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CITY OF COVINGTON SPECIAL MEETING AGENDA CITY COUNCIL STUDY SESSION

Council Chambers – 16720 SE 271st Street, Suite 100, Covington

Tuesday, June 24, 2014 - 6:00 p.m.

*****Please note meeting start time *****

GENERAL INFORMATION:

The study session is an informal meeting involving discussion between and among the City Council, Commission (if applicable) and city staff regarding policy issues. Study sessions may involve presentations, feedback, brainstorming, etc., regarding further work to be done by the staff on key policy matters.

CALL CITY COUNCIL STUDY SESSION TO ORDER

ROLL CALL

APPROVAL OF AGENDA

ITEM(S) FOR DISCUSSION

- 1. Fund Balance (Hendrickson)**

PUBLIC COMMENT Speakers will state their name, address, and organization. Comments are directed to the City Council, not the audience or staff. Comments are not intended for conversation or debate and are limited to no more than four minutes per speaker. Speakers may request additional time on a future agenda as time allows.

ADJOURN

For disability accommodations call 253-480-2400 at least 24 hours in advance. For TDD relay service call (800) 833-6384 and ask the operator to dial 253-480-2400.

****Note* A Regular Council meeting will immediately follow at approximately 7:00 p.m.***

SUBJECT: OPTIONS FOR THE FUND BALANCE OF THE GENERAL FUND

PREPARED BY: Rob Hendrickson, Finance Director

ATTACHMENT(S):

- 1) Parks project options
- 2) Transportation project options

EXPLANATION:

The goal for this discussion is twofold: 1) To respond to council direction from the January council summit and 2) Respond to the TBD Board direction which was to provide more specific financial information to the city council.

At the council summit in January, council provided direction to the city manager and the department directors to develop a list of transportation, parks and recreation, and Town Center projects that the council should consider funding with a portion of the recovering fund balance.

During the discussion, council members articulated the following interests, which guided the directors in developing the project list: 1) one-time expenditures; 2) promote economic development; 3) ensure safety, particularly of kids; 4) benefit more than one of the three areas (transportation, parks, Town Center); and 5) set the stage for matching funds from other sources, including the federal and state governments.

Council members also agreed that a 20-30% fund balance should be preserved. They authorized the department directors to bring back a variety of spending scenarios, so the exact percentage of the fund balance to be reserved will be determined during the next discussion.

During the council summit meeting, staff presented an updated forecast. Staff has taken that forecast and updated some aspects of it in order to provide a baseline from which to move forward.

With this in mind, the directors developed options based on council's direction. The attached lists are constrained by project size and staff time. While there are options for parks and transportation, it's too early in the process to add Town Center projects.

Looking ahead, the budget faces a number of challenges both internal and external. The city is growing and additional or enhanced services are inevitable to take care of the needs of an expanding and maturing city. Future legislative action may reduce state shared revenue while other sources are recovering from a still fluctuating economy.

So while the fund balance of the general fund is currently healthy there are competing demands that may impact its future stability such as economic forces, legislative action, potential fund subsidies for parks and streets, and current adds for athletics, the school resource officer, and human services.

As the council deliberates next steps it's important to take into account the process and how the ratings agencies might view this. Thoughtfully developing a spending strategy with specific goals in mind, working within traditional processes such as the budget and keeping the fund balance of the general fund at a 20%-25% level would be ideal and would not raise any concerns. Staff confirmed this strategic approach through the city's bond underwriter at Piper Jaffray.

As part of the discussion, staff will provide project descriptions as directed and a "real time" look at spending through spreadsheets and charts.

Staff is recommending that any spending decisions be deferred to the 2015 budget process. This will allow staff to review all spending and put it into the context of overall budget needs.

Fiscal impact:

There is no fiscal impact from tonight's ensuing discussion. However, there will be financial impacts when council action is taken.

CITY COUNCIL ACTION: Ordinance Resolution Motion Other

Ask questions of and provide direction to staff.

REVIEWED BY: City Manager, Management Team

ATTACHMENT 1

Parks CIP Projects

Project	Cost	Comments
Contingency for CCP1 Sales Tax Liability	\$100,000	Likely liability is \$30,000. Timing is likely 2014. Remainder of Parks Ending Fund Balance forwarded to next project.
Contingency for CCP2 Commerce Grant Liability	\$264,000	Timing would be May 2015, if necessary. Remainder of Parks Ending Fund Balance forwarded to next project.
Aquatic Center Rental Room Construction	\$100,000	Timing is dependent on CCP2, likely November 2015. Cost is estimated pending outcome of the roofing project and room design considerations.
Gerry Crick Skate Park Renovation	\$60,000	Timing is dependent on Aquatic Center project schedule, likely 2016.
Parks CIP		Depending on outcomes above, any remaining funds would be allocated during the budget process to projects in the Parks CIP.

Town Center Parks CIP Projects

Project	Cost	Comments
SoCo Park acquisition, 1-3 parcels	\$193,916	Number of parcels, funding need and timing depend on grant success. Funding need may be \$0. Timing may be 2015 for Allmand parcel and 2017 for Smith and Wenham parcels. Remainder of Town Center Parks Ending Fund Balance forwarded to next project.
SoCo/Town Center Park Plaza/Jenkins Creek Trail 30%-Schematic Design		Funding for 10%-concept level design and cost estimate is programmed in the Parks CIP for 2015 with funding from the Parks Fee-in-Lieu. Timing for schematic design would be 2016 or 2017, depending on acquisition.

Parks CIP Projects	Project	Cost	Comments
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Contingency for CCP2 Commerce Grant Liability	\$ 264,000	Timing is likely May 2015, if necessary. Remainder of Parks Ending Fund Balance forwarded to next projects.	
Aquatic Center Rental Room Construction	\$ 100,000	timing is likely November 2015. Cost is estimated pending outcome of the roofing project and design considerations.	

ATTACHMENT 2

Street CIP Projects

Project	Cost	Comments
164th Avenue SE - SE 264th Street to SE 269th Street	\$ 90,000.00	Design costs for pedestrian improvement on eastside of 164th
Small Street CIP Design Funds	\$ 100,000.00	Design projects in order to compete better for construction funds
Streetlight LED Conversion	\$ 143,800.00	Conversion of 326 Streetlights to LED
SE 256th Street - 170th Place SE to 173rd Avenue SE	\$ 186,000.00	Pedestrian Project - could use funds for matching. Does not include ROW costs
180th Avenue - SE 261st Street to SE 262nd Place	\$ 750,000.00	Pedestrian Project - could use funds for matching. Does not include ROW costs

Fleet Replacement Needs

Backhoe Replacement	\$ 55,200.00	Amount to replace backhoe with more powerful backhoe that has 4 wheel drive
Upgrade of 4 Street Maintenance Fleet service vehicles	\$ 72,960.00	Amount needed to catchup the maintenance vehicles (except swaploader) replacement fund to allow for new or near new vehicles at their next replacement date

ID No. W0028 - 164th Avenue SE : SE 264th Street to SE 268th Street

Proposed Improvements:

725 LF of 5' asphalt sidewalk on west side adjacent to fog line, 1300 LF asphalt sidewalk on east side (470 LF separated), and retaining walls.

Project Score: 175
 Project Length: 1,300 Ft.
 Street Classification: 50~60 Ft.
 Existing ROW Width: 32~37 Ft.
 Existing Pavement Width:

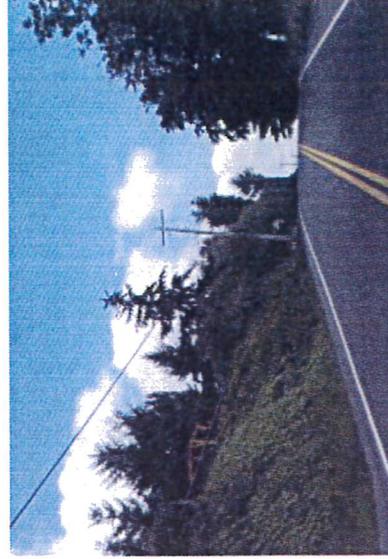
	Yes	No	Comments:
Right-of-Way Required:	X		
Temporary Construction Permits:	X		
Wetland / Environmental Impacts:	X		
Utility Relocations:	X		

Item	Description	Quantity	Units	Unit Cost	Cost
1	Mobilization, Cleanup & Demobilization	1	LS	\$ 14,000.00	\$ 14,000.00
2	Locate Existing Utilities	1	LS	\$ 700.00	\$ 700.00
3	Utility Conflict Resolution	1	LS	\$ 6,500.00	\$ 6,500.00
4	Temporary Erosion Control	1	LS	\$ 7,000.00	\$ 7,000.00
5	Clearing and Grubbing	0.8	Acre	\$ 5,000.00	\$ 4,000.00
6	Excavation, Backfill, Compaction, and Grading	1060	CY	\$ 20.00	\$ 21,200.00
7	Gravel Borrow	0	CY	\$ 35.00	-
8	Storm Sewer Pipe 12 In. Diam. (incl. bedding)	150	LF	\$ 45.00	\$ 6,750.00
9	Sawcutting	2600	LF	\$ 2.50	\$ 6,500.00
10	Crushed Surfacing Top Course	90	TN	\$ 40.00	\$ 3,600.00
11	HMA	210	TN	\$ 130.00	\$ 27,300.00
12	Hydroseeding	2100	SY	\$ 5.00	\$ 10,500.00
13	Traffic Control, incl. Pedestrian Access	1	LS	\$ 16,000.00	\$ 16,000.00
14	Channelization and Permanent Signing	1	LS	\$ 5,062.50	\$ 5,062.50
15	Mailbox Support	5	EA	\$ 500.00	\$ 2,500.00
16	Rock Wall or Modular Block Wall	800	SF	\$ 24.00	\$ 19,200.00
17	Storm Detention Facilities	0	LS	-	-
	Subtotal Construction			\$	\$ 150,812.50
	25% Construction Contingency			\$	\$ 37,703.13
	Total Construction			\$	\$ 188,515.63
	30% Engineering and Construction Management			\$	\$ 56,554.69
	TOTAL ENGINEERING & CONSTRUCTION			\$	\$ 245,070.31
TOTAL PLANNING LEVEL PROJECT COSTS *					\$ 246,000.00

* Note: Does not include Right-of-Way, easement, permitting, private utility relocation costs.



164th Avenue SE near SE 265th Street looking north.



164th Avenue SE north of SE 267th Place looking north.

ID No. W00006 - SE 256th Street : 170th Place SE to 173rd Avenue SE

Proposed Improvements:

Separated asphalt sidewalk until stream crossing, infiltration swale, and retaining walls near stream crossing.

Project Score: 181
 Project Length: 850 Ft.
 Street Classification: Minor Arterial
 Existing ROW Width: 60~70 Ft.
 Existing Pavement Width: 24~30 Ft.

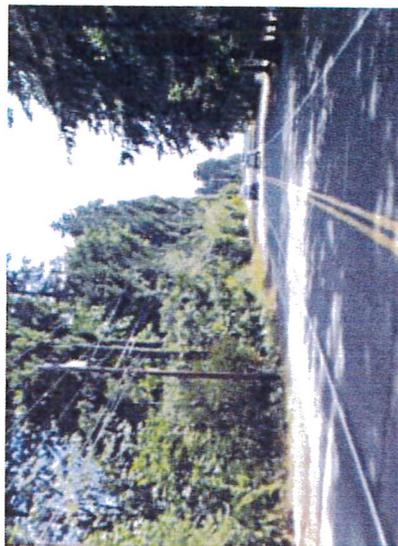
Right-of-Way Required:	Yes	No	Comments:
Temporary Construction Permits:	X	X	
Wetland / Environmental Impacts:	X		
Utility Relocations:	X		

Item	Description	Quantity	Units	Unit Cost	Cost
1	Mobilization, Cleanup & Demobilization	1	LS	\$ 10,000.00	\$ 10,000.00
2	Locate Existing Utilities	1	LS	\$ 500.00	\$ 500.00
3	Utility Conflict Resolution	1	LS	\$ 4,250.00	\$ 4,250.00
4	Temporary Erosion Control	1	LS	\$ 5,000.00	\$ 5,000.00
5	Clearing and Grubbing	0.5	Acre	\$ 5,000.00	\$ 2,500.00
6	Excavation, Backfill, Compaction, and Grading	700	CY	\$ 20.00	\$ 14,000.00
7	Gravel Borrow	0	CY	\$ 35.00	\$ -
8	Storm Sewer Pipe 12 In. Diam. (incl. bedding)	200	LF	\$ 45.00	\$ 9,000.00
9	Sawcutting	1700	LF	\$ 2.50	\$ 4,250.00
10	Crushed Surfacing Top Course	60	TN	\$ 40.00	\$ 2,400.00
11	HMA	180	TN	\$ 130.00	\$ 23,400.00
12	Hydroseeding	1400	SY	\$ 5.00	\$ 7,000.00
13	Traffic Control, incl. Pedestrian Access	1	LS	\$ 12,000.00	\$ 12,000.00
14	Channelization and Permanent Signing	1	LS	\$ 8,500.00	\$ 8,500.00
15	Mailbox Support	3	EA	\$ 500.00	\$ 1,500.00
16	Rock Wall or Modular Block Wall	400	SF	\$ 24.00	\$ 9,600.00
17	Storm Detention Facilities	0	LS	\$ -	\$ -
Subtotal, Construction				\$	\$ 113,900.00
25% Construction Contingency				\$	\$ 28,475.00
Total, Construction				\$	\$ 142,375.00
30% Engineering and Construction Management				\$	\$ 42,712.50
TOTAL, ENGINEERING & CONSTRUCTION				\$	185,087.50

TOTAL PLANNING LEVEL PROJECT COSTS * \$ 186,000.00



SE 256th Street east of 170th Avenue SE looking east



SE 256th Street near 173rd Avenue SE looking east

* Note: Does not include Right-of-Way, easement, permitting, private utility relocation costs.

Streetlight Conversion to LED

Schedule 53 - PSE Owned (Primarily mastarms on power poles)

HPS Lamp Wattage	Number Installed	Cost to change out to LED	Estimated total change out costs
70W	0	\$ 162.75	\$ -
100W	7	\$ 193.60	\$ 1,355.20
150W	2	\$ 364.47	\$ 728.94
200	14	\$ 505.29	\$ 7,074.06
250W	0	\$ 679.19	\$ -
400W	14	\$ 794.04	\$ 11,116.56
	37		\$ 20,274.76

HPS Lamp Wattage	Number Installed	Schedule 53 HPS Rate PSE Owned	Annual HPS Costs	LED Flat Rate	Annual LED Costs
70W	0	\$ 10.34	\$ -	\$ 8.02	\$ -
100W	7	\$ 11.66	\$ 979.44	\$ 8.38	\$ 703.92
150W	2	\$ 13.78	\$ 330.72	\$ 10.29	\$ 246.96
200	14	\$ 16.57	\$ 2,783.76	\$ 12.46	\$ 2,093.28
250W	0	\$ 18.65	\$ -	\$ 15.19	\$ -
400W	14	\$ 25.21	\$ 4,235.28	\$ 17.44	\$ 2,929.92
	37		\$ 8,329.20		\$ 5,974.08

Annual Savings **\$ 2,355.12**

Payback(Yrs) **8.61**

Schedule 52 - PSE Owned (Primarily Green Cobrahead Mastarms)

HPS Lamp Wattage	Number Installed	Cost to change out to LED	Estimated total change out costs
70W	0	\$ 195.55	\$ -
150W	21	\$ 397.27	\$ 8,342.67
200W	253	\$ 538.09	\$ 136,136.77
250W	8	\$ 711.99	\$ 5,695.92
400W	15	\$ 826.84	\$ 12,402.60
	297		\$ 162,577.96

HPS Lamp Wattage	Number Installed	Schedule 53 HPS Rate PSE Owned	Annual HPS Costs	LED Flat Rate	Annual LED Costs
70W	0	\$ 10.34	\$ -	\$ 8.02	\$ -
150W	21	\$ 13.78	\$ 3,472.56	\$ 10.29	\$ 2,593.08
200	253	\$ 16.57	\$ 50,306.52	\$ 12.46	\$ 37,828.56
250W	8	\$ 18.65	\$ 1,790.40	\$ 15.19	\$ 1,458.24
400W	15	\$ 25.21	\$ 4,537.80	\$ 17.44	\$ 3,139.20
	297		\$ 60,107.28		\$ 45,019.08

Annual Savings **\$ 15,088.20**

Payback(Yrs) **10.78**