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**CITY OF**  
**DES MOINES**  
**WASHINGTON**



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**2010**  
**ANNUAL BUDGET**

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# 2010 Annual Budget City of Des Moines, Washington

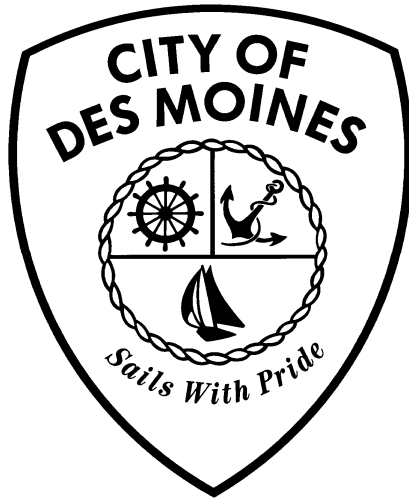
Adopted by the City Council  
December 10, 2009

## City Council- 2010

Bob Sheckler, Mayor  
Dave Kaplan, Mayor Pro Tem  
Melissa Musser  
Matt Pina  
Carmen Scott  
Dan Sherman  
Scott Thomasson

## Administrative Staff:

|                  |  |
|------------------|--|
| Tony Piasecki    | City Manager                                   |
| Lorri Ericson    | Assistant City Manager                         |
| Patricia Bosmans | City Attorney                                  |
| Paula Henderson  | Finance Director                               |
| Roger Baker      | Police Chief                                   |
| Grant Fredricks  | Planning, Building and Public Works Director   |
| Patrice Thorell  | Parks, Recreation and Senior Services Director |
| Joe Dusenbury    | Harbormaster                                   |



# CITY OF DES MOINES

## 2010 Budget

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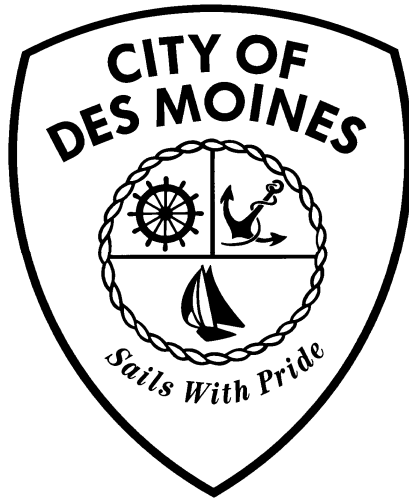
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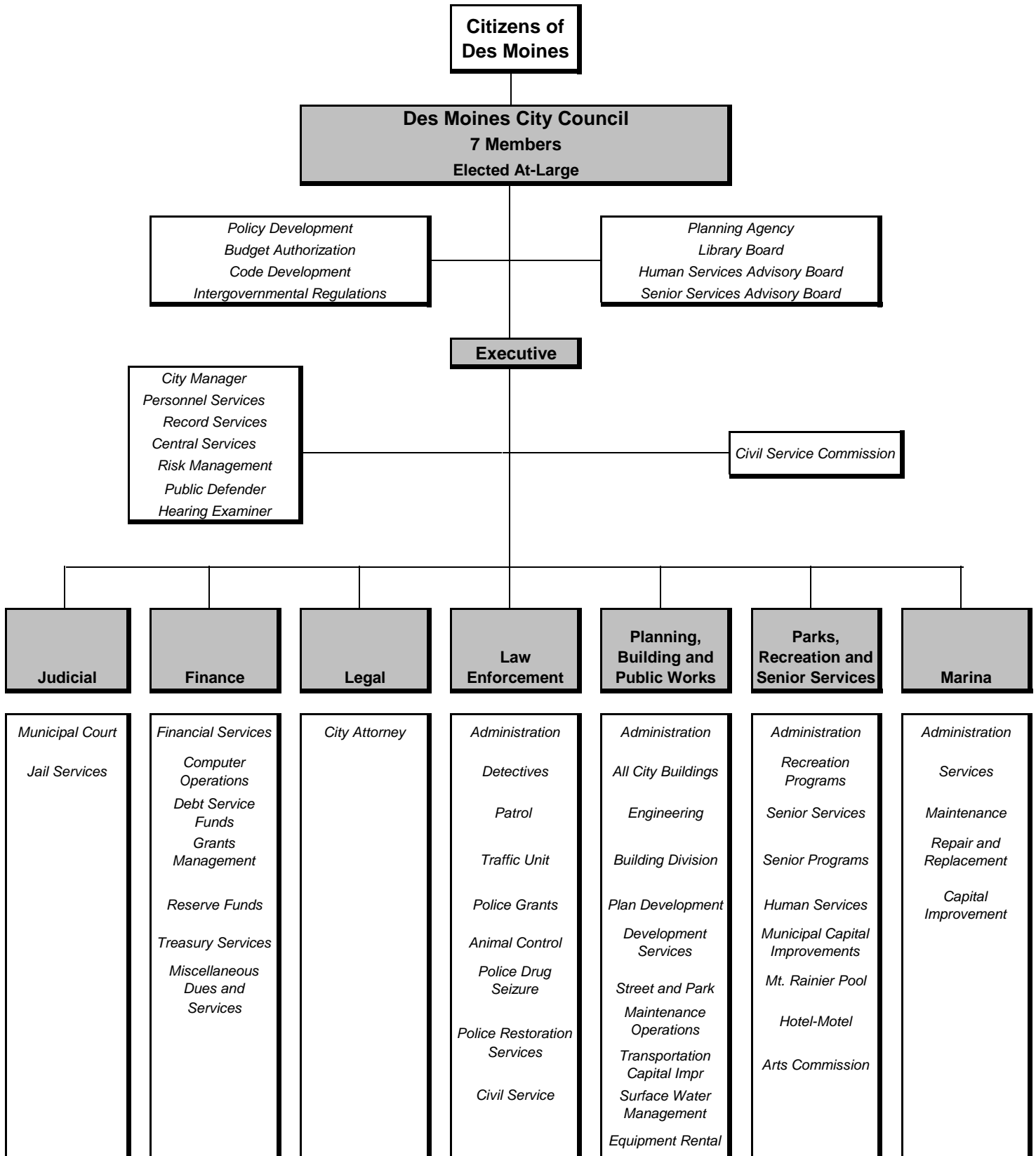


# CITY OF DES MOINES

## 2010 Budget

### Introduction

#### City Organizational Chart



# City of Des Moines 2010 Budget Introduction

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## **Vision Statement**

*An inviting, livable, safe waterfront community embracing the future while preserving our past.*

## **Mission Statement**

*We protect, preserve, promote, and improve the community by providing leadership and services reflecting the pride and values of Des Moines citizens.*

## **City Values**

*Professionalism - Resourcefulness - Integrity - Dedication - Excellence*

## **Imperatives**

### ***Community Oriented Government/Community First***

*We commit to responsive and accessible government, respect for the diverse opinions and populations that enrich our community, fostering partnerships that maximize our resources, involving our citizens and enhancing our community.*

### ***Stewardship***

*We commit to managing and protecting our natural and urban environment in order to enhance the quality of residential life for the future.*

### ***Fiscal Responsibility***

*We commit to comprehensive financial planning that provides for adequate cash reserves, recapitalization, maintained infrastructure, quality spending, and minimizing debt while living within our means and working actively to diversify our economic base.*

### ***Protect Life and Property***

*We commit to ensuring personal and community safety and security and protecting property.*

### ***We commit to:***

- *Respect and support the state and federal constitutions,*
- *Promote personal and community responsibility, and*
  - *Fair and honest government.*



March 31, 2010

Honorable City Council Members:

I am pleased to present the City's 2010 Adopted Budget as approved at the December 10, 2009 City Council Meeting.

The preparation of the City of Des Moines's annual budget is one of the most single important responsibilities of the City Manager. The annual budget provides the framework for accomplishing the City's priorities within the recommended financial resources to achieve the highest possible level of public service delivery.

The City Council conducted various meetings to discuss and evaluate the proposed operating and capital budgets for 2010. The budget process was extremely difficult for the General and Street Funds, the City's two general governmental operating funds. In order to balance the budget, various strategies were proposed to close a \$1.6 million budget gap stemming from the continued downturn in the economy. I recognize the difficult choices the City Council had to make during the budget process, but their final decisions provided a legally required balanced budget that included the City Council's policy of maintaining a 7% ending fund balance reserve requirement.

The following major strategies were adopted by the City Council.

**Budget Balancing Strategies:**

- Police Department staff reductions: 8 Officers, 1 Record Specialist - \$849,221
- Revisions to revenue estimates and new grants - \$545,965
- Elimination of the Crime-free Rental Housing Program - \$200,152
- Parks Department Recreation Programs staff reductions - \$99,623
- 50% deferral of the equipment and vehicle replacement annual assessments - \$166,909
- 50% deferral of the computer equipment replacement annual assessments - \$63,880
- Additional transfer from the Marina resulting from increased revenues - \$70,000
- Elimination of the Federal and partial elimination of the State Lobbyist services - \$90,259
- Savings from Equipment Rental maintenance assessment revisions - \$30,600
- Miscellaneous City Manager reductions - \$38,979

A limited number of new budget requests were approved by the City Council including \$70,103 for a building inspector for the new jail facility under construction, \$48,247 to restore the Code Enforcement Officer's position to full-time, \$37,000 for replacement of a boom mower for street



maintenance, \$30,757 to increase the Judge’s position to full-time funded by a grant, \$29,405 in refunds for prior year’s crime-free housing rental fees, \$25,000 for transportation engineering’s request for replacement of a traffic controller and cabinet, \$24,000 to increase part-time staffing for Parks recreation programs, and \$8,000 to continue funding for professional services with the Regional Commission on Airport Affairs.

I would like to thank the City Council for their direction and support of the 2010 budget process. This budget document contains funding for all operating funds and incorporates the 2010 capital projects from the adopted 2010 -2015 Capital Improvement Plans.

Budget Highlights

The 2010 operating budget for all funds comprises estimated revenues totaling \$28,213,789 million and expenditures totaling \$28,166,003 million. The 2010 estimated ending fund balances for all operating funds totals \$7,545,627 million, a 21% increase over the estimated ending fund balances for the 2009 budget.

The capital budget includes total resources of \$23,391,784 million to fund on-going and new capital expenditures and repayment of debt financing totaling \$18,430,089 million plus provide ending fund balances of \$4,961,695.

Revenues – General and Street Funds

The following table highlights the major revenue sources for the General and Street Funds for the 2010 budget in comparison to the 2009 budget, and the percentage change between the two years.

| <b>Revenues</b>             | <b>2010<br/>Budget</b> | <b>2009<br/>Budget</b> | <b>% Change</b> |
|-----------------------------|------------------------|------------------------|-----------------|
| Property Taxes              | \$3,023,813            | \$2,963,500            | 2.0%            |
| Sales Taxes                 | 2,457,990              | 2,841,970              | (13.5%)         |
| Business & Occupation Taxes | 590,000                | 730,000                | (19.2%)         |
| Franchise Fees              | 715,400                | 786,300                | (9.0%)          |
| Utility Taxes               | 3,353,000              | 3,499,900              | (4.2%)          |
| Other Taxes                 | 124,000                | 97,500                 | 27.2%           |
| Licenses & Permits          | 593,550                | 1,403,272              | (57.7%)         |
| Grants, State Entitlements  | 2,360,484              | 1,588,330              | 48.6%           |
| Charges for Services        | 943,737                | 1,365,921              | (30.9%)         |
| Culture & Recreation Fees   | 821,595                | 877,975                | (6.4%)          |
| Fines & Forfeits            | 300,000                | 314,500                | (4.6%)          |
| Interfund Revenues          | 1,322,926              | 1,407,840              | (6.0%)          |
| Interest Earnings           | 41,000                 | 58,000                 | (29.3%)         |
| Miscellaneous Revenues      | 180,285                | 156,156                | 15.5%           |
| Operating Transfers-in      | 383,220                | 0                      | N/A             |
| <b>Total Revenues</b>       | <b>\$17,211,000</b>    | <b>\$18,091,164</b>    | <b>(4.9%)</b>   |

The increase in **Property Taxes** is due to a change in the allocation of property tax revenues between the General Fund and the Police Services Restoration Fund. Additional property taxes of \$47,488 are attributable to the unused capacity of the King County Library District.



The decrease in **Sales Taxes** relates to the slowing economy. Base sales tax revenue estimates total \$1,475,000. In addition, the 2010 budget includes sales tax revenues of \$402,990 that will be primarily generated from construction of a new jail facility and remaining work to finish an elementary school.

The decrease in **Business & Occupation Taxes** relates to adjusting our revenue estimates to actual results. The downturn in the economy is impacting business activity within the city.

The decrease in **Franchise Fees** primarily relates to the decline in garbage container services for businesses.

The decrease in **Utility Taxes** results from modest rate increases offset by declines in business activity.

The increase in **Other Taxes** relates primarily to leasehold taxes. Refunds of leasehold taxes by the Marina moorage tenants have been decreasing due to the re-evaluation of the Marina's assessed valuation. The tax differential caused by the leasehold tax rate of 12.84% applied to the moorage rents and property taxes that would be generated if the Marina were privately held has been reduced.

The decline in **Licenses and Permits** is due to a reduction in building permits for major projects from the year 2009. Developers of residential projects have continued to delay their construction plans for 2010.

The increase in **Grants and State Entitlements** is attributable to receiving a full year of vehicle license fees from the Transportation Benefit District, and the award of Recovery Act Funds to fund two police officer positions for three years, and one community services officer for six months.

**Charges for Services** include court revenues, engineering plan review fees and development services fees. The decline in this revenue source relates primarily to the falloff of construction activity requiring engineering plan review and development services.

**Culture and Recreation Fees** will see a modest decrease in 2010. Some recreation programs such as the before and after school care program are experiencing a reduced number of participants.

The decrease in **Fines and Forfeits** relates to the reduction in police officers issuing citations.

**Interfund Revenues** include reimbursements from capital funds for accounting and engineering services and transfers for administrative services from the operating funds of the Marina, Surface Water Management Utility, Equipment Rental, Computer Equipment, and Self-Insurance. The increase in these revenues is due to cost increases and additional services provided by engineering, parks and street maintenance staff. In addition, \$70,000 will be transferred from the Marina Fund as a result of increased parking revenues.

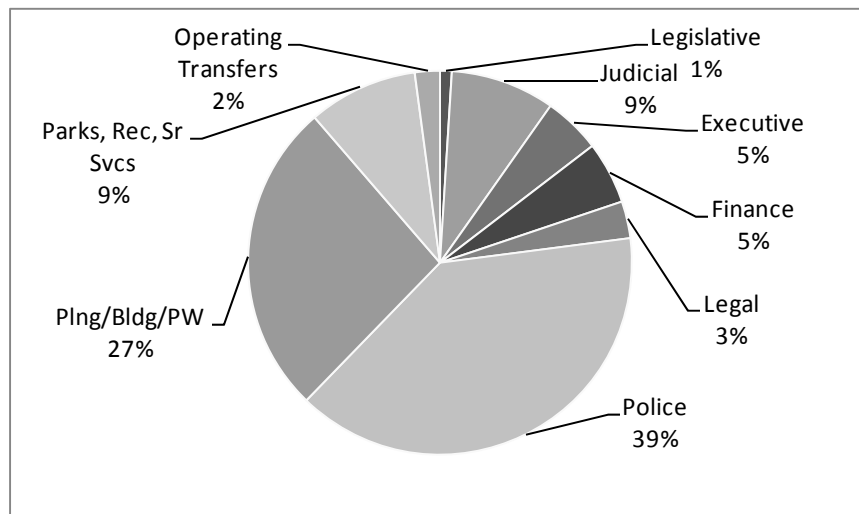
Estimates for **Interest Earnings** continue to be significantly below prior year's levels. The Federal Reserve is maintaining its current monetary policy of very low interest rates to stimulate the economy. The General and Street Funds available cash is entirely invested with the State Local Government Investment Pool in keeping with the funds' short-term focus and liquidity requirements.



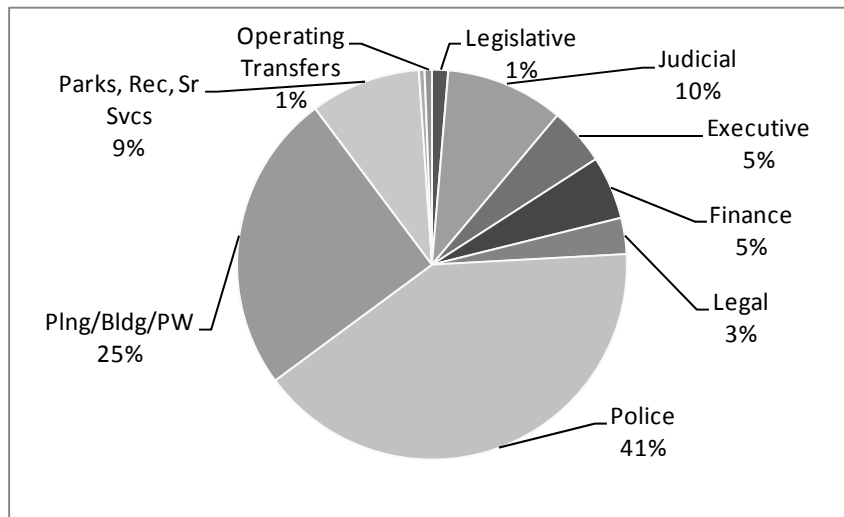
### Expenditures – General and Street Funds

The 2010 proposed operating expenditures for the General and Street Funds decreased \$1,157,354 over 2009’s adopted budget and \$270,387 over 2009’s amended budget. With the economic downturn in the fourth quarter of 2008, the City faced significant revenue reductions not anticipated when preparing the 2009 budget and proceeded to cut expenditures mid-year 2009 as a result. The 2010 operating budget for the General and Street Funds also required significant reductions due to declining revenues in order to balance the budget. The following graphs display each department’s percentage of the total 2010 adopted budget in comparison to the total 2009 amended budget.

2010 Adopted Budget - \$16,925,841:



2009 Amended Budget - \$17,196,228:





Fund Balances – General and Street Funds

Ending fund balances for the General and Street Funds are estimated at \$1,278,418. Combined with the \$805,175 estimated ending fund balance of the Revenue Stabilization Fund, these balances will provide approximately \$2 million in reserves available to fund continuing operations, or 12.3% of expenditures.

Marina

The Marina plans to continue the bulkhead replacement project in 2010 and is estimating \$92,055 will be transferred from the capital funds to the operating fund for project management expenses. Operating revenues for 2010 are estimated at \$3,966,195, a 3.7% decline from 2009’s adopted level of \$4,120,275. Operating expenses for 2010 total \$3,005,464, and represent a 4% decline from 2009’s adopted level of \$3,130,562. The Marina plans to contribute \$265,000 to the capital fund in 2010. The operating fund of the Marina also will fund the debt service and fiscal agent fees for the 2002 and 2008 general obligation bonds totaling \$678,546. The 2010 ending fund balance is estimated at \$1,610,286, and includes debt service reserve requirements of \$825,790 for the 2002 and 2008 general obligation bonds, leaving an estimated unreserved fund balance of \$784,496.

Surface Water Management Utility

The Surface Water Management Utility’s 2010 proposed operating budget includes a modest rate increase of 0.05% providing for a monthly residential rate of \$11.56. Total operating revenues for 2010 are estimated at \$2,494,575. In comparison, the 2009 adopted budget included operating revenues of \$2,466,288. Total operating expenses for 2010 are budgeted at \$1,929,987, a 7.6% increase over 2009’s adopted budget of \$1,794,226. The 2010 ending fund balance is estimated at \$846,318.

Capital Improvements

The recommended six-year capital improvement plans include \$18.1 million for project expenditures and debt service. Many of these projects are for the upkeep or upgrading of City facilities and infrastructure. Bonds were issued in 2008 totaling \$8.6 million that provide funding for the Marina and transportation capital improvement projects. The following table provides a summary of the total project expenditures and funding sources.

| Projects             | USE OF FUNDS<br>2010 Adopted | SOURCE OF FUNDS   |                     |                     |                     |                   |                   |                     | TOTAL                |
|----------------------|------------------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|----------------------|
|                      |                              | Desig Taxes       | Grants              | In-Lieu Fees        | Bond Proceeds       | Impact Fees       | PWTF Loans        | Other               |                      |
| Transportation       | \$ 9,713,961                 | \$ -              | \$ 3,093,987        | \$ 3,226,140        | \$ 1,322,147        | \$ 180,000        | \$ 265,805        | \$ 1,625,882        | \$ 9,713,961         |
| Transportation Debt  | \$ 371,303                   |                   |                     |                     |                     |                   |                   | 371,303             | 371,303              |
| Park Facilities      | 2,215,027                    | 422,098           | 1,482,929           |                     |                     |                   |                   | 310,000             | 2,215,027            |
| Park Facilities Debt | 135,050                      | 60,050            |                     |                     |                     |                   |                   | 75,000              | 135,050              |
| Marina               | 3,415,731                    |                   | 380,000             |                     | 2,660,757           |                   |                   | 374,974             | 3,415,731            |
| Marina Debt          | 678,546                      |                   |                     |                     |                     |                   |                   | 678,546             | 678,546              |
| Surface Water Mgt    | 1,620,039                    |                   | 211,000             |                     |                     |                   |                   | 1,409,039           | 1,620,039            |
| <b>TOTALS</b>        | <b>\$ 18,149,657</b>         | <b>\$ 482,148</b> | <b>\$ 5,167,916</b> | <b>\$ 3,226,140</b> | <b>\$ 3,982,904</b> | <b>\$ 180,000</b> | <b>\$ 265,805</b> | <b>\$ 4,844,744</b> | <b>\$ 18,149,657</b> |



### **Conclusion**

The 2010 Operating and Capital Budget provide the policy direction for the delivery of services to the citizens. Despite declining revenues, the 2010 budget process focuses on providing a range of municipal services such as general government, public safety, building permitting, planning and development, public works, human services, and culture and recreation.

The City's future outlook remains positive with development activity still to occur with projects such as the Des Moines Creek Business Park, Waterview Crossing, a mixed-use residential and commercial development along Pacific Highway South, Landmark on the Sound, a retirement community renovation project, and SCORE, a misdemeanor facility, and various residential subdivisions.

The local and national economic trends will continue to test the viability of the City's current fiscal condition, future growth, and sustainability. We will continuously monitor these trends and take appropriate action as needed to maintain service levels.

### **Acknowledgements**

This budget is the financial and operational plan for the City of Des Moines for 2010. The appropriations contained in this budget will provide for essential municipal services to our citizens.

Special thanks and appreciation is extended to all City staff participating in the budget process.

Respectively submitted,

A handwritten signature in black ink, appearing to read "A. Piasecki", written over a circular stamp or seal.

Anthony A. Piasecki  
City Manager