND, WA**

AB 4309
June 2, 2008
Regular Business

2007 YEAR-END TRANSFER (PRELIMINARY RECOMMENDATION)	Proposed Council Action: No action necessary. Provide direction to staff regarding disposition of the 2007 year-end surplus
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DEPARTMENT OF	Finance (Chip Corder)
COUNCIL LIAISON	n/a
EXHIBITS	1. Pioneer Park Forest Health Survey Proposal (P&R Dept memo)
APPROVED BY CITY MANAGER	 5/28/08

AMOUNT OF EXPENDITURE	\$	n/a
AMOUNT BUDGETED	\$	n/a
APPROPRIATION REQUIRED	\$	n/a

SUMMARY

The year-end transfer provides the Council with an annual opportunity, typically during the 2nd quarter of the new fiscal year, to address unfunded one-time operating and capital needs. Funding for the year-end transfer comes primarily from surplus revenues (i.e. actual revenues in excess of budgeted revenues) from the prior year in the General Fund and the CIP-related funds.

As of 12/31/07, the following fund balances are "available" for the year-end transfer:

Fund	Amount	Sources of Surplus
General	2,308,031	Sales tax (\$1.3M) + FEMA, WCIA & PSE reimbursements (\$532K) + utility taxes (\$192K) + court fines (\$69K) + development fees (\$68K) + other revenues (\$147K)
Street	313,726	Real estate excise tax (cumulative)
Capital Improvement	1,681,762	Real estate excise tax (cumulative)
Technology & Equipment	285,850	Interfund transfer from General Fund (cumulative)
CCMV Construction	155,272	Interest revenue (cumulative)
Capital Reserve	583,452	2006 YE transfer (\$150K) + interest revenue (\$433K)
Total	5,328,093	

To date, the Council has approved the use of \$348,181 of the \$2.31 million surplus in the General Fund, leaving a balance of \$1.96 million for the 2007 year-end transfer. In addition to those items already approved by Council, the recommended uses of the remaining balance in the General Fund and the "available" balances in the CIP-related funds are summarized in the following table:

Funding Need by Fund	Amount	Note
<u>General Fund</u>		
Approved & Formally Adopted by Council:		
Funding for one-time costs in 2008 budget	24,165	AB 4149, 12/11/06
Establish stakeholder process for parks levy	73,866	AB 4233, 11/5/07
Purchase biodiesel tank, dispenser, and fuel card reader	45,000	AB 4269, 2/19/08 (transfer to Equip. Rental Fund)
Soil remediation work (Honeywell site)	120,150	AB 4270, 2/19/08 (transfer to Equip. Rental Fund)
Approved but not Formally Adopted by Council:		
Abatement of dangerous home at 5075 West Mercer Way	85,000	AB 4284, 4/7/08
Recommended by Staff:		
Sewer lake line construction	1,000,000	Council expressed interest in this at 3/3/08 meeting
Funding for EMW Shoulders project in 2009-2010	300,000	Represents balance needed to complete project
LEOFF I long-term care reserve contribution	150,000	\$750K current balance vs. \$1.2M target
NORCOM operations funding for 2012	112,000	Pre-funded \$611K (2009-2011 est. operating costs)
Jail contracts with Yakima Co & Issaquah	89,000	2008 budget = \$98,000
Contracted legal services (special issue work)	40,000	Backfill for vacant Assistant City Attorney position
Fire apparatus repair	35,331	Can't be absorbed in 2008 Fire Dept budget
Pioneer Park forest health survey	35,000	Recommended by Open Space Conservancy Trust
Planned fire apparatus sinking fund contribution	22,000	Reduced from \$178K to \$22K
2008 sustainability work program	10,000	AB 4315, 6/2/08
Retain balance for unidentified one-time needs in 2008	166,519	
Total	<u>2,308,031</u>	
<u>Street Fund</u>		
Recommended by Staff:		
Funding for EMW Shoulders project in 2009-2010	313,726	
Total	<u>313,726</u>	
<u>Capital Improvement Fund</u>		
Approved & Formally Adopted by Council:		
Additional funding for South Mercer Ballfield Lights project	68,239	AB 4239, 11/19/07
Recommended by Staff:		
Funding for 2009-2014 CIP projects	1,613,523	Use \$1.1M for EMW Shoulders project
Total	<u>1,681,762</u>	
<u>Technology & Equipment Fund</u>		
Recommended by Staff:		
Funding for 2009-2014 CIP projects	285,850	
Total	<u>285,850</u>	
<u>CCMV Construction Fund</u>		
Recommended by Staff:		
Funding for 2009-2010 CCMV capital projects	155,272	
Total	<u>155,272</u>	
<u>Capital Reserve Fund</u>		
Recommended by Staff:		
Funding for 2009-2014 CIP projects	83,452	
Contingency funding for 2008 & 2009-2010 CIP projects	500,000	Will be adjusted down if REET improves in 2008
Total	<u>583,452</u>	

Under the General Fund, the following funding needs deserve further explanation:

- The \$40,000 for contracted legal services is needed to address significant workload concerns in the City Attorney's Office. Since February 2008, the Assistant City Attorney position has been vacant and will remain so until January 2009. The approved staffing model, which consists of 3.0 FTEs (i.e. 2 attorneys and 1 paralegal), will be revisited during the 2009-2010 budget process in terms of what is more cost effective to perform in-house versus contract out.
- The Pioneer Park forest health survey proposal for \$35,000 was put forward by the Open Space Conservancy Trust earlier this year. After being briefed on the Trust's recommendation at their March 19, 2008 meeting, the Parks & Recreation Subcommittee advised staff to present this request as part of the 2007 year-end transfer agenda bill. Attached as Exhibit 1 is a Parks & Recreation Department memo related to the proposed survey.
- Of the \$166,519 that staff recommends be retained in the General Fund for unidentified one-time needs, about \$130,000 is tentatively earmarked for two specific requests that will be "teed up" for the Council's consideration in July or August 2008.

Regarding the CIP-related funds, staff recommends using all of the 2007 "available" year-end balances for the 2009-2014 CIP, except for \$500,000 in the Capital Reserve Fund, which would serve as a real estate excise tax (REET) revenue contingency in 2008 and 2009-2010. Through April 2008, actual REET receipts are down about \$209,000, or 25.1%, relative to the same period last year (after factoring out the \$200,000 generated by the sale of Island Corporate Center during the first quarter of 2007). Compared to budget, REET receipts are at 23.7% through April 2008. Needless to say, staff is keeping a very close watch on this revenue source.

After incorporating any changes made by the Council to the 2007 year-end transfer recommendation, staff will prepare a budget amending ordinance for the Council's approval at their June 16, 2008 meeting.

RECOMMENDATION

Finance Director

MOVE TO: No action necessary. Provide direction to staff regarding disposition of the 2007 year-end surplus for approval at the June 16, 2008 Council Meeting.



City of Mercer Island, Washington

Parks & Recreation

MEMORANDUM

2040 84th Avenue SE,
MERCER ISLAND, WA 98040
206.236.3545 / 206.236.3631 FAX
email: miparks@mercergov.org
web: www.miparks.net

To: Pete Mayer, Director of Parks and Recreation

From: Paul West, Parks Natural Resources Coordinator

Date: March 11, 2008

Re: Proposal for Pioneer Park Forest Health Survey

This memo is intended to outline the purpose, strategy, and timing of a forest health survey for Pioneer Park and discuss the advantages and disadvantages of this project.

Background and Purpose

Since the Hanukkah Eve windstorm in 2006, the Trustees of the Open Space Conservancy Trust have expressed considerable interest in answering several questions related to the forest in Pioneer Park. In summary, they want to know if the current level of forest management funding is going to be sufficient to complete the Pioneer Park Forest Management Plan's goals across the entire park within the reasonable future. Given their ordinance responsibilities to protect, maintain and preserve Trust properties, it seems reasonable for the Trust to request such analysis.

The biggest variable in this equation is the effort to eradicate and replace non-native, invasive plants with native plant species. When the Forest Management Plan was developed, staff conducted a high level qualitative assessment of invasive plants in the park. We did not measure the levels of invasive species in the park. We do not have any baseline measurement to know how much progress has been made so far. We also do not have a way to compare areas that have been managed with areas that have not been managed which might allow us to project the time and cost to complete what remains.

Strategy and Timing

This proposal would implement a standard forest health survey protocol that has been used by other cities in the region, most recently by the Seattle Urban Nature non-profit organization for the City of Seattle. It would randomly place 1/10th acre plots through the park and then have a ground team measure plant species coverages as well as tree health and density. The data would be compiled and analyzed. Distributing some plots in areas that have been

managed and some plots in areas that have not been managed could give numerical data that illustrates the difference that our management efforts are making.

The prescribed work is estimated to cost \$35,000. The work will be completed by City staff with consultation from Seattle Urban Nature (SUN) who will provide survey design and training. Timing is considered important on this survey, since preliminary results obtained by July could inform the biennial budget for 2009-2010.

Advantages and Disadvantages

Advantages

- Provides an objective, quantified baseline of forest condition that can be used in the future for measuring and comparing progress in forest management.
- Provides hard data to base budget decisions on.
- Gives information that can be shared with the Trustees, City Council and the public on the health of the forest in Pioneer Park.

Disadvantages

- Requires an unbudgeted investment to execute.