

7:00 p.m.
Fife City Hall
Council Chambers

**FIFE CITY COUNCIL
AGENDA**

Date: July 21, 2009

**Special Meeting
Study Session**

- 6:00 EXECUTIVE SESSION
For the purpose of Real Estate Potential Litigation RCW 42.30.140 for approximately 20 minutes.
- 7:00 1. CALL TO ORDER AND ROLL CALL
Godwin___Johnson___Hull___Brooks___Cerqui___de Booy___Roscoe___
2. PLEDGE OF ALLEGIANCE
3. CHANGES, ADDITIONS OR DELETIONS TO AGENDA
4. STUDY SESSION
- 7:05 a. 2010 Council Goals (Worthington)
- 7:40 b. LTAC Proposal Discussion (Worthington)
- 8:00 c. 2nd Quarterly Financial Report (Marcotte)
5. REVIEW OF UPCOMING COUNCIL AGENDAS
6. ADJOURNMENT

MEMORANDUM
For Meeting of July 21, 2009

TO: Mayor and Councilmembers
FROM: Steve Worthington, City Manager
SUBJECT: 2010 Council Goals

REPORT IN BRIEF:

Establish Fife City Council Goals for 2010.

BACKGROUND:

Council requested a different process for creating the goals for 2010. Over the last few months the City Manager has been gathering goal ideas submitted by individual Councilmembers which will be modified by Council as a whole during the July 21st Study Session. These goals need to be finalized in order to complete the draft budget for 2010.

DISCUSSION:

It's been a difficult budget year with the realization that it's not possible to expand programs without reducing others. Nevertheless, Council direction is needed for 2010 goals.

ATTACHMENTS:

A) 2010 DRAFT City of Fife Council Goals



Approved for Agenda:
Steve Worthington, City Manager

2010 City of Fife Council Goals

- A) First do no harm to the bond rating of the City. The 2010 budget decisions will not diminish the bond rating of the City of Fife.

- B) Systematic shift within the City from aggressive development to sustaining and improving our core services to our customers. (In order of importance; Police, Parks Maintenance, Transportation)

- C) Systemic review of the City operations (Depts) based on function and cost benefit. Task each group with evaluating their operation and function(s) that they provide with an eye towards:
 - 1) Sustainability of current structure versus direct revenue produced (where applicable) and limited resources
 - 2) Efficiency of current service methodology
 - 3) Cost effectiveness of performing these services internally.
 - 4) Expense in relation to fixed costs

- D) Reinvent our system of governance to reflect today's issues that are most important to our citizens, with a goal of mapping out a responsible course for every endeavor that we use the people's money for.
 - 1) Systematically review each department of City Government.
 - 2) Systematically review each dedicated fund and understand any related restrictions.
 - 3) Conduct ourselves in an unbiased manner and be considerate of all parties' opinions.
 - 4) The process must be open and with the highest level of transparency possible.
 - 5) Keep the public informed throughout the process.
 - 6) Stop doing things that don't work or are no longer relevant.
 - 7) Continue with an open mind on accomplishing the things that we think are worth investing the people's money.
 - 8) The process that I have described is currently underway and can be completed by summer of 2009.

- E) Open and effective government
 - 1) Firm plans for Brookville Gardens
 - 2) See progress on Road Projects (Valley)
 - 3) Create a compatible work agreement w/residents addressing their property concerns regarding Wapato Creek Restoration/Maintenance. Plan with Parks Dept.
 - 4) Interact more with residents and government. Council could be involved w/community activities and show support. Keep residents informed and up to date on City happenings.
 - 5) Be prudent with our money reflected in our budget. Prioritize spending through and with each department head. Review their budget quarterly.

MEMORANDUM
For Meeting of July 21, 2009

TO: Mayor and Councilmembers
FROM: Steve Worthington, City Manager
SUBJECT: LTAC Proposal Discussion

REPORT IN BRIEF:

Discussion of potential Lodging Tax projects as proposed by City Depts. Council to select requests to be submitted to the Lodging Tax Advisory Committee (LTAC) in August.

ATTACHMENTS:

- A) Lodging Tax Request for Proposals Application
- B) City Dept requests



Approved for Agenda:
Steve Worthington, City Manager

REQUEST FOR PROPOSAL
Activities to increase Tourism in Fife

Attachment A

General:

The City Council of the City of Fife Washington is seeking Request for Proposals (RFP) from those agencies and groups actively engaged in the promotion and enhancement of tourism in the City of Fife during calendar year 2010.

Project Description:

Activities which will be considered eligible for assistance include, but are not limited to, those that increase tourism by advertising, publicizing and distribution of information for the purpose of attracting and welcoming tourists; develop strategies to expand tourism, operate tourism promotion agencies; construct tourism-related facilities, and fund and market events and festivals designed to attract tourists.

The expected outcome of such activities is to increase economic activity in the City of Fife during the year 2010 through overnight lodging of tourists ("heads in beds"), providing meals, the sale of gifts, souvenirs and other items, and constructing of tourism-related facilities. This is to be in line with the Fife City Council's economic goal and objective of "Strategic development of effective tourism marketing which is specific to Fife's own business and community needs".

Each application is to develop and outline one project, which meets these requirements and provides an economic benefit to the City of Fife. The specific amount of the applicant's proposal is open, to be defined by the application. As a recommendation, the application may wish to define alternate levels of funding, indicating as their first priority the maximum amount desired and, as a second priority, the minimum acceptable amount. Some definition of the differences in the level of services to be provided under the two priorities should be included. The establishment of alternate funding levels will allow the City Council some latitude in approving projects without the necessity of rejecting one or more projects due to a potential lack of funds.

Specific questions are included in the attached response form to assist the applicant in delineating those matters which are of concern to the City Council and which will be part of the selecting criteria.

Each project should be submitted as separate documents, thereby allowing for clear understanding of each project.

Schedule of RFP Events:

Following is the proposed schedule for the RFP (Note: Specific dates may be adjusted to meet unexpected circumstances):

Publicize RFP	July 13-August 14, 2009
RFP package available for pickup	July 13-August 14, 2009
RFP response to be submitted	August 14, 2009
Committee review of proposals	August 18, 2009
Committee recommendations to Council for review	August 25, 2009
Council approval of proposals	October 2009
Contracts to be issued	January 1-30, 2010
Work to be completed by	December 30, 2010
Final reports to City staff	3 rd or 4 th Quarter, 2010

Project Management:

The City of Fife Finance Office will issue contract for approved projects, pay bills and reimburse expenses, monitor contract compliance, and inform the City Council of implementation progress of projects. The City Manager's office will act as coordinator of the RFP process, issuing the RFP, responding to applicant questions, and notifying applicants as appropriate. RFP's must be submitted to the City Clerk, City of Fife, 5411 23rd St. E. Fife, WA 98424 by 5:00 p.m. on August 14, 2009. RFPs received after that date will not be accepted or considered. Postmarks are NOT acceptable. The City of Fife will request a summation of return on investments for allocated funds.

Selection Process:

Each application will be reviewed by the Lodging tax Advisory Committee (LTAC) for eligible activities, the effectiveness of its proposed projects in meeting the expected outcomes, need and funding requirements. Upon completion of its review of the written application, LTAC may request some, all or none of the applicants to make an oral presentation to them in order for them to more fully understand the proposed project. The attachment scoring form (page 8) will be used as a guide in assisting the LTAC in their evaluation of the individual proposals. However, regardless of the methods employed by the LTAC, their recommendation will not be subject to review or challenge by the applicant. Those recommendations may be adopted or amended by the City Council without further notice.

Other Information:

Insurance: As part of its contract for performance, the City requires contractors to maintain liability insurance in the amount of \$1,000,000 and name the City of Fife, its officers, employees and volunteers, as additional insured on its liability insurance policy.

Contract: The City will utilize its standard contract for city-funded activities.

Payment: Normally, payment is provided once per month as a reimbursement of expenses.

Equal Opportunity: The City requires each contractor to provide equal opportunities for women and minorities as employees, applicants for employment, and as clients/customers. No unlawful discrimination is allowed.

Legibility and additional materials: The City of Fife will accept **no more than two (2)** additional pages of materials in addition to the RFP Proposal Response pages attached. Any additional materials will be disregarded. All information provided should be legible and typed in 12 point type. Besides the written format, information **must** be provided in electronic format (disk or CD).

Proposal Submittal:

Please deliver three (3) copies of the proposal response (pages 4 through 7 of this RFP) and three (3) copies of any additional attachments (not to exceed two single pages) to:

City Clerk
City of Fife
5411 23rd St. East
Fife, WA 98424

PROPOSAL RESPONSE

1. Name and Address of Applicant (Organization)

Form of Organization: _____ Website Address: _____

Agency Tax ID #: _____ UBI #: _____

2. Contact Person:

Name: _____ Phone: _____

Fax: _____ E-mail: _____

3. Description of Activity:

Will there be an admission charge for this activity? Yes ___ No ___ If so, how much? _____

4. Proposed Funding:

Can you operate this project with reduced funding? Yes ___ No ___

If yes, list priorities:

Priority 1 – full funding \$ _____

Priority 2 – partial funding (no less than) \$ _____

5. Continuing/New Activity:

Is this a new _____ or continuing _____ activity?

If continuing, last years City funding received. \$ _____

Do you expect it to be an annual activity, requiring regular and continued funding?

Yes _____ No _____

6. Benefits to City Tourism:

Describe how this activity attracts, serves and facilitates overnight tourism in the City of Fife? For example: Does it lodge or feed tourists; promote tourism; provide for the sale of gifts, souvenirs or other items, or provide programs> Entertainment for tourism? If so, how? Does it provide some other short or long-range economic benefit? Will a tourist facility be constructed? Thoroughly define and quantify the expected results of the activity described in question 3, above.

7. Time Frame

What is your anticipated time for accomplishing this project? Is it a seasonal activity appropriate to its location? If an outdoor activity, are there any weather related constraints?

8. Additional information:

Provide any additional information which will assist the City in evaluating your project and its benefit to the City of Fife.

CITY OF FIFE
RFP PROPOSAL BUDGET
 (For this proposal only. Not for entire agency)

INCOME:

If you are anticipating receiving partial funding for this activity from another source, please list the source, approximate amount, and the status of funding. Are you seeking hotel/motel taxes from other sources?

Amount	Source	Projected or confirmed date (If projected, date funds are anticipated)
\$ _____	_____	_____
\$ _____	_____	_____
\$ _____	_____	_____

Total Income: \$ _____

What percentage of your project does your request for City funds represent? _____%

EXPENSE:

ACTIVITY	CITY OF FIFE FUNDS	OTHER FUNDS	TOTAL
Personnel (salaries & benefits)	\$ _____	\$ _____	\$ _____
Administration (office expense)	\$ _____	\$ _____	\$ _____
Marketing/promotion	\$ _____	\$ _____	\$ _____
Travel	\$ _____	\$ _____	\$ _____
Consultants (specify below)	\$ _____	\$ _____	\$ _____
Construction	\$ _____	\$ _____	\$ _____
Other activities (specify below)	\$ _____	\$ _____	\$ _____
TOTAL COSTS:	\$ _____	\$ _____	\$ _____

Priority 1 (full) funding \$ _____ Priority 2 (partial funding) \$ _____

Describe any budget items unspecified above and explain the differences in the amount listed as funding priorities 1 and 2:

The applicant hereby certifies and affirms: 1. That it does not now, nor will it during the performance of any contract arising from this application, unlawfully discriminate against any employee, applicant for employment, client, customer, or other person who might benefit from said contract, by reason of age, race, color, ethnicity, sex, religion, creed, place of birth, or degree of handicap: 2. That it will abide by all relevant local, state and federal laws and regulations and 3. That it has read the information contained in pages 1, 2 and 3 and understands and will comply with all provisions thereof.

Certified By: (signature): _____

(Print or type name): _____

Title: _____

Date: _____

RFP PROPOSAL EVALUATION FORM

(to be completed by the City of Fife)

Project Name: _____

Applicant Name: _____

Project Description: _____

A: Is the application complete and addresses all pertinent issues? (If the answer is no, the application will not be considered). Yes _____ No _____

B: Is Fife the only funding source? Yes _____ No _____

C. Application Review:

Score each application based on its responses to the specific questions set forth in the application. Circle the appropriate score and total the score at the bottom.

1. To what degree does the project serve to promote the Fife community?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

2. To what degree does this project attract, serve and facilitate overnight tourists?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

3. Proposed use of funds is cost effective?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

4. Does the proposal provide for adequate evaluation?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

5. To what degree does this proposal benefit tourism?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

6. Proposal is clear and specific?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

TO BE ANSWERED FOR HOTELS ONLY

7. To what degree does this project regenerate the Hotel/Motel tax fund?

1 2 3 4 5 6 7 8 9 10
Not at all Very Much

TOTAL SCORE: _____

Are there any questions or recommendations you have for this applicant?

Attachment B
Lodging Tax Funded Proposals

Request for Capital Outlay

Requested items costing \$5,000 or more with a life of 5 years or more.

Department: Executive	Priority: <i>(Please mark only one)</i> <input type="checkbox"/> Council Goal <input type="checkbox"/> Department <input type="checkbox"/> Essential <input checked="" type="checkbox"/> Innovation	FY: 2010
Total Cost: \$ 40,000	Dept: (include fund, department and division) Lodging Tax	
Item Description: Payable to the Fife School District to secure certain dates for performances at the Performing Arts Center. This will free up \$10,000 for the school district to pay half of the full time cost of the SRO Officer.		
Alternatives: 1. 2. 3.		
Advantages of Approval: ● ●	Source of Funds: General: Street Fund: Detention Services: Stadium/Convention: Criminal Justice: Growth Management: Drug Intervention Water Sewer Storm Other: Lodging Tax Fund	
Implication of Denial: ● ●	Total: \$40,000	

Request for Capital Outlay

Requested items costing \$5,000 or more with a life of 5 years or more.

Department: Executive	Priority: <i>(Please mark only one)</i> <input type="checkbox"/> Council Goal <input type="checkbox"/> Department <input type="checkbox"/> Essential <input checked="" type="checkbox"/> Innovation	FY: 2010
Total Cost: \$ 60,000	Dept: (include fund, department and division) Lodging Tax	
Item Description: Caboose rebuilding. Contract for full restoration of the Caboose to be completed in 2010 celebrating its centennial year.		
Alternatives: 1. 2. 3.		
Advantages of Approval: ● ●	Source of Funds: General: Street Fund: Detention Services: Stadium/Convention: Criminal Justice: Growth Management: Drug Intervention Water Sewer Storm Other: Lodging Tax Fund	
Implication of Denial: ● ●	Total: \$60,000	

Request for Capital Outlay

Requested items costing \$5,000 or more with a life of 5 years or more.

Department: Public Works	Priority: <i>(Please mark only one)</i> <input type="checkbox"/> Council Goal <input type="checkbox"/> Department <input type="checkbox"/> Essential <input type="checkbox"/> Innovation	FY: 2010
Total Cost: \$ 22,476	Dept: Lodging Tax	
Item Description Direct Cost of Holiday Lighting Expenses, including installation, preparation and testing for an annual 6 week period from November – December. This also includes City-wide banner installation for the Holiday period.		
Alternatives: 1. 2. 3.		
Advantages of Approval: • •	Source of Funds: General: Street Fund: Detention Services: Stadium/Convention: Criminal Justice: Growth Management: Drug Intervention Water Sewer Storm Other: Lodging Tax Fund <div style="text-align: right;">Total: \$22,476</div>	
Implication of Denial: • •		

*Work Sheet
for Backup*

Request for Capital Outlay

Requested items costing \$5,000 or more with a life of 5 years or more.

Department: Public Works	Priority: <i>(Please mark only one)</i> <input type="checkbox"/> Council Goal <input type="checkbox"/> Department <input type="checkbox"/> Essential <input type="checkbox"/> Innovation	FY: 2010
Total Cost: \$ 40,000	Dept: Lodging Tax	
Item Description Decorative Lighting Premium - Valley Avenue On Valley Avenue there will be 37 decorative lights. If you were to install cobra heads, there would be 35 lights. Therefore, the differential cost of decorative over cobra heads on Valley Avenue would be $2 \times \$4,000 + 35 \times \$900 + 2 \times \$250 = \$40,000$.		
Alternatives: 1. Install only Cobra Heads on Valley Avenue 2. 3.		
Advantages of Approval: <ul style="list-style-type: none"> ● Creates a nice entrance to our city ● 	Source of Funds: General: Street Fund: Detention Services: Stadium/Convention: Criminal Justice: Growth Management: Drug Intervention Water Sewer Storm Other: Lodging Tax <div style="text-align: right;">Total: \$40,000</div>	
Implication of Denial: <ul style="list-style-type: none"> ● ● 		

Request for Capital Outlay

Requested items costing \$5,000 or more with a life of 5 years or more.

Department: Public Works	Priority: <i>(Please mark only one)</i> <input type="checkbox"/> Council Goal <input type="checkbox"/> Department <input type="checkbox"/> Essential <input type="checkbox"/> Innovation	FY: 2010
Total Cost: \$ 10,252	Dept: Lodging Tax	
Item Description Direct Cost of Park Illumination, including 39% benefits and vehicle expense 2 Public Works Employees (1 lead and 1 laborer) Total Labor Hours = 120 Bucket Truck Use \$ 6,000 Employee Cost 1 Lead \$1,911 1 Laborer \$1,147.80 Wage Expense = \$3,058.80 Direct Cost Benefits 39% = \$1,192.93 Bucket Truck Expense = \$6,000 Total Expenses = \$10,251.73		
Alternatives: 1. Keep labor charges as they are currently allocated 2. 3.		
Advantages of Approval: • • Implication of Denial: • •	Source of Funds: General: Street Fund: Detention Services: Stadium/Convention: Criminal Justice: Growth Management: Drug Intervention Water Sewer Storm Other: Lodging Tax Fund <div style="text-align: right;">Total: \$10,251.73</div>	

Review
w/ Council

Park Illumination Costs

				Direct Cost Benefits = Wages x	
		Hours:	Wage Expense	39%	Total Expense
1 Lead		60	\$ 1,911.00	\$ 745.29	\$ 2,656.29
1 Laborer		60	\$ 1,147.80	\$ 447.64	\$ 1,595.44
Bucket Truck Cost					\$ 6,000.00
	Totals	120	\$ 3,058.80	\$ 1,192.93	\$ 10,251.73

Request for Capital Outlay

Requested items costing \$5,000 or more with a life of 5 years or more.

Department: Public Works	Priority: <i>(Please mark only one)</i> <input type="checkbox"/> Council Goal <input type="checkbox"/> Department <input type="checkbox"/> Essential <input type="checkbox"/> Innovation	FY: 2010
Total Cost: \$ 58,765.45	Dept: Lodging Tax	
Item Description Direct Cost including 39% benefits of Maintenance for Pacific Highway Planter Strips. 2 Laborers totaling 1,105 hours. Total Hours = 1,105 Wage Expense = \$42,277.30 Direct Cost Benefits 39% = \$16,488.15 Total Wage Expense = \$58,765.45		
Alternatives: 1. Keep labor charges as they currently are allocated 2. 3.		
Advantages of Approval: • •	Source of Funds: General: Street Fund: Detention Services: Stadium/Convention: Criminal Justice: Growth Management: Drug Intervention Water Sewer Storm Other: Lodging Tax Fund <div style="text-align: right;">Total: \$58,765.45</div>	
Implication of Denial: • •		

*Not
Recommended
But good
effort*

PHE ROW Mr Maintenance costs
(Hotel/motel Tax figures)

Area of PHE	# of employees	# of hours each week	Total Man Hours	Jan-Feb		Mar-Jun	July-Sep		Oct-Dec	
				Hrs	Man Hours		Total Hrs	Total Hrs	Total Hrs	Total Hrs
5200-Alexander ave	2	2.5	5	10	17	14	70	30		
Alexander-POT	2	5	10	20	17	14	140	60		
POT-WCL	2	4	8	16	14	8	64	32		
Port Park	2	4	8	24	16	13	104	40		

Direct Cost Benefits =

Total Man Hours:	Wage Expense	Wages x 39%	Total Wage Expense	
5200-Alexander ave	\$ 3,730.35	\$ 1,454.84	\$	\$ 5,185.19
Alexander-POT	\$ 7,460.70	\$ 2,909.67	\$	\$ 10,370.37
POT-WCL	\$ 4,285.12	\$ 1,671.20	\$	\$ 5,956.32
Port Park	\$ 5,662.48	\$ 2,208.37	\$	\$ 7,870.85
Total Hr	\$ 21,138.65	\$ 8,244.07	\$	\$ 29,382.72
Totals	\$ 42,277.30	\$ 16,488.15	\$	\$ 58,765.45

Request for Building and Facilities Division

Requesting Department: PRCS	Department Priority: 2	FY: 2010
Total Cost: \$15,000.00	Department: Lodging Tax Fund	
<p>Item Description: Purchase and installation of new Pool Slide. The previous slide was removed approximately two years ago due its deteriorating condition. Since that time requests for funding to purchase a new slide have not made the "cut list" for new equipment.</p>		
<p>Alternatives:</p> <ol style="list-style-type: none"> 1. Continue to operate without a slide. 2. 		
<p>Advantages of Approval:</p> <ul style="list-style-type: none"> • Replaces a piece of equipment that was previously part of the facility. • Enhances the enjoyment of patrons that use our facility. • Provides an additional "incentive" element that attracts Swim Center patrons. <p>Implication of Denial:</p> <ul style="list-style-type: none"> • Less attractive pool environment for recreational users. 	<p>Source of Funds: Lodging Tax Fund</p> <p>Labor: \$1,000.00 Materials: \$14,000.00 Consulting:</p> <p>Total: \$15,000.00</p>	

Request for Building and Facilities Division

Requesting Department: PRCS	Department Priority: 1	FY: 2010
Total Cost: \$ 15,000.00	Department: General Government Expense Fund or Lodging Tax Fund	
<p>Item Description: New Water Sterilization (Chlorination) system for all 3 pools at the Fife Swim Center. The company that produces the components that are utilized in our current salt/chlorine system has informed us that they are no longer going to manufacture various components of that system. In 2010 we will be forced to convert to a new system of water sterilization. Staff has researched several chlorine based systems and recommends this one should we decide to convert to a chlorine treatment method of sterilizing pool water. Another aspect of this system is that we will incur an additional ongoing annual cost of approximately \$12,000 to purchase the chlorine tablets. However, most of this expense will be offset by not having to purchase salt system components.</p>		
<p>Alternatives:</p> <ol style="list-style-type: none"> 1. Consider converting to a new salt system. (see other request) 2. Risk not converting to a new system in 2010 and hope that the components of our current system last the entire year. 3. 		
<p>Advantages of Approval:</p> <ul style="list-style-type: none"> • Provides a new system that has a stable source of required supplies and parts. • Allows pool to continue operations with no chance of forced closure <p>Implication of Denial:</p> <ul style="list-style-type: none"> • Discontinues use of a salt system that is enjoyed and appreciated by our patrons. • Risk of current system using up necessary components before the end of 2010 and being forced to convert at that time and causing a pool closure. 	<p>Source of Funds: Current Expense Fund or Lodging Tax Fund</p> <p>Labor: \$5,000.00 Materials: \$10,000.00 Consulting:</p> <div style="text-align: right; margin-top: 20px;"> <p><i>Get a 5 year cost</i></p> </div>	

Request for Building and Facilities Division

Requesting Department: PRCS	Department Priority: 1	FY: 2010
Total Cost: \$ 25,000.00	Department: General Government Expense Fund or Lodging Tax Fund	
<ul style="list-style-type: none"> • Item Description: New Water Sterilization (Salt) system for all 3 pools at the Fife Swim Center. The company that produces the components that are utilized in our current salt/chlorine system has informed us that they are no longer going to manufacture various components of that system. In 2010 we will be forced to convert to a new system of water sterilization. Staff has researched various systems and recommends this one should we decide to continue using a salt/chlorine hybrid method of sterilizing pool water. The company that manufactures this product is the same company that produced our current system. They have informed us that they do not foresee this system being discontinued as was the case with our current system. Staff's concern is that we will once again be at the mercy of a "sole source" provider for the supplies and equipment associated with this system. 		
<p>Alternatives:</p> <ol style="list-style-type: none"> 1. Consider converting to a chlorine sterilization system. (see other request) 2. Risk not converting to a new system in 2010 and hope that the components of our current system last the entire year. 3. 		
<p>Advantages of Approval:</p> <ul style="list-style-type: none"> • Continues the use of a salt system that is familiar to and enjoyed by our patrons. • Allows pool to continue operations with no chance of forced closure <p>Implication of Denial:</p> <ul style="list-style-type: none"> • Forces us to move away from a salt based system and convert to a pure chlorine based method for water sterilization. • Risk of current system using up necessary components before the end of 2010 and being forced to convert at that time and causing a pool closure. 	<p>Source of Funds: Current Expense Fund or Lodging Tax Fund</p> <p>Labor: \$5,000.00 Materials: \$20,000.00 Consulting:</p> <p style="font-size: 1.5em; margin-top: 20px;"><i>Get a 5 year cost</i></p>	

MEMORANDUM
For Study Session of July 21, 2009

TO: Mayor and Councilmembers
THROUGH: Steve Worthington, City Manager
FROM: Steve Marcotte, Finance Director
SUBJECT: 2009 Second Quarter Financial Report

REPORT IN BRIEF: The City of Fife continues to be adversely impacted by the national financial crisis and revenues are not reaching budget projections for several major revenue sources. The impact of revenue shortfalls is being partially offset by efforts to reduce expenditures. Second quarter financial results and year-end projections are consistent with those previously discussed with Council in the First Quarter Financial Report.

BACKGROUND: The City's adopted Financial Policies requires a quarterly financial report to be prepared and discussed with Council at a Study Session.

DISCUSSION: The following discussion summarizes the regional economic condition and the status of the revenue collections for major revenues as of June 30, 2009:

State and Local Economy: The Washington Economic and Revenue Forecast Council's most recent update to their State revenue forecast was updated as of July 13. It is largely consistent with their March forecast which was discussed with Council as part of the First Quarter Financial Report. The ERFC continues to expect economic recovery to begin in the third quarter of 2009 and continue through 2010. Fife's revenues are heavily dependent upon auto sales so its local economic recovery could differ from what the State, as a whole, will experience.

Cash and Investments: As of June 30, 2009, the City had a total of \$20,261,494 invested in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is currently paying interest at a rate of about 1%. The City has an additional \$7 million invested in Federal Home Loan Bank bonds with interest rates varying between 1.25% and 3.5% and maturities ranging from December, 2009 through June 2011.

General Fund: General Fund revenues continue to underperform budget projections mainly due to shortfalls in sales tax revenues, building permit revenues and plan check and review revenues. Expenditures are also tracking well below budget projections. Major areas of the General Fund budget are discussed below:

Property Taxes: A total of \$1,311,913 in property taxes has been collected as of June 30. This is consistent with the normal collection pattern for property taxes. The City expects to collect its full property tax levy of \$2,548,498 (see graph).

Sales Taxes: Sales tax revenues are tracking well below budget expectations. Monthly collection for the first six months of the year have averaged about \$357,000 per month plus two quarterly sales tax mitigation payments of \$137,000 and \$128,000 resulting in total sales tax

collection of about \$2.4 million. Monthly sales tax receipts have stayed very consistent at for the first six months of the year which may indicate a “bottom” to the decline in sales tax revenues we have experienced over the past eighteen months. We continue to expected total sales tax collection for 2009 at about \$5.2 million (including expected sales tax mitigation payments). This amount would be about \$1.6 million below the budgeted amount of \$6.8 million (see graph).

Building-Related Permit Revenues: Only \$65,629 has been received so far this year for building permits. This is only 22% of the budgeted revenue of \$300,000 with 50% of the year behind us. Historically, there has been no seasonal pattern to actual collection of these revenues. We have been experiencing some recent growth in building permits but there is likely to be a shortfall in this revenue source of between \$100,000 and \$200,000 as previously discussed with Council (see graph).

Puyallup Tribal Payments: The City has not yet received any of the payments related to the Interlocal Agreement with the Puyallup Tribe. Expected amounts include \$850,000 lump sum payment, \$212,500 as the last annual installment of the pool grant, at least \$150,000 of in-lieu sales and lodging taxes, and at least \$176,000 of in-lieu property taxes.

Expenditures: General Fund expenditures are also tracking well below budget expectations with only a total of \$5.3 million in expenditures through the end of the second quarter. Allowing for some season variances, we expect that actual expenditures for the General Fund will be about \$13 million. This compares with budgeted expenditures in the General Fund of \$14,274,056.

Public Safety Fund: This fund is used to account for the revenues derived from the City’s Photo Red Light Enforcement Program and for the expenses of operating the program. Notice of Infraction revenue totaled \$716,738 for the first half of the year for an average of \$119,000 per month. If collections continue at this rate, total revenues for the year will be about \$1.4 million. Revenues are budgeted at \$840,000 (see graph).

Stadium and Convention Center Fund: This fund is used to account for lodging taxes. Lodging tax collections for the first half of the year total \$255,922, which is consistent with prior years. Lodging tax revenues are budgeted at \$600,000 and we expect to collect this amount for the year (see graph).

Growth Management Fund: This fund is used to account for the 1st and 2nd quarter percent real estate excise taxes. These monies are derived from the transfer of title to real property, both for newly constructed and existing properties. Revenues are budgeted for \$700,000 for the year but only \$78,900 was collected during the first half of the year. However, the City did receive a payment of more than \$100,000 in early July that is not included in these totals (they will be part of third quarter revenues). (see graph).

Utilities: Each of the City’s three utilities (Water, Sewer and Storm Sewer) are performing as expected (see graphs).

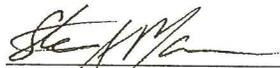
ATTACHMENTS:

Property Tax Trends graph
Sales Tax Trends graph
Permit Revenue Trends graph
Public Safety Fund graph
Lodging Tax graph
Real Estate Excise Taxes graph
Water Sales Revenue Collection by Billing Cycle graph
Sewer Service Revenue Collection by Month graph
Storm Drainage Service Revenue Collection by Billing Cycle graph

FISCAL IMPACT: For information.

ALTERNATIVE COURSES OF ACTION: For Information.

RECOMMENDATION: None at this time.



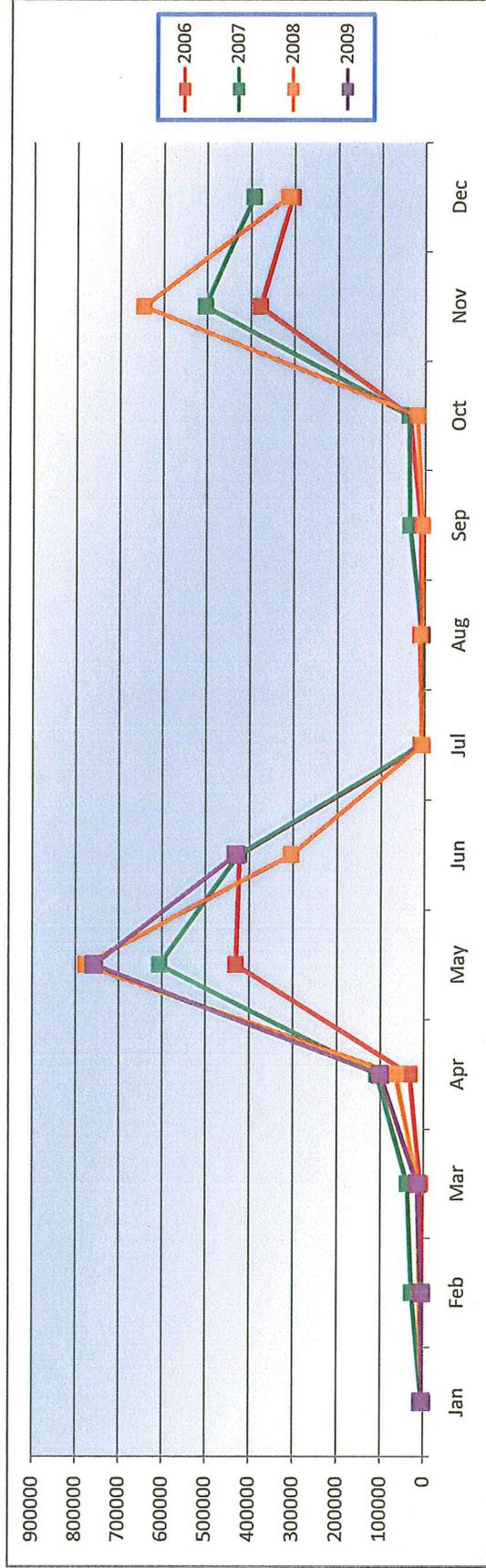
Steve Marcotte
Finance Director



Approved for Agenda
Steve Worthington, City Manager

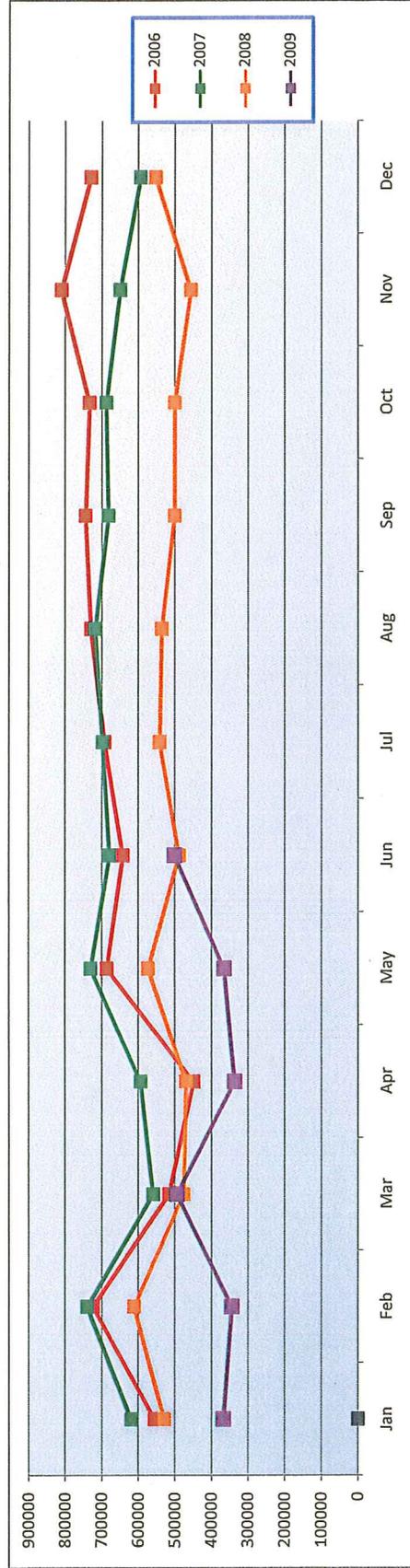
Property Tax Trends

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2006	\$5,586	\$1,350	\$7,279	\$32,032	\$431,229	\$423,563	\$5,671	\$10,681	\$9,172	\$35,401	\$379,836	\$306,286	\$1,648,086
2007	\$3,134	\$26,946	\$37,252	\$108,424	\$606,632	\$424,618	\$8,974	\$6,121	\$34,941	\$37,236	\$505,109	\$394,293	\$2,193,680
2008	\$4,421	\$8,662	\$13,571	\$64,441	\$778,194	\$305,896	\$7,837	\$8,729	\$6,414	\$18,939	\$647,418	\$315,954	\$2,180,476
2009	\$4,733	\$4,449	\$14,192	\$100,178	\$757,129	\$431,232							\$1,311,913



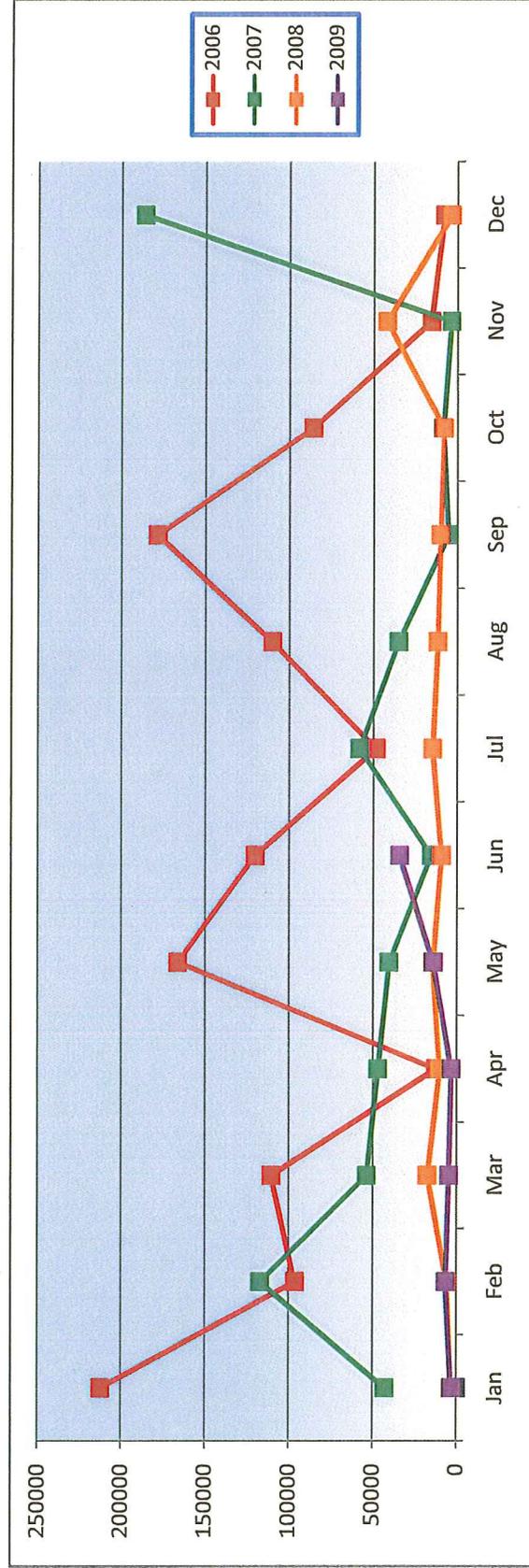
Sales Tax Trends

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2006	\$555,956	\$724,435	\$516,758	\$450,095	\$686,859	\$643,196	\$693,615	\$730,073	\$745,589	\$735,184	\$811,944	\$731,341	\$8,025,045
2007	\$619,121	\$739,584	\$559,380	\$593,740	\$730,772	\$679,110	\$697,923	\$718,230	\$682,025	\$688,594	\$650,949	\$595,026	\$7,954,454
2008	\$529,889	\$611,502	\$476,667	\$470,676	\$573,562	\$489,386	\$542,624	\$537,294	\$501,668	\$501,488	\$457,833	\$553,350	\$6,245,937
2009	\$368,376	\$344,810	\$494,410	\$336,711	\$366,069	\$501,869							\$2,412,245



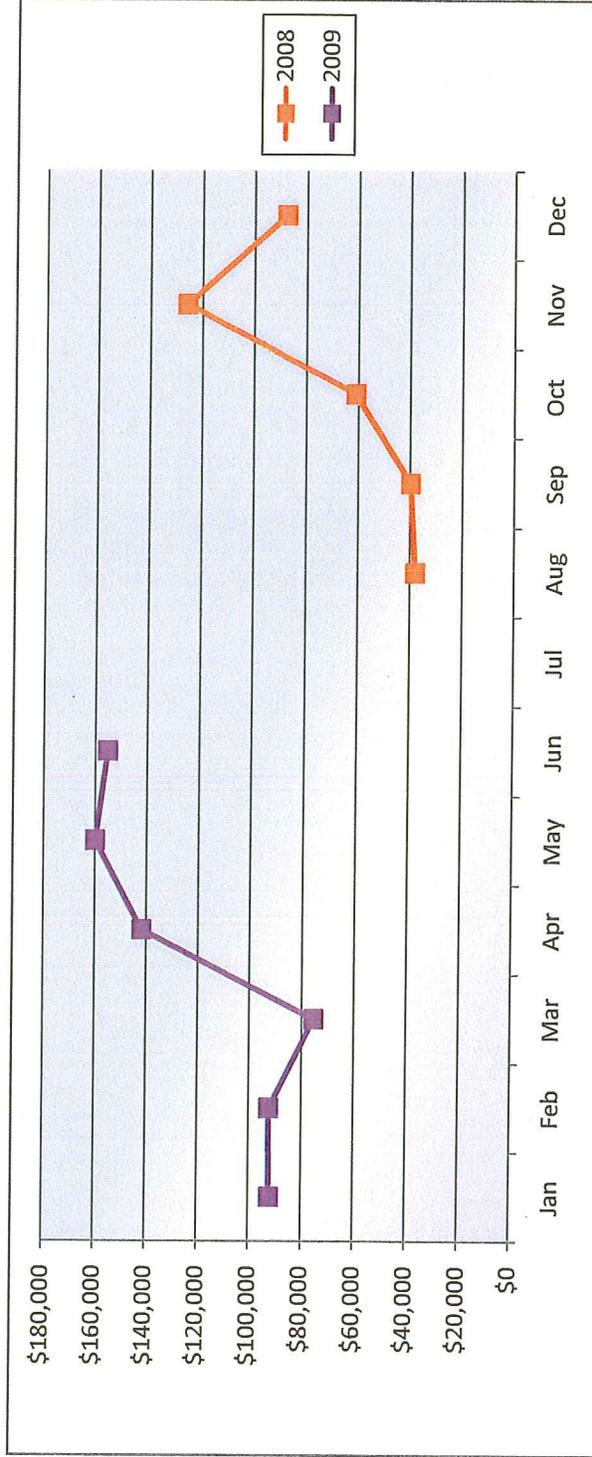
Permit Revenue Trends

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2006	\$212,468	\$96,457	\$110,637	\$12,640	\$166,512	\$120,526	\$48,530	\$110,376	\$178,828	\$86,277	\$15,889	\$8,067	\$1,167,207
2007	\$42,680	\$116,915	\$53,591	\$46,965	\$40,400	\$15,264	\$58,115	\$35,053	\$5,384	\$8,599	\$3,842	\$186,390	\$613,198
2008	\$3,466	\$5,889	\$17,416	\$10,171	\$14,456	\$9,380	\$14,791	\$11,756	\$10,216	\$8,099	\$42,211	\$3,607	\$151,457
2009	\$3,040	\$6,556	\$4,541	\$3,149	\$14,057	\$34,285							\$65,629



Public Safety Fund

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2008	\$92,083	\$92,307	\$75,397	\$141,738	\$159,979	\$155,234		\$37,995	\$39,764	\$61,067	\$125,909	\$87,788	\$352,522
2009													\$716,738



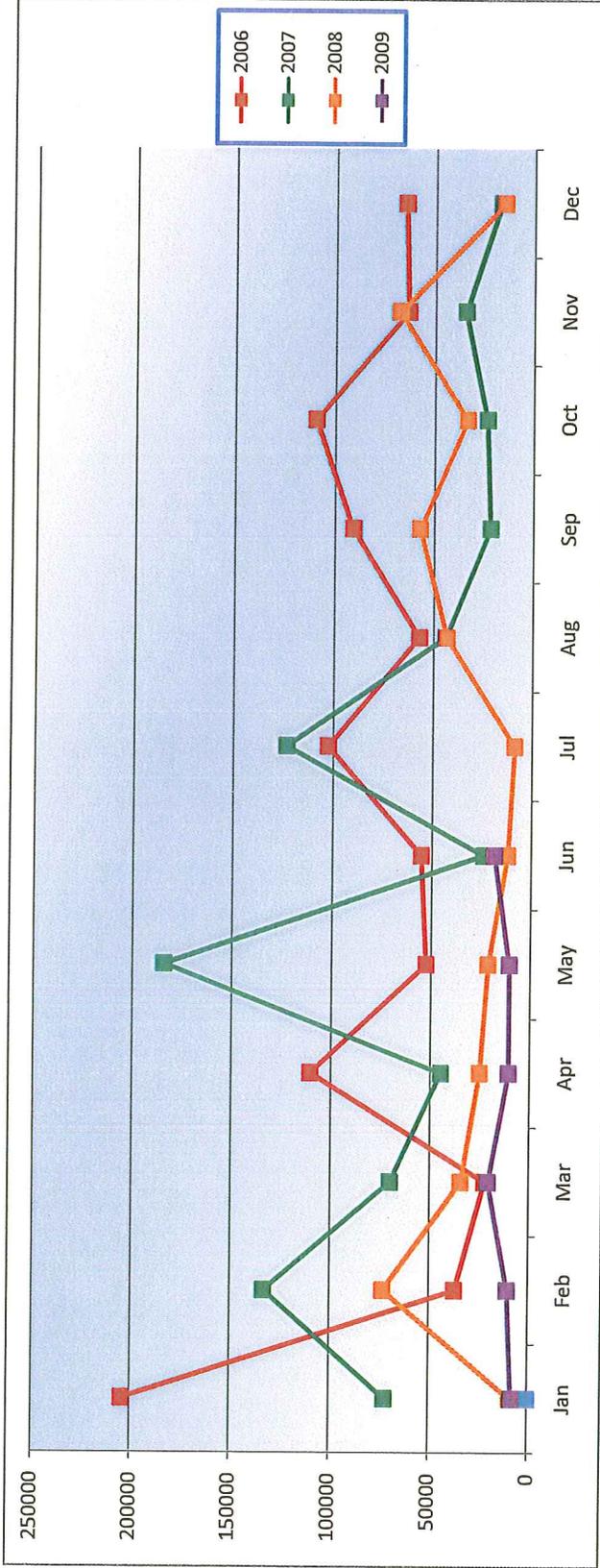
Lodging Tax

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2006	\$35,067	\$35,417	\$42,880	\$44,435	\$48,234	\$45,351	\$44,598	\$59,157	\$61,368	\$74,752	\$54,614	\$52,690	\$598,563
2007	\$41,355	\$48,897	\$43,143	\$55,056	\$61,592	\$44,735	\$52,047	\$63,766	\$72,858	\$69,232	\$67,449	\$51,106	\$671,236
2008	\$44,464	\$45,707	\$42,978	\$56,630	\$59,885	\$40,290	\$62,016	\$64,433	\$62,284	\$71,628	\$67,886	\$46,927	\$665,128
2009	\$39,447	\$39,684	\$43,950	\$48,061	\$42,535	\$42,245							\$255,922



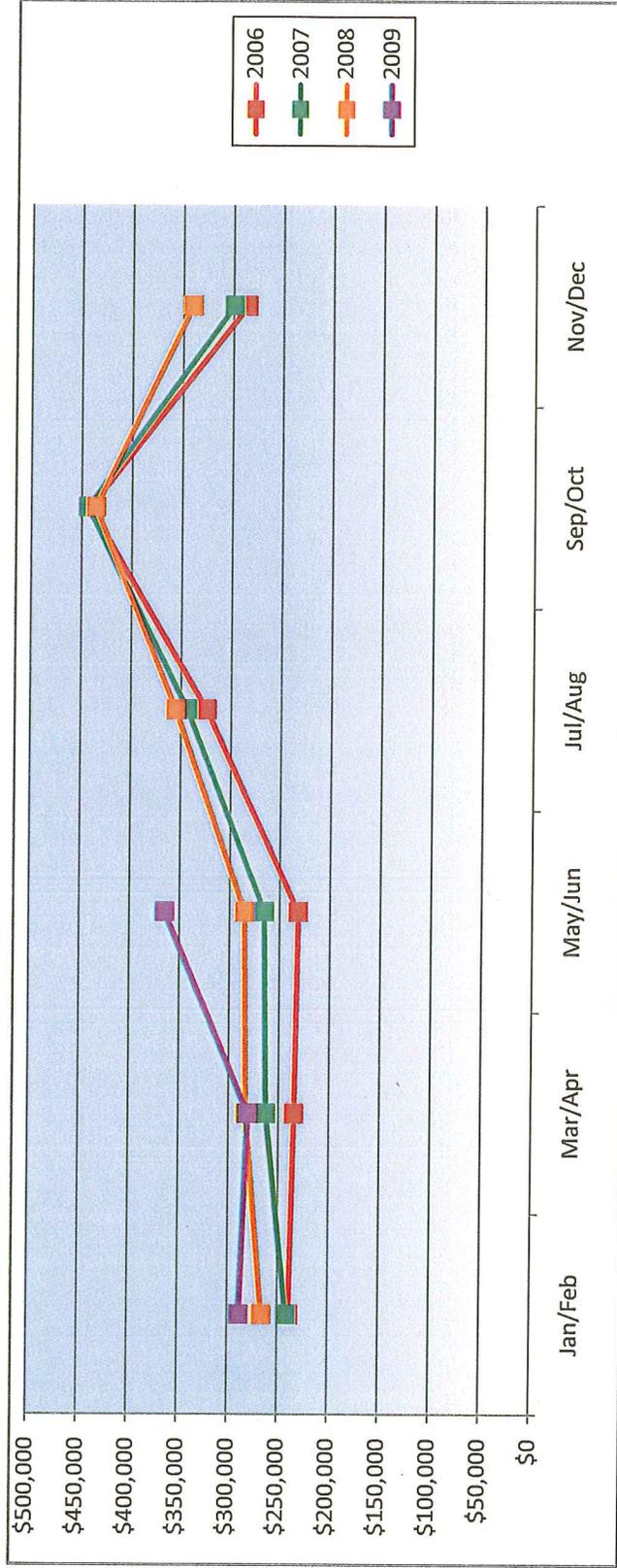
REAL ESTATE EXCISE TAXES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2006	\$204,431	\$37,176	\$22,400	\$110,435	\$52,516	\$55,389	\$102,537	\$57,187	\$90,839	\$109,765	\$63,531	\$64,749	\$970,954
2007	\$71,875	\$133,115	\$69,777	\$44,794	\$184,326	\$24,100	\$123,410	\$43,724	\$21,721	\$23,420	\$34,589	\$16,842	\$791,691
2008	\$8,895	\$73,107	\$34,295	\$25,168	\$21,309	\$11,935	\$8,775	\$43,301	\$57,172	\$33,471	\$67,755	\$15,036	\$400,218
2009	\$8,202	\$10,533	\$20,548	\$10,563	\$10,585	\$18,469							\$78,900



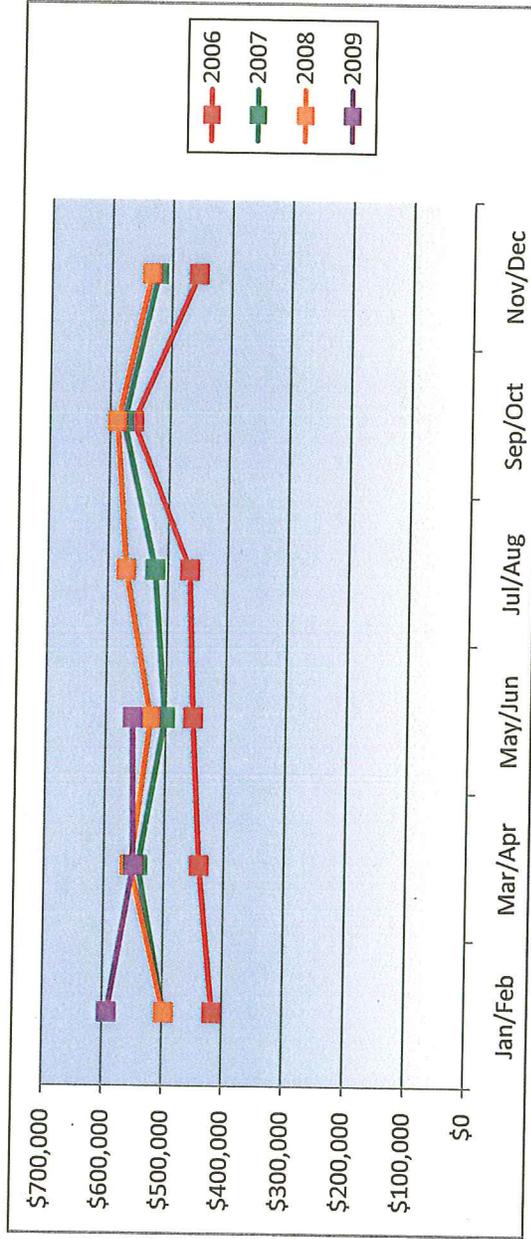
Water Sales Revenue Collection by Billing Cycle

	Jan/Feb	Mar/Apr	May/June	Jul/Aug	Sep/Oct	Nov/Dec	Total
2006	\$239,438	\$234,874	\$231,949	\$324,620	\$442,216	\$286,546	\$1,759,643
2007	\$240,938	\$261,991	\$264,625	\$342,763	\$442,955	\$298,801	\$1,852,072
2008	\$266,224	\$283,154	\$285,237	\$354,903	\$436,041	\$340,648	\$1,966,207
2009	\$288,786	\$280,766	\$364,744				\$934,296



Sewer Service Revenue Collection by Billing Cycle

	Jan/Feb	Mar/Apr	May/June	Jul/Aug	Sep/Oct	Nov/Dec	Total
2006	\$417,022	\$441,745	\$455,097	\$464,218	\$561,036	\$456,221	\$2,795,339
2007	\$498,196	\$543,710	\$501,627	\$521,650	\$577,303	\$523,364	\$3,165,851
2008	\$498,170	\$556,747	\$526,026	\$570,292	\$588,397	\$534,373	\$3,274,005
2009	\$592,773	\$551,280	\$555,557				\$1,699,610



Storm Drainage Service Revenue Collection by Billing Cycle

	Jan/Feb	Mar/Apr	May/June	Jul/Aug	Sep/Oct	Nov/Dec	Total
2006	\$107,200	\$100,589	\$113,446	\$125,016	\$118,029	\$107,844	\$672,123
2007	\$111,991	\$112,103	\$110,798	\$116,018	\$109,536	\$112,267	\$672,712
2008	\$109,517	\$111,458	\$125,014	\$137,933	\$143,726	\$128,342	\$755,991
2009	\$116,332	\$115,046	\$116,842				\$348,219

