

**CITY OF BURIEN
AGENDA BILL**

Agenda Subject: Discussion of Potential Funding Sources for completion of First Avenue South Phase I		Meeting Date: May 23, 2011
Department: Finance	Attachments: 1. Potential Funding for First Avenue South Phase I Completion	Fund Source: N/A Activity Cost: N/A Amount Budgeted: N/A Unencumbered Budget Authority: N/A
Contact: Kim Krause, Finance Director		
Telephone: (206) 439-3150		
Adopted Initiative: Yes No <input checked="" type="checkbox"/>	Initiative Description:	
PURPOSE/REQUIRED ACTION: The purpose of this agenda item is for Council to discuss possible funding sources for completion of the First Avenue South Phase I project.		
BACKGROUND (Include prior Council action & discussion): On April 25, 2011, at Councilmember Block's request, Council directed staff to prepare a report on the potential funding sources that could be used to complete First Avenue South Phase I.		
OPTIONS (Including fiscal impacts): N/A		
Administrative Recommendation: Hold discussion.		
Committee Recommendation: N/A		
Advisory Board Recommendation: N/A		
Suggested Motion: None required.		
Submitted by: Administration _____ City Manager _____		
Today's Date: May 17, 2011	File Code: R:CC\Agenda Bill 2011\052311ad-1 Potential Funding for First Avenue South Phase I Completion.docx	

CITY OF BURIEN
MEMORANDUM



DATE: May 23, 2011
TO: Burien City Council
FROM: Kim Krause, Finance Director
THROUGH: Mike Martin, City Manager
SUBJECT: Potential Funding to Complete First Avenue South Phase I

Background

At Councilmember Block's request, Council directed staff to explore available funding to complete the First Avenue South Phase I project.

Funding Options

At the April 25, 2011 City Council meeting, three funding sources were identified for completion of this project:

1. Bond proceeds from the Overlay Project
2. Capital Project Reserve
3. General Fund

The adopted budget includes estimates for fund balances and revenues. We now have a draft of the 2010 financial statements with more accurate fund balances and have incurred six more months of revenue receipts on which to base projections.

1. The City benefitted from low bids on the street overlay project; however, this allowed the City to award all schedules included in the bid so there are no savings to appropriate to another project.
2. The 2011 ending fund balance in the Capital Project Reserve is approximately \$1.5 million. Almost \$200,000 of these funds were used to pay the litigation that was recently settled for First Avenue South Phase I. Staff is currently preparing a report to Council to appropriate \$350,000 for partial completion of the First Avenue South Phase I project.
3. Although the 2011 adopted ending fund balance for the General Fund was projected to be \$2.8 million, current revenues have not increased to the level projected in the budget. Staff's analysis of the revenues for the past six months would lead to a revenue budget reduction of just under \$1 million. The actual 2010 ending fund balance was higher than anticipated; therefore, the City does not need to make offsetting expenditure reductions. However, the 2012 revenue

budget is based on the same assumptions as 2011 so staff will continue to monitor the revenues carefully to gauge economic recovery. Staff will bring a budget amendment to Council later in the year that corrects the 2011 and 2012 revenue estimates.

Conclusion

Council may appropriate funds from the Capital Project Reserve Fund or the General Fund to complete First Avenue South Phase I. Staff is preparing a recommendation for partial completion of the project with funds available in the Capital Project Reserve to be presented on June 6, 2011. Staff believes it is prudent to maintain the current fund balances as the economic recovery has been much slower than projected and the litigation continues over this project.