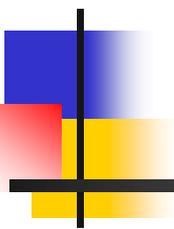


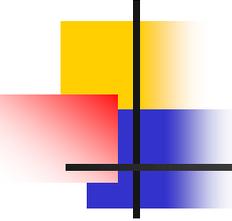
Preliminary Budget

Mayor's Budget Message



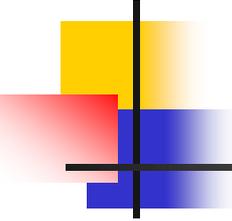
FY 2013/2014 Budget

City of Lynnwood, Washington



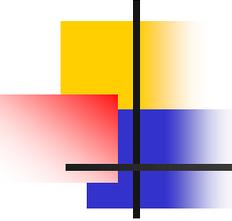
Thank You

- A sincere “Thank You” to all who have helped to balance and put this biennial budget together in last September.
- It’s taken a lot of work and time since last April. **We’ve again improved and made a more transparent budget system.**
- Part I – Summary of Highlights
- Errata, Clarifications & Changes
- Part II – Summary of Highlights (Sept. 14th)



Mayor's Overview

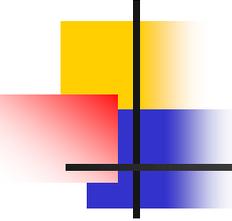
- **Balanced Prop. Prel. Budget (Sept.)**
 - Not required by state law
 - Given our very limited “new” on-going revenue it was the right thing to do
 - Also, it would give the council more time to examine, ask questions & inquire.



Major Financial Challenges

- **3 Budget / Economic Threats:**

- Federal Budget “Cliff” (November – December 2012)
- Federal Debt Ceiling Fight (Late Jan – Early Feb 2013)
- State Legislature Budget Cuts (March-April 2013)
- U.S. House Speaker John Boehner’s comment 11/4/12 on “lame duck” session & “maybe” a temporary solution (& debt fight in February)
- National Business Surveys on impact on jobs
- WA State Econ. & Rev. Forecast Council (factors)

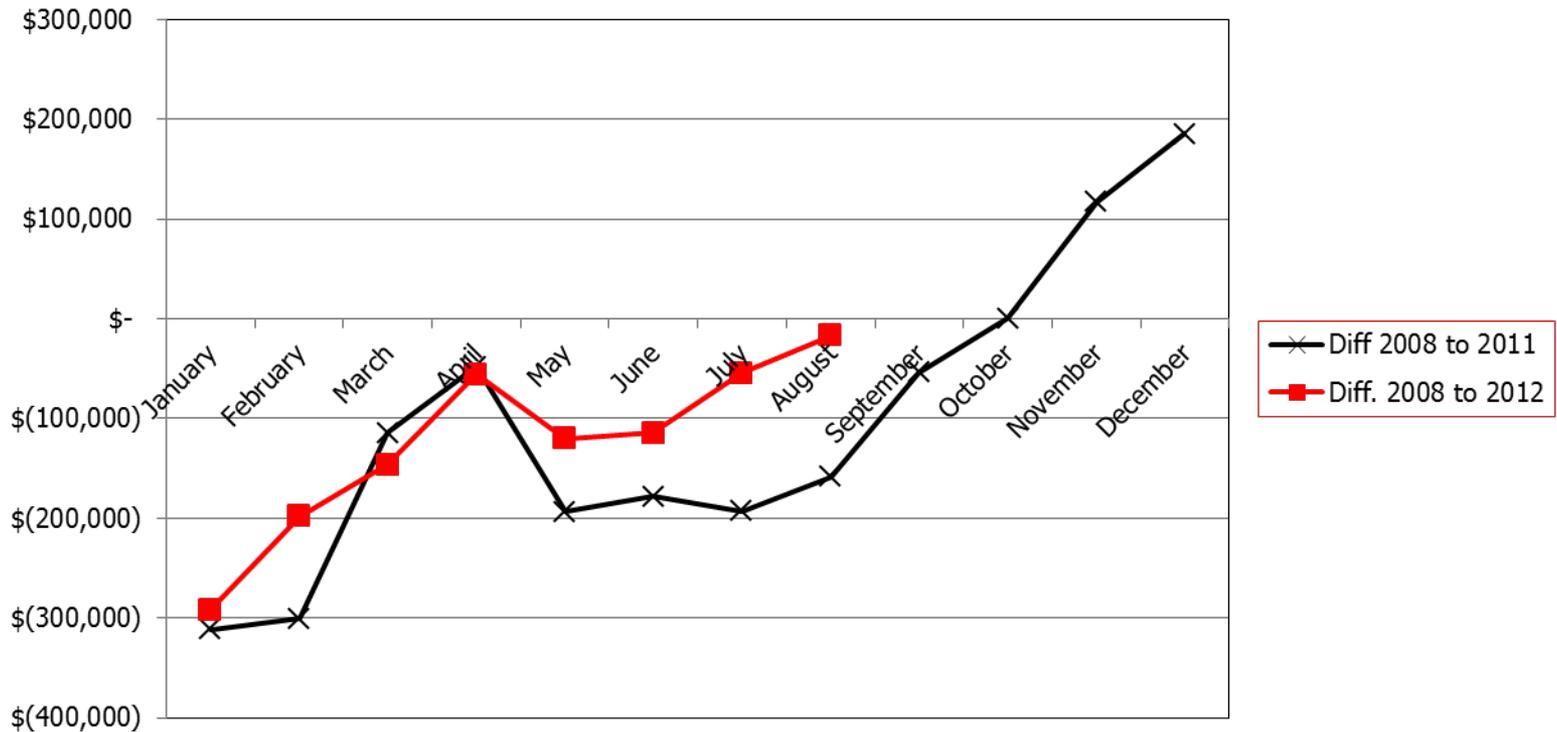


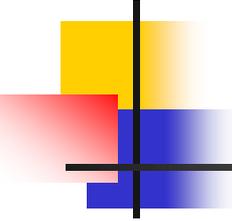
Sales Tax 2011 & 2012 Compared to 2008

- **2008-09**: 14% down, **\$2,400,000/yr.**
 - (\$17.3M to \$14.9M)
- **2011** Three full years after 2008:
 - Still down **\$1,250,000** – roughly 7%
- **2012** The fourth year after 2008:
 - 8 mos. – Still down **\$1,000,500**

Sales Tax 2011 & 2012 Compared to 2008

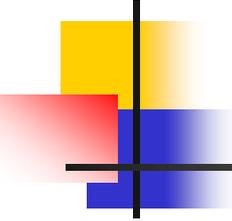
2011 & 2012 Sales Tax By Actual Month Compared to 2008





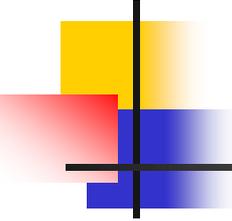
2008 Sales Tax Mitigation

- **Legislature implemented in 2008**
Streamlined Sale Tax & Mitigation
- **Sales Tax Mitigation**
 - Estimated \$2 million/yr. \$4 million biennium
 - 2013-14 Est. \$500,000 - **Down 88%**



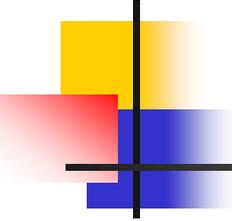
Budget Reductions 2013-14

- Recap 5.5% 2011-12 Expend. Reductions:
 - 3.5% - Reduced Revenue & Re-Balance (\$3.5M)
 - Actual & Est. thru 12/31/12: \$3.3M = **94%**
 - 1.0% Cuts for Employee Buyouts, Unemployment Costs (2011-12) & Budget Buffer estimated at \$1,340,000.
 - Actual & Est. thru 12/31/12: \$1.07M = 80%
 - 1.0% - Cuts Retained to Accrue Funds & Ensure Reserves Transfers to F#198: See General Fund Outcomes.



Gen. Fund Outcomes: 2011

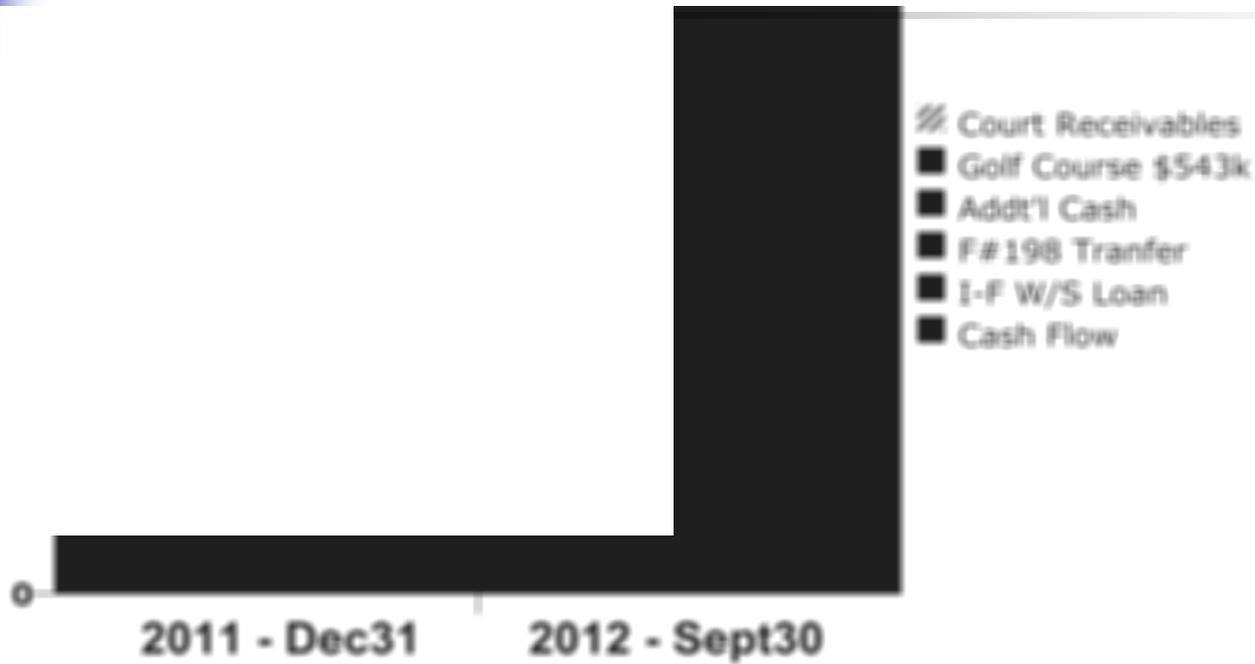
■ General Fund Cash Reserve	\$4,000,000
■ Water/Sewer Loan	\$3,052,366
■ Long-Term Fin. Plan Trfrs.	\$2,000,000
■ Warehouse Proceeds	\$ 543,648
■ Municipal Court Rec' Asset	<u>\$3,944,641</u>
■ Total	\$13,540,655

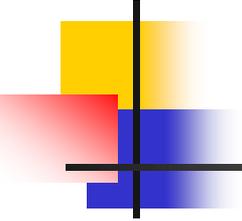


Gen. Fund Outcomes: 2011

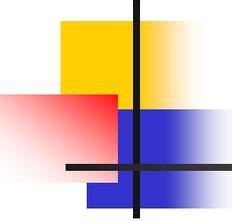
■ Total Needed	\$13,540,655
■ Water/Sewer 2011 paymtns	<u>-\$1,035,038</u>
■ Net Needed	\$12,505,617
■ Gen. Fund Bal. 12/31/12	<u>\$12,503,809</u>
■ Difference	\$ 1,808
■ Pct. Accomplished 12 mos.	99.99%

Gen. Fund Outcomes: 2011-12



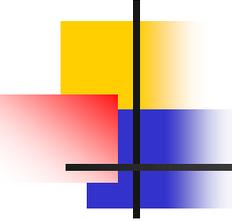


Lynnwood's Preliminary Budget 2013-14 Biennium



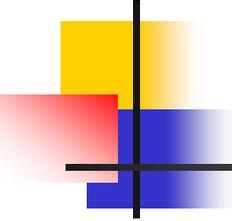
Fundamental & Strategic Budget Decisions

- **REET Taxes**
- Dedication of Real Estate Excise Tax 1 & 2 - \$1.1 million to Fund #311 for Street Overlays
- **Result**: Releases \$1.1 million of new “on-going” revenue to departments
- **Result**: No Strategic Investment Plan



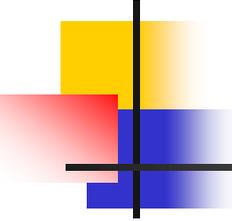
Fundamental & Strategic Budget Decisions

- **Extensive Department Savings:**
 - The first \$2 million transfers to Fund #198 per the Long-Term Financial Plan
- **Result:** Releases \$2 million of new “on-going” revenue to departments.
 - Balance of savings needs to be transferred to Fund #199 which funds requested Decision Packages



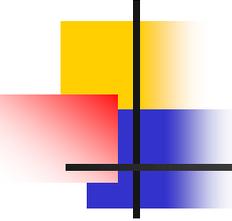
Budget Summary

- 94.5% Mgmt. Budg. Lvl. = \$92.0 million
- 2013-14 Revenue Est. = \$97.5 million
- Net On-go Revenue = \$ 5.5 million
- No New Taxes
- No Tax Rate Increases



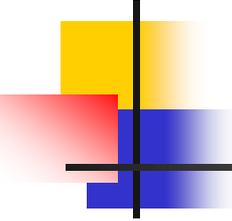
Budget Summary

- Increase Public Safety: (Net On-Go Rev.)
 - Fire Department = \$2,000,000 35%
 - Police Department = \$1,700,000 32%
 - Municipal Court = \$ 175,000 3%
 - Public Defender = \$ 300,000 5%
 - **Total = \$4,175,000 76%**



Department Budgets

- Format Improvements
- **Department Summary Pages**
 - Expanded Category Titles
 - Updated Medical 2014 – Net Difference
 - Added: Non-Departmental Sections
 - More Detail: Non-Dept. Budget Summary Pg.
 - Added: Summary of Funding Types



Department Budgets

- **2010**: \$20+ million in cuts
- **2011**: \$5.3 million in cuts (5.5%)
- **2011-12**: Additional Dept. savings
- **Priorities**: Decision Packages are the top priorities of departments
- **Updates**: Please read the Errata, Clarifications & Changes Section

Administrative Services

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 8,313,278
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	56,280
	Increased Existing Salary & Benefits	170,575
	Medical Benefits Increase 2014	38,860
	Subtotal	265,715
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	6 Retain Existing Purchasing Position	189,850
	5 Financial/Budget Analyst	160,000
	9 Computer Replacement (1X)	150,000
	Subtotal	499,850
Final Preliminary Budget		\$ 9,078,843

Community Development

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 3,858,816
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	19,215
	Medical Benefits Increase 2014	12,942
	Subtotal	32,157
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	16 Permit Center: Shared Tech. w/Fire	80,000
	19 Neighborhood Re-Vitalization Project (1X)	50,000
	Subtotal	130,000
Final Preliminary Budget		\$ 4,020,973

Economic Development

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 751,446
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	10,570
	Medical Benefits Increase 2014	6,108
	Subtotal	16,678
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	22 City Center - Program Manager (1X)	237,356
	25 City Center - Marketing (1X)	30,000
	30 Admin Asst. (.5 FTE GF/.5 FTE H/Motel F#101)	171,494
	37 Econ. Dev. Plan and Profile (5 yrs) (1X)	63,000
	42 Revitalization Strat. Study (10 yrs) (1X)	75,000
	47 City Center - Streetscapes (1X)	50,000
	52 City Ctr: FAR Bonus Analysis (CC item) (1X)	25,000
	Subtotal	651,850
Final Preliminary Budget		\$ 1,419,974

Fire Department

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$15,162,634
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	139,081
	Increased Existing Salary O.T, ER&R repayment	302,670
	Medical Benefits Increase 2014	49,537
	Subtotal	491,288
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	61 Post Safer Grant Funding 4.0 FTE	647,900
	60 Restore Fire Chief Position - 7/1/13	293,352
	n/a Recruitment Cost for Chief Position (1X)	25,000
	60 Restore Fire Marshal Position - 7/1/13	257,424
	65 Restore 1/2 Permit Ctr Technician	80,000
	64 Increase Office Asst 16 hrs to 40 hrs	26,000
	71 Replace Obsolete Radios (1X)	100,000
	74 Emerg. Op. Ctr. Supplies & Food (1X)	10,000
	75 EQP: Emerg. Med. Svc (EKG, etc.) F#120	15,000
	78 Public Fire Educ. Supplies & Materials (1X)	10,000
	n/a M-F#120 Transfer to ER&R F#510	75,000
	81 EQP: ER&R Replace S.C.B.A.: <u>Use Finance Option</u>	-
	n/a M-1.0 FTE Administrative Asst.	160,000
	Subtotal	1,699,676
Final Preliminary Budget		\$17,353,598
	<u>Non-Departmental Portion of Dept. Budget</u>	
	Fire: Medical & Dispatch	1,586,899
	Fire: ESCA: Emerg. Svc. Coord. Agency	221,510
	Subtotal	1,808,409
	Total Department Budget	\$19,162,007

Human Resources

General Fund & Other Sources

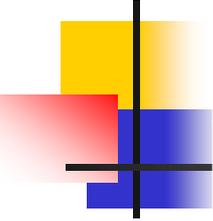
2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 1,028,742
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	2,521
	Increased Existing Salary & Benefits	5,561
	Medical Benefits Increase 2014	3,407
	Subtotal	11,489
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	85 Mandatory E/ee Trng. (1X)	5,000
	89 Fitness for Duty Medical Exams (1X)	11,000
	93 Supervisor City-Wide Trng. (1X)	30,000
	97 Employee Recog. Program (1X)	17,400
	n/a Volunteer Recog. Event - Trfr to P&R	-
	Subtotal	63,400
Final Preliminary Budget		\$ 1,103,631

Legal Department

General Fund & Other Sources

2013-2014 Preliminary Budget Summary



<u>Category</u>		<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget		Est. Tot. for <u>All 3 Types</u> of 2011-12 Legal Expend.	\$2,050,000
		City Attorney - estimated services for 2012	\$ 664,000
		City Prosecutor - Current contract	\$760,000
		Public Defender Contract (Renewed 2012)	\$594,000
		Miscellaneous non-services legal costs	\$32,000
			Subtotal \$2,050,000
M-DecPack: Wage/Med Incr.		None	
Other DecPack Increases		Incr. Costs: Pub. Defender Supr. Ct. Workload Stds.	300,000
Final Preliminary Budget			\$2,350,000

Municipal Court

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 2,671,358
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	16,689
	Increased Existing Salary & Benefits	24,673
	Medical Benefits Increase 2014	10,188
	Subtotal	51,550
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	- Legal Spec./Prob. Asst. Combo Pos. (.5 FTE)	\$83,000
	n/a Add: .25 FTE more to Legal Spec. Prob. Asst.	41,500
	Subtotal	124,500
Final Preliminary Budget		\$ 2,847,408

Police Department

General Fund & Other Sources

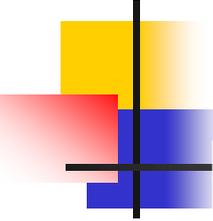
2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 30,104,057
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	12,553
	Medical Benefits Increase 2014	65,386
	Subtotal	77,939
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	199 Restore 2 Officer Positions 2013	571,518
	199 Restore 2 Officer Positions 2014	289,982
	n/a M-Restore 2 <u>More</u> Officer Positions 2014	289,982
	199 Restore 1 Custody Officer 2013	230,151
	199 Increased Jail Costs	280,000
	n/a Justice Center Phase II Proj. Planning - F#105	200,000
	Subtotal	1,861,633
Final Preliminary Budget		\$ 32,043,629

Public Works

General Fund & Other Sources 2013-2014 Preliminary Budget Summary

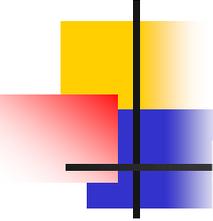
<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 5,306,681
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	41,014
	Medical Benefits Increase 2014	15,656
	Subtotal	56,670
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	215 Enginr: Restore Proj. Mgr. W/S .75 ; GF .25 (1X)	246,336
	216 Bldgs & Prop: Rec.Ctr. Cond. Assess.(SIP) (1X)	25,000
	n/a Bldgs & Prop: Asphalt Seal/Restrip. (SIP-REET 1)	25,000
	219 F#511: Fleet Maint.: Hvy EQP Mech. (Not GF)	195,225
	221 Engineering: ReAlloc. Proj. Mgmt. Supv.	38,567
	227 5 Yr. Update Traff.Bus. Plan/Model (1X)	50,000
	230 Neighborhood Traffic Calming (1X)	50,000
	Subtotal	630,128
Final Preliminary Budget		\$ 5,993,479



Non-Departmental

Non-Departmental
General Fund & Other Sources
2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget		\$ -
M-DecPack: Wage/Med Incr.	None	
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	Bond Paymnts & Debt Svc. by Fund/Source	
	n/a F#202: LT ReFunding (ReFi) Bond	930,000
	n/a F#215: 800 MHz EQP for SERS sys	282,692
	n/a F#216: State Local Loan	94,000
	n/a F#217: Energy Conservation Proj.	125,734
	n/a Bond Payment from REET 2	22,805
	n/a 2011 LTGO Bonds - Recr. Center	2,709,850
	All Debt Svc. - Subtotal	4,165,081
	Police: Medical & Dispatch	
	n/a LEOFF Retirement	690,000
	n/a LEOFF Medical	150,000
All ILA dispatch \$avings are here.	n/a SnoCom Dispatch Svcs.	1,312,903
	n/a SERS: Snoh. Cnty Emerg. Radio Sys	161,000
	Police Dept. Subtotal	2,313,903
	Fire: Medical & Dispatch	
	n/a LEOFF Retirement	774,447
	n/a LEOFF Medical	74,000
All ILA dispatch \$avings are here.	n/a SnoCom Dispatch Svcs.	656,452
	n/a SERS: Snoh. Cnty Emerg. Radio Sys	82,000
	Fire Dept. Subtotal	1,586,899
	n/a Emergency Svcs. Coord. Agency (ESCA)	221,510



Non-Departmental Cont'd.

	Public Works: Buildings & Grounds	
n/a	Yearly Rent on Pioneer Bldg.	275,752
n/a	All City Utilities (Except Rec. Ctr.)	693,810
	PubWks Subtotal	969,562
	All-Staff/City-Wide Memberships	
n/a	Association of Washington Cities	50,000
n/a	PSRC: Puget Sound Reg. Council	27,500
n/a	Snoh. Cnty. Cities & Towns	300
n/a	SCT: Snoh. Cnty. Tomorrow	13,000
n/a	Snoh. Cnty. Housing Consortium	1,200
n/a	Snoh. Cnty. Econ. Alliance	5,000
n/a	ICMA Ctr. for Perf. Mgmt.	11,000
n/a	N.W. Incident Mgmt. Team	4,000
n/a	ICLEI:	1,200
	Memberships Subtotal	113,200
	Other "Fixed" or "Un-Controllable" Costs	
n/a	Snoh. Auditor: 2 Elections Cost (1X)	56,000
n/a	Snoh. Auditor: Voter List Maint.	80,000
n/a	State Auditor: Audit Svcs.	280,000
n/a	Puget Sound Clean Air Assessment	40,000
n/a	Empl. Buy-Outs & Related Costs (1X)	200,000
	Other "Fixed" Costs Subtotal	656,000
Final Preliminary Budget		\$10,026,155

City Council

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 - Budget Placeholder Amt.	\$ 708,142
M-DecPack: Wage/Med Incr.	<p>Wage Increase: 1.5% (see PPB Highlights @10-11)</p> <p>This 1.5% salary increase totalling about \$1,248 is absorbed within the 94.5% reduced Management Budget Target level resulting from the 5.5% cut. It also includes an additional \$174 for increased mandatory payroll taxes. Thus, the total increase in salary expense is \$1,422, and again it is in the 94.5% MBT.</p>	
	<p>Medical Benefits Increase 2014</p> <p>The estimated increase for council medical expenses over the 2013-14 period was expected to be \$9,292. Regence medical's October notice by Regence of a reduced percentage increase to \$7,316, together with the council's choice to reduce their overall budget, means the medical expenses are now absorbed within the 94.5% MBT level.</p>	
	Subtotal	-
Other DecPack Increases	<u>Pg# - Department Decision Package Notebook</u>	
	n/a M-CM Budget Sugg. - IT/IS Mgmt Review (1X)	30,000
	Subtotal	30,000
Final Preliminary Budget		\$ 738,142

Executive

General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$ 583,238
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	2,200
	Medical Benefits Increase 2014	4,830
	Subtotal	7,030
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	58 P-T .5 FTE Exec. Asst.	117,768
Final Preliminary Budget		\$ 708,036

Parks, Recreation and Cultural Arts

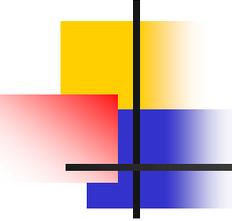
General Fund & Other Sources

2013-2014 Preliminary Budget Summary

<u>Category</u>	<u>Item Description</u>	<u>Amount</u>
Mayor's Preliminary Budget	94.5% Budget 2011-12 Adjusted for 2013-14	\$11,685,774
M-DecPack: Wage/Med Incr.	Wage Increase: 1.5% (see PPB Highlights @10-11)	57,501
	Medical Benefits Increase 2014	42,281
	Subtotal	99,782
	<u>Pg# - Department Decision Package Notebook</u>	
Other DecPack Increases	Customer Svc. & Marketing Decision Packages	
	107 Customer Svc. Staffing - Front Desk	77,114
	110 Restore Mkt/Events Supv.Hrs	41,944
	Subtotal	119,058
	Revenue Generating Decision Packages	
	114 Reinstate OutDoor Recr. Supv. - Sr. Ctr. (1X)	57,240
	118 Cedar Valley Gym Programs (1X)	71,200
	124 Red Cross Safety Ofc .5 FTE (71% Recov.) (1X)	91,000
	135 Re-Instate RecCtr Holiday Hrs.	90,600
	137 Healthy Com: Incr. Hrs. AWC Wellness (1X)	111,069
	141 Healthy Com: Frmr Mkt. Seed Money; Grants	35,000
	n/a Volun. Recog. Event: HR Trfr to Parks & Rec. Dept.	10,000
	Subtotal	466,109

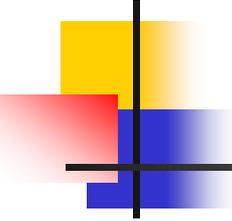
Parks & Recreation cont'd

Non-Revenue Generating Decision Packages		
146	Parks: Restore Seasonal Labor	38,000
150	Parks: NEW Stadler Ridge Park Ops.	5,725
156	Parks: Storm Drain Fee Increase	8,400
160	Parks: EQP Replacement Fund/Fnding (1X)	37,000
164	Diversity: Multi-Cultural Event (1X)	8,000
167	Outreach: Citizen Survey (3yr. 2013) (1X)	27,500
171	City-wide Translation Service (1X)	15,000
174	Community Outreach program (1X)	16,000
	Subtotal	155,625
Golf Course (to be Paid frm GenFund \$543K)		
182	Golf: Hitting Area Construct (1X)	35,000
186	Golf: 25% Irrigation sys.upgrade (1X)	28,000
190	Golf: Consult. Design Jt. EdCC Pkg. Lot (1X)	50,000
194	Golf: Consult. Design Ops Maint. Bldg. (1X)	144,000
	Subtotal	257,000
	All DecPacks Subtotal	\$ 1,097,574
Final Preliminary Budget		\$12,783,348



Parks, Recreation & Cultural Arts: Healthy Communities

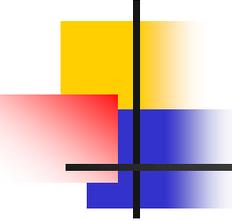
- **Healthy communities program began 2007**
 - Built 44th Ave. Interurban Trail Bridge
 - Built Pedestrian I-5 Overpass
 - Built truly state of the art LEED certified Recreation Center & more ...
- National Achieve Grant
- Verdant Grants with Public Hosp. Dist. #2
- Wellness Program & Insurance Savings
- Partnership Opportunity: Other juris. Blue Zones



Lynnwood Moving Forward

Our Community Vision

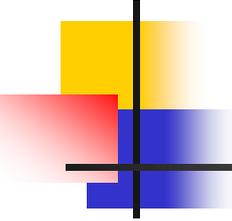
The City of Lynnwood will be a regional model for a sustainable, vibrant community with engaged citizens and an accountable government.



Lynnwood Moving Forward

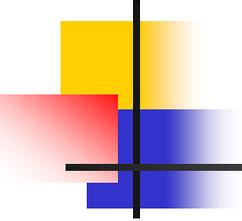
Our Community Vision:

- **Welcoming, healthy & sustainable**
- **Broad business base & high quality dev.**
- **Invest in parks, recreation & community**
- **Cohesive and respectful community**
- **Invest efficient, integrated transportation**
- **Safe environment**
- **Responsive city government**



Our Vision, Outcomes & Priorities

- **Lynnwood Needs to ‘Get Back Into the Future” Business**
- **Our Vision & Values: A Balanced City**
- **Requires a Balanced Set of Outcomes**
- **Which can only be accomplished by a Balanced Set of Priorities**
- **The questions are choices of emphasis and investments we choose to make to accomplish that Set of Priorities**



Thank You, Again

- Again, “Thank You” to all those who have helped put this biennial budget together.
- We’ve created for our city and its citizens a new balanced 2013-14 budget consistent with financial policies.
- One that **“Gets Us Back Into the Future Business.”**
- Thank you for listening.
- Now I believe it’s time for a break and then questions by the council.