

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

**FIFE CITY COUNCIL
AGENDA**

Date: March 17, 2009

**Special Meeting
Study Session**

- 6:00 EXECUTIVE SESSION
For the purpose of Real Estate 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. 2008 Budget and 2009 Sales Tax Results (Marcotte)
- 7:25 b. Gang Graffiti (Blackburn)
- 7:40 c. Segregation of Local Improvement Assessment (Worthington)
- 8:00 d. Overview of City Manager's Office (Worthington)
5. REVIEW OF UPCOMING COUNCIL AGENDAS
6. ADJOURNMENT

MEMORANDUM
For Study Session of March 17, 2009

4A

TO: Mayor and Councilmembers
THROUGH: Steve Worthington, City Manager
FROM: Steve Marcotte, Finance Director
SUBJECT: Financial Results for 2008 and 2009 Sales Tax to Date

REPORT IN BRIEF: For 2008, General Fund revenues were approximately \$1.5 million below the budget, mainly due to a reduction in auto sales. Early in the year, the City Manager anticipated the revenue shortfall and implemented an expenditure reduction plan which resulted in over \$1 million in saving and helped offset the loss in revenues. As of the first two months of 2009, sales tax revenues are not showing any signs of recovery to their former levels.

BACKGROUND: The 2008 Budget was prepared in September using the information which was available at that time and was presented to Council for adoption in October, 2007. In November, 2007 the City experienced a precipitous decline in sales tax revenue which has continued throughout 2008, along with a steep fall off in revenues from building permits and real estate excise taxes. It has since become clear that this resulted from a very serious national economic recession which is expected to last through 2009.

DISCUSSION: The national recession has adversely affected several major revenue sources for the City's General Fund and Growth Management Fund. Revenues for most of the City's other funds, including the Stadium and Convention Center Fund and the City's several utility funds, are at or above original projections.

General Fund: Overall, General Fund revenues collections were \$13,563,468 (about \$1.5 million below the budget) and actual expenditures were about \$14,421,993 (\$1.1 million below planned amounts). The net effect of this, coupled with some adjustments to accounts payable balances, is that Fund Balance in the General Fund was about \$460,000 less than expected at the end of the year.

Property Tax: Actual collection of \$2,180,476 was short approximately \$45,000 or 2% of the levy amount. It is unusual not to collect the full levy amount and is noteworthy for that reason. The property tax levy for 2009 is set at \$2,559,391. (See attached Property Tax Trends graph)

Sales Tax: Actual collection of \$6,245,398 includes one quarter of sales tax sourcing mitigation payment from the State although the City was adversely impacted for two quarters. If the City had received mitigation for both quarters, total revenues would have been about \$6.4 million. This is a fall-off of about \$1.6 million from the actual sales tax collections received in 2006 and 2007. The sales tax budget for 2009 is set at \$6.8 million.

For the first two months of 2009, sales tax collections continue to erode with monthly collections for January and February at \$368,376 and \$344,810, respectively. These collections represent business activity occurring in November and December, 2008. December business activity was particularly impacted by the December snow storms. The numbers are also not directly comparable with prior periods because of the impact of Sales Tax Streamlining mitigation payments which are received on a quarterly basis. Our best information is that these amounts are approximately \$50,000 understated due to that impact. But even taking these factors into

consideration, sales tax collections are at their lowest points in recent years. (See attached Sales Tax Trends graph)

Building and Related Permit Fees and Plan Check and Review Fees: These are related revenues sources resulting from the activities of real estate developers and were budgeted at \$600,000 and \$390,000, respectively. While the amount budgeted for these revenues have been reduced over the past two years, actual collections were much less than the amounts budgeted and were \$151,000 (\$450,000 below budget) and \$141,000 (\$140,00 below budget), respectively. For 2009, these revenues are set at \$300,000 and 195,000, respectively. (See attached Permit Revenue Trends graph)

Other Revenues: Most other revenues were at or above their projections, with revenues from the Puyallup Tribe and from Non-Parking Traffic Infractions being particularly above their projections.

Expenditures: The total expenditure budget for the General Fund was \$15,598,000 for 2008. In response to the City Manager's expenditure reduction plan, departments reduced actual expenditures for the year to \$14,421,993, for total savings of \$1,176,201. For 2009, General Fund expenditures are currently budgeted at \$14,274,056.

Fund Balance: The aggregate Ending Fund Balance for 2008 is \$3,734,374. Fife's practice is to segregate Fund Balance in to several restricted components as follows:

<u>Component</u>	<u>2008 Ending FB</u>	<u>Projected 2009 Ending FB</u>
Undesignated	\$ 651,482	(\$ 96,681)
Crime Prevention	60,773	57,673
Tribal Interlocal	681,379	1,531,379
Required 17%	<u>2,340,740</u>	<u>2,385,790</u>
Total Fund Balance	\$3,734,374	\$ 3,878,161

Growth Management Fund: The primary revenue source for this fund is Real Estate Excise tax in two components; REET I which has been in place for a number of years and REET II which was adopted in the middle of 2008. This revenue was budgeted at \$750,000 for REET I and REET II was not budgeted. Actual revenue collected in the fund was \$437,776 from all sources. If both portions of REET had been in place for the full year, total collections would have been about \$600,000. For 2009, revenue is budgeted at \$700,000. Ending Fund Balance for 2008 is \$1,271,946 and projected Ending Fund Balance for 2009 is \$1,077,697. (See attached Real Estate Excise Taxes graph)

Stadium and Convention Center Fund: The primary revenue source for this fund is Hotel/Motel tax. These revenues were budgeted at \$600,000 for 2008 and actual collections were \$665,127. These revenues are budgeted at \$600,000 for 2009. Ending Fund Balance for 2008 is \$1,000,282 and projected Ending Fund Balance for 2009 is \$350,793. (See attached Lodging Tax graph)

Public Safety Fund: The primary revenue source for this fund is from the Photo Red Light Enforcement Program. Revenues were budgeted at \$993,500 but actual collections were only \$423,344; primarily because installation of equipment was not completed at all planned intersections. These revenues are budgeted at \$840,000 for 2009, which should be attainable with the current number of installed intersections. For 2008, Ending Fund Balance is \$327,574. Projected Ending Fund Balance for 2009 is \$1,067,168. (See attached Public Safety Fund graph)

Water Utility: Revenues were budgeted at \$1,971,000 and actual collections were \$2,289,947, so that revenues exceeded budget by about \$319,000. For 2009, revenues are budgeted at \$1,946,500. Expenditures were budgeted at \$2,063,836 but actual expenditures were less than the budget at \$1,999,530. For 2008, actual Ending Fund Balance is \$977,005. Projected Ending Fund Balance for 2009 is \$570,589. (See attached Water Sales Revenue Collection by Billing Cycle – does not include miscellaneous revenues)

Sewer Utility: Revenues were budgeted at \$3,766,800 and actual collections were \$3,977,978, so that revenues exceeded budget by about \$204,000. For 2009, revenues are budgeted at \$3,630,600. Expenditures were budgeted \$2,704,845 but actual expenditures were less than the budget at \$2,595,141. For 2008, actual Ending Fund Balance is \$3,943,755. Projected Ending Fund Balance for 2009 is \$4,724,108. (See attached Sewer Service Revenue Collection by Billing Cycle – does not include miscellaneous revenues)

Storm Sewer Utility: Revenues were budgeted at \$877,761 and actual collections were \$921,026, so that revenues exceeded budget by about \$43,000. For 2009, revenues are budgeted at \$786,140. Expenditures were budgeted at \$1,105,605 but actual expenditures were \$1,200,604. For 2008, actual Ending Fund Balance is \$194,734. Projected Ending Fund Balance for 2009 is \$358,176. (See attached Storm Drainage Service Revenue Collection by Billing Cycle – does not include miscellaneous revenues).

ATTACHMENTS:

- General Fund Revenues and Expenditures
- Property Tax Trends
- Sales Tax Trends
- Permit Revenue Trends
- Real Estate Excise Taxes
- Lodging Tax
- Public Safety Fund
- Water Sales Revenue Collection by Billing Cycle
- Sewer Service Revenue Collection by Billing Cycle
- Storm Drainage Service Revenue Collection by Billing Cycle

RECOMMENDATIONS: For Council information.



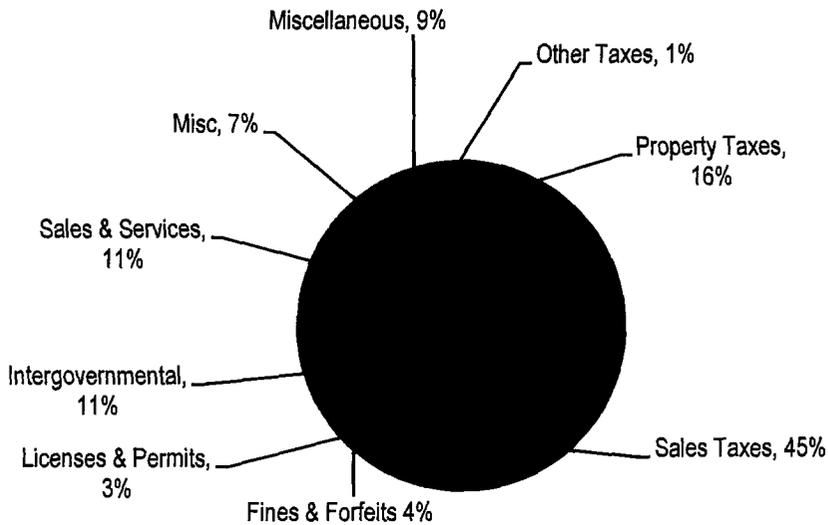
Steve Marcotte
Finance Director



Approved for Agenda
Steve Worthington, City Manager

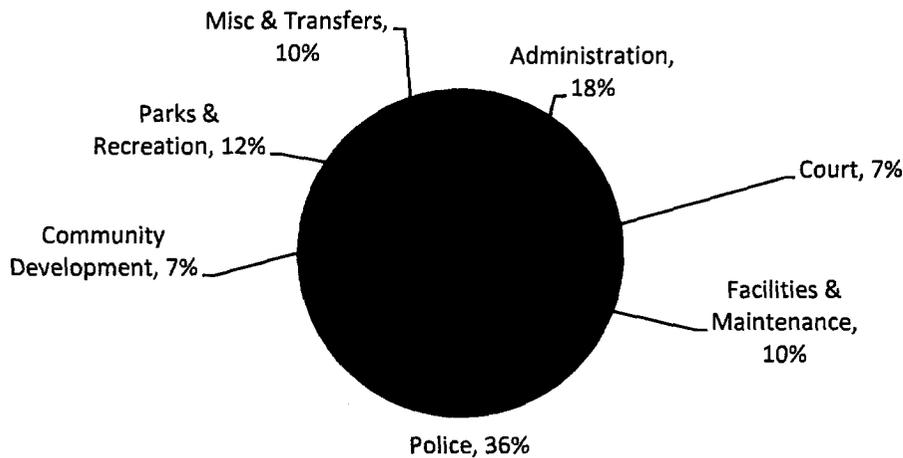
Where the Money Comes From

2008 General Fund Revenues \$13,563,468



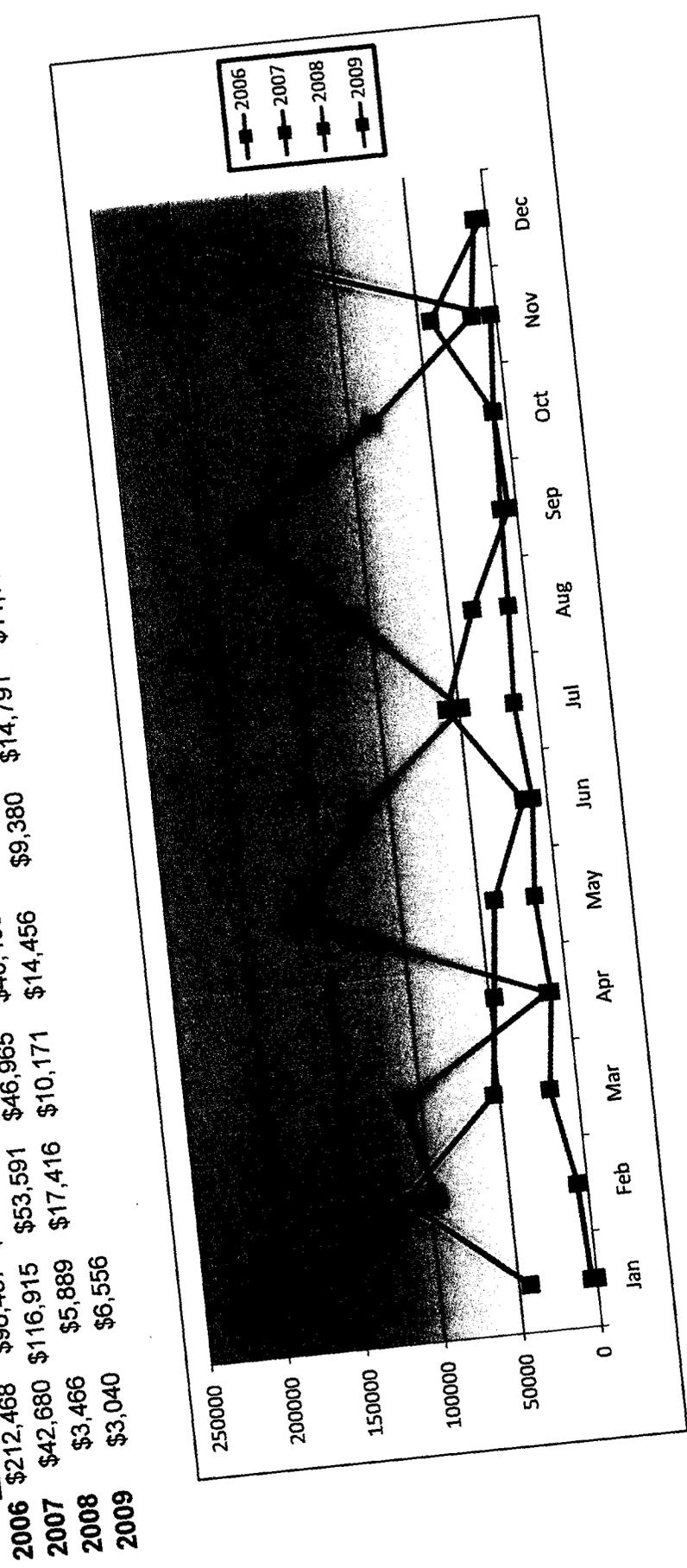
Where the Money Went

2008 General Fund Expenditures \$14,421,993



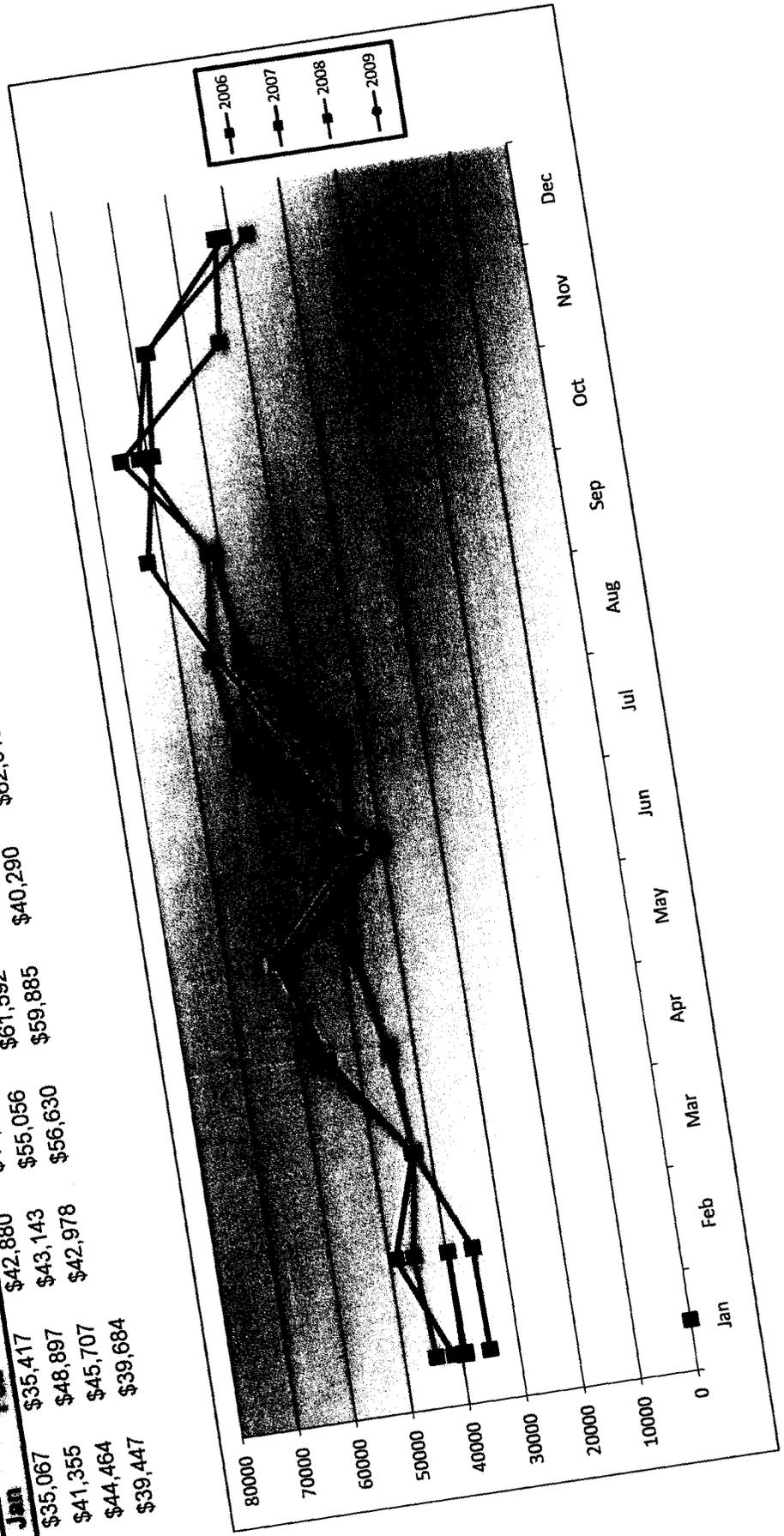
Permit Revenue Trends

	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											



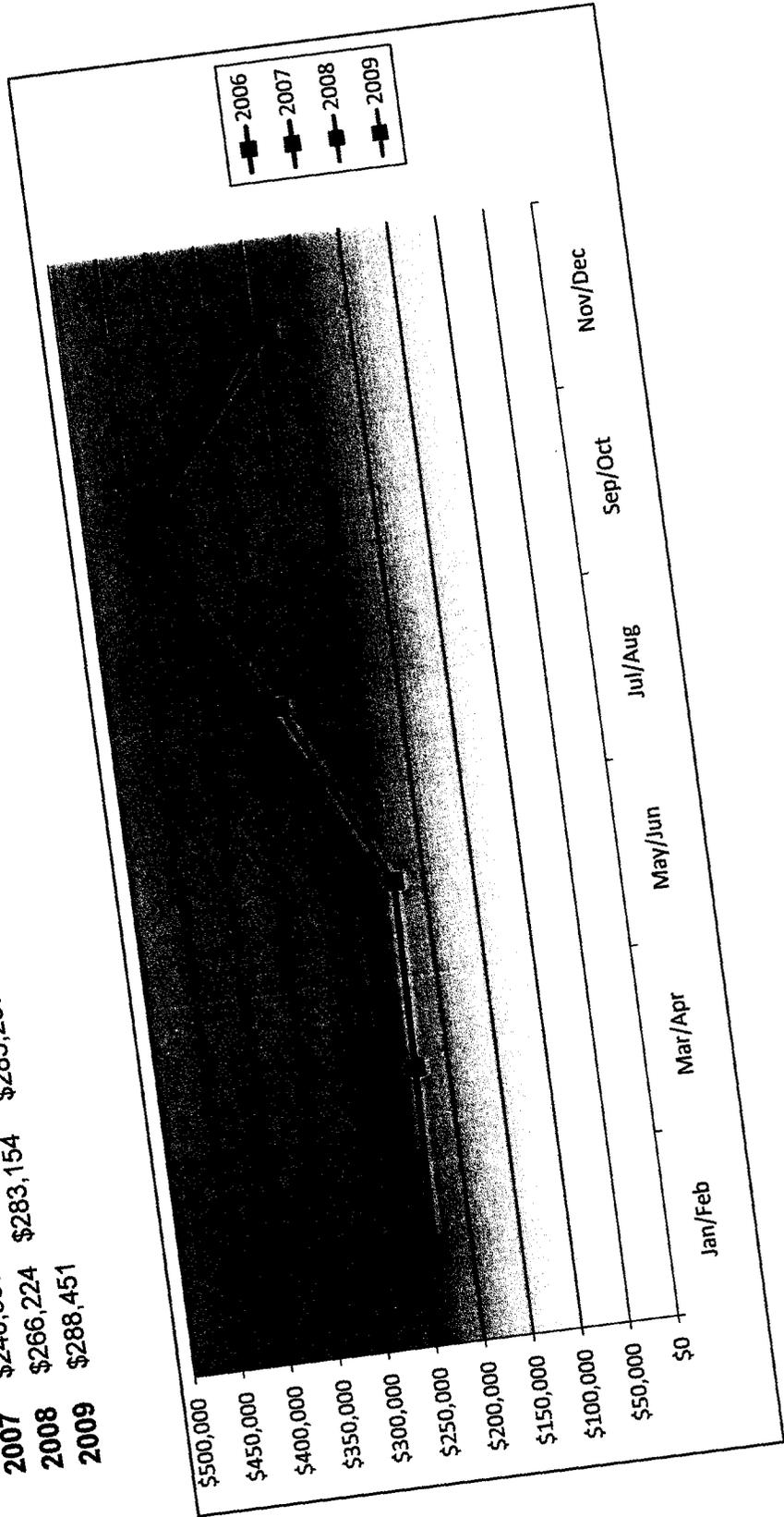
Lodging Tax

	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												



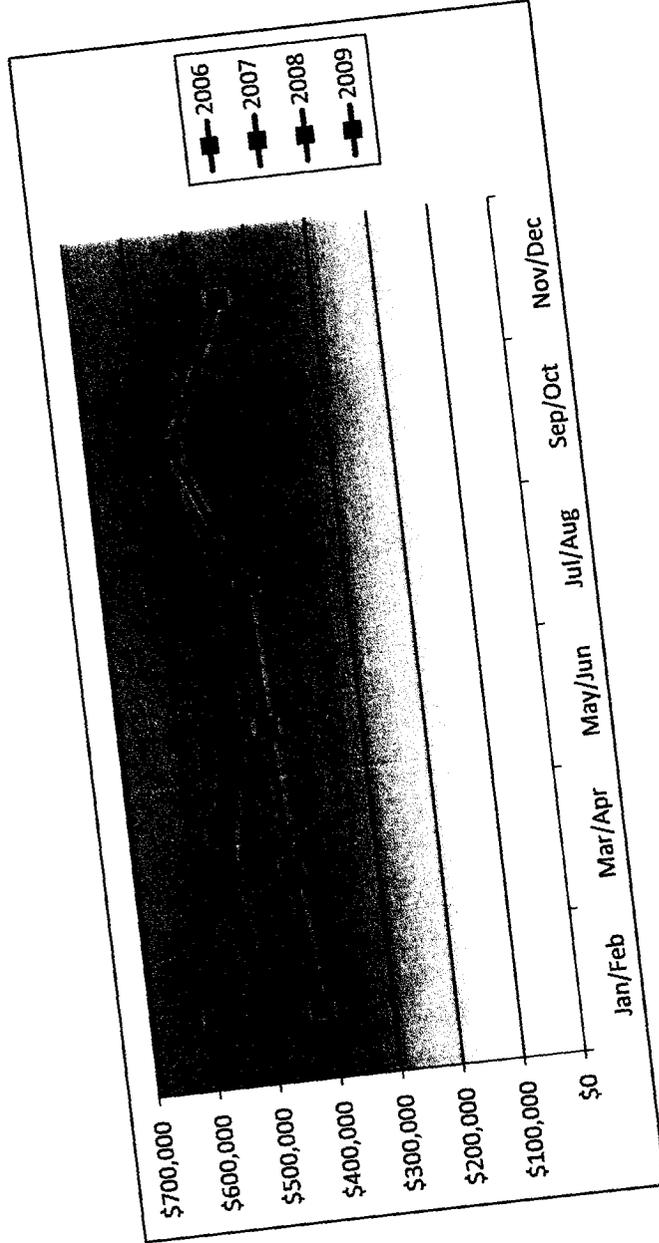
City of Fife Water Sales Revenue Collection by Billing Cycle

	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	\$288,451						



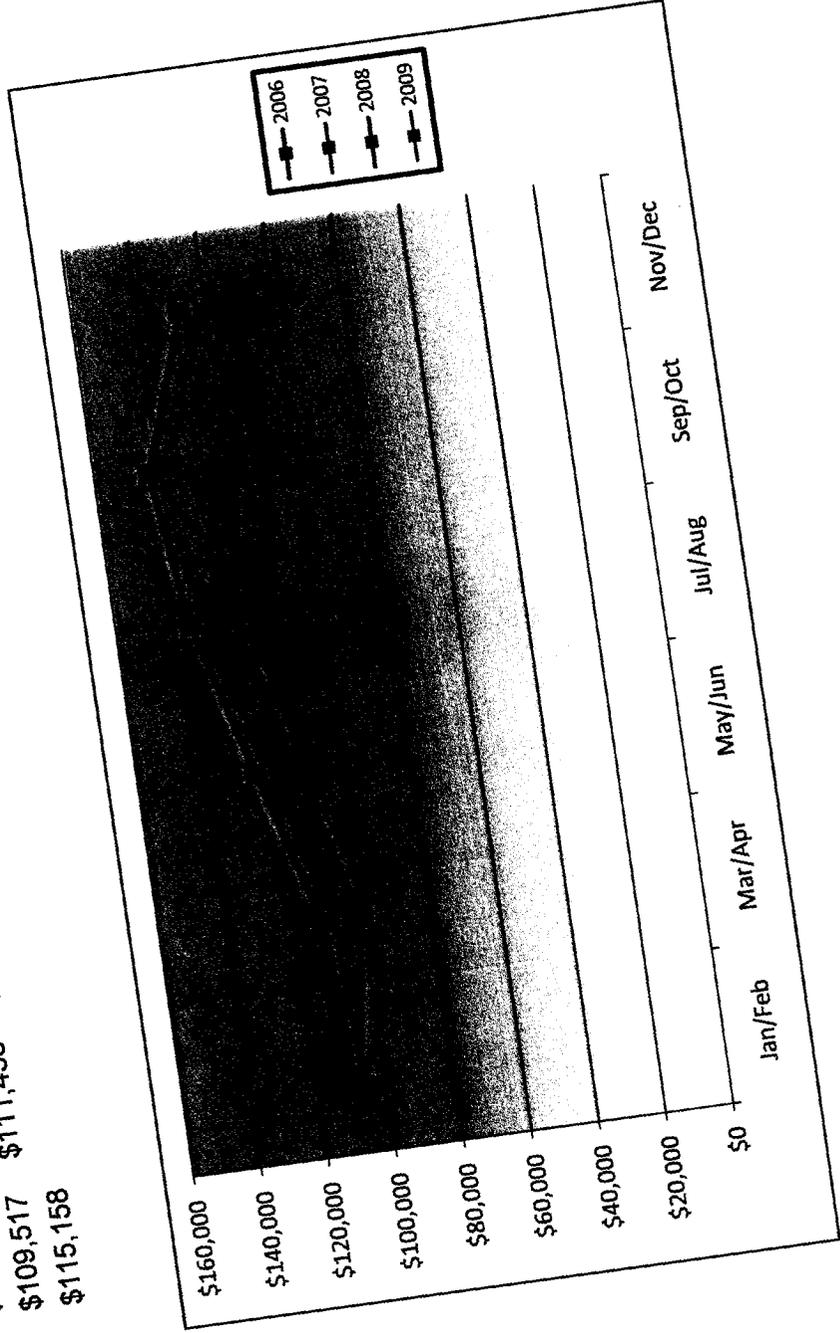
City of Fife Sewer Service Revenue Collection by Billing Cycle

	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						\$592,773



City of Fife Storm Drainage Service Revenue Collection by Billing Cycle

Year	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	\$115,158						



March 11, 2009

**MEMORANDUM
For Meeting of March 17, 2009**

TO: Mayor Johnson and Fife Councilmembers
THROUGH: Steve Worthington, City Manager
FROM: B. Blackburn, Chief of Police
SUBJECT: Gang Graffiti

REPORT IN BRIEF:

This is an opportunity to brief the City Council on ongoing activity within the city and within the neighboring jurisdictions.



Brad Blackburn
Chief of Police



Approved for Agenda:
Steve Worthington, City Manager

MEMORANDUM
For Meeting of March 17, 2009

TO: Mayor and Councilmembers
FROM: Steve Worthington, City Manager
SUBJECT: Segregation of LID Assessments

REPORT IN BRIEF:

When a tract of land subject to an LID assessment is subdivided, the process for segregating and apportioning the LID assessment to the newly created lots is set forth in RCW 35.44.410, which provides as follows:

RCW 35.44.410 Segregation of Assessments

Whenever any land against which there has been levied any special assessment by any city or town shall have been sold in part or subdivided, the legislative authority of that city or town shall have the power to order a segregation of the assessment.

Any person desiring to have such a special assessment against a tract of land segregated to apply to smaller parts thereof shall apply to the city or town which levied the assessment. If the legislative authority thereof determines that a segregation should be made, it shall by resolution order the city or town treasurer to make segregation on the original assessment roll as directed in the resolution. The segregation shall be made as nearly as possible on the same basis as the original assessment was levied, and the total of the segregated parts of the assessment shall equal the assessment before segregation. The resolution shall describe the original tract, the amount and date of the original assessment, and shall define the boundaries of the divided parts and the amount of the assessment chargeable to each part. A certified copy of the resolution shall be delivered to the city or town treasurer who shall proceed to make the segregation ordered upon being tendered a fee of ten dollars for each tract of land for which a segregation is to be made. In addition to such charge the legislative authority of the city or town may require as a condition to the order of segregation that the person seeking it pay the city or town the reasonable engineering and clerical costs incident to making the segregation. No segregation need be made if the legislative authority of the city or town shall find that by such segregation the security of the lien for such assessment will be so jeopardized as to reduce the security for any outstanding local improvement district obligations payable from such assessment.

The statute authorizes the Council to approve a segregation if the security of the lien for such assessment will not be jeopardized. However, the Council is not required to approve a segregation. If the Council decides to deny segregation, such denial should be based on an adopted policy uniformly applied to each applicant.

A handwritten signature in black ink, appearing to read 'Steve Worthington', written over a horizontal line.

Approved for Agenda:
Steve Worthington, City Manager

MEMORANDUM
For Meeting of March 17, 2009

TO: Mayor and Councilmembers
 FROM: Steve Worthington, City Manager
 SUBJECT: 2010 Budget Planning-Overview of City Manager's Office

REPORT IN BRIEF:

City Manager Worthington will give a brief overview of the functions of the Executive Department.

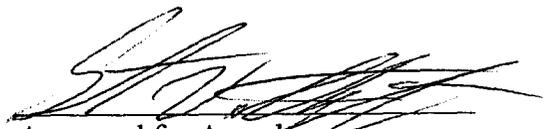
BACKGROUND:

Adopted 2009 Budget for:

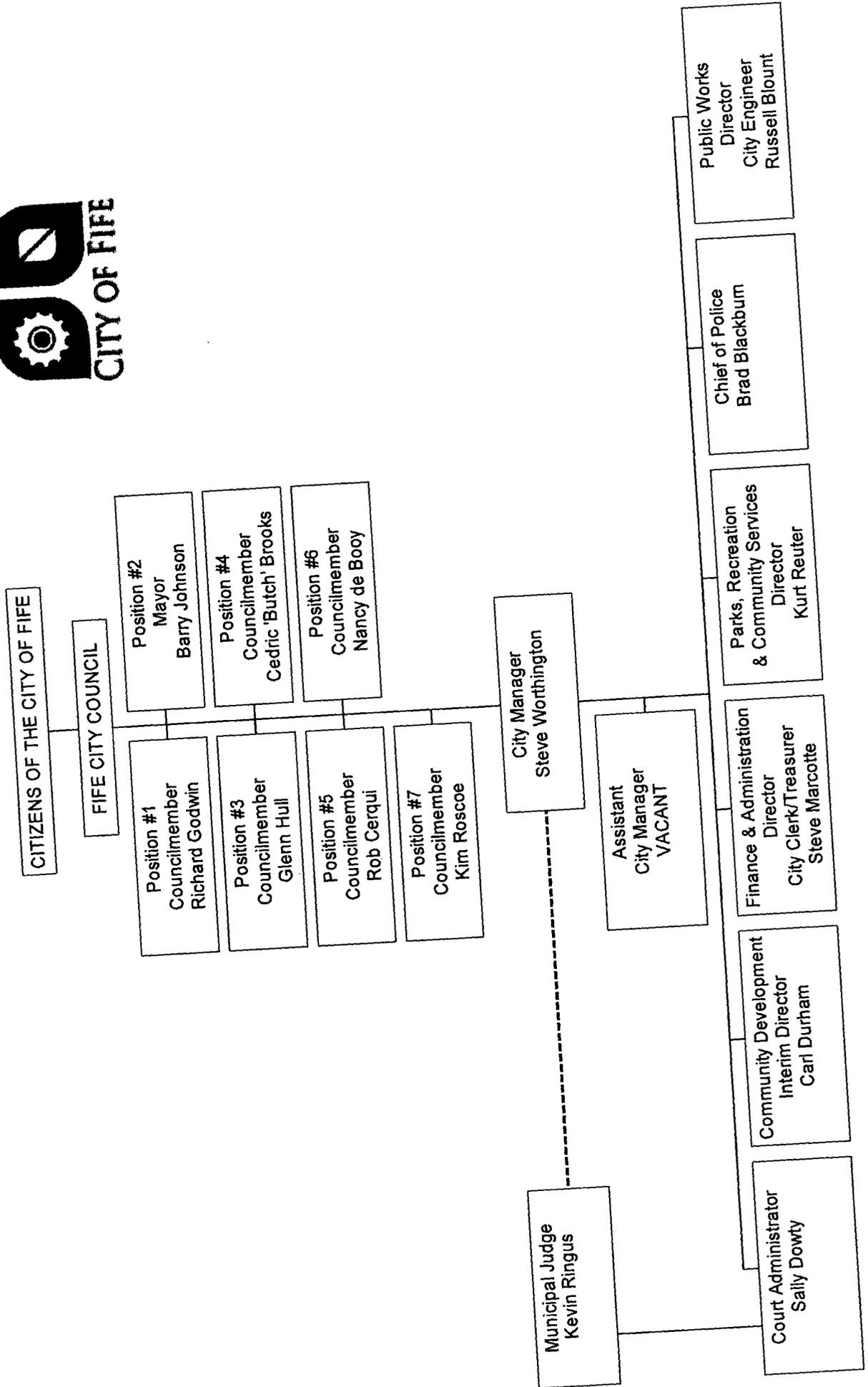
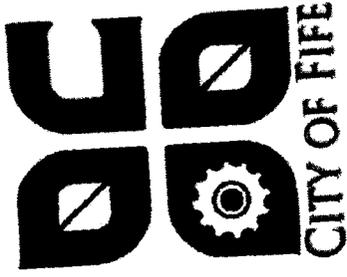
EXECUTIVE DEPARTMENT-City Manager's Office	
BY DIVISION	
Legislative	\$231,433
Executive	\$472,049
Human Resources	\$127,706
Civil Service	\$90,470
Information Technology	\$300,147
Legal	\$527,600
DEPARTMENT TOTAL	\$1,517,972

ATTACHMENTS:

City of Fife Management Organizational Chart
 City of Fife Executive Department Organizational Chart

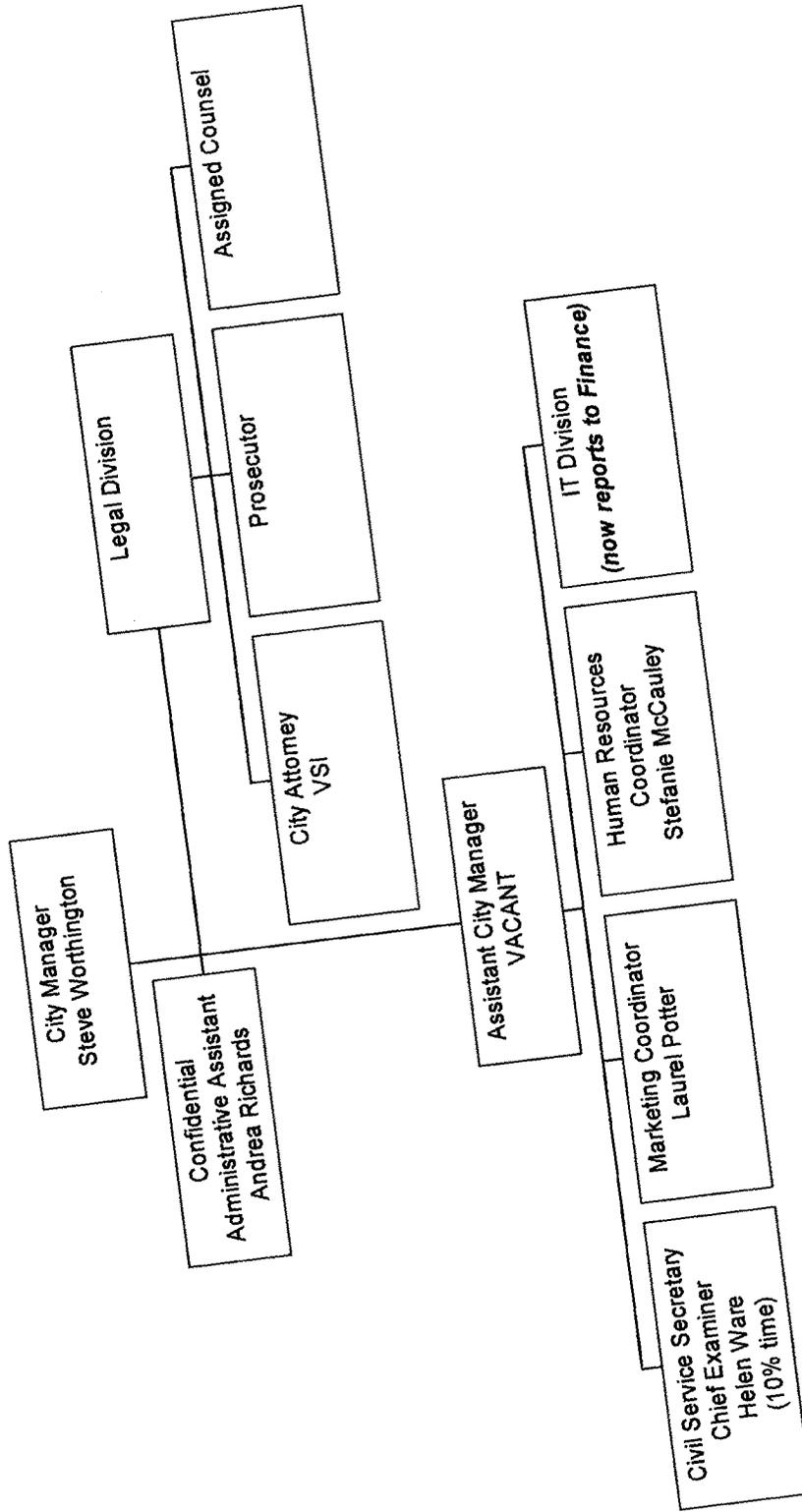


Approved for Agenda:
 Steve Worthington, City Manager



March 2009

City of Fife Executive Department



March 2009