

Dear Mayor, Members of the Council, and Citizens:

I am pleased to submit a preliminary budget for 2011-12 that is consistent with the priorities set by the Council, creates further staffing efficiencies, and carefully balances the needs of the City and the capabilities of our financial position. The fiscal constraints associated with a slow economy have resulted in budget growth that is essentially flat: the proposed General Fund in 2011 is \$38,175,130, and in 2012 is \$38,732,960. This represents a 0% increase in 2011 and a 1.5% increase in 2012 if we exclude the change in accounting resulting from routing all utility taxes and fees through the General Fund. The reduction in General Fund staffing by 19 FTE positions in 2009 and 2010 is not restored. The overall General Fund reserve, or ending fund balance, will be conservatively maintained at a minimum of 10% of operating expenses.

The proposed total City budget is \$66.8 million for 2011, and \$55.2 million in 2012, reflecting decreases in approved grant-funded road projects and the completion of the sewer project.

Among the highlights of the 2011-12 preliminary budget are:

- Continuation of the Community Safety & Resources Team (CSRT) at current staffing levels, to support the six districts of the City, to include 3 code enforcement officers, 3 neighborhood community service officers (CSO's), an assistant city attorney, and administrative support, reporting to a Police lieutenant; its primary mission is community outreach and mobilization, code enforcement, and emergency management.
- No change in number of commissioned police officer positions.
- Continuation of the merger of the City Clerk's office into the Legal Department resulting in a continued reduction of staff expenditures.
- Continuation of the merger of Parks & Recreation and Community Services.
- On-going economic development emphasis aimed at new business recruitment and development, to include contract services in retail development, media relations, real estate consulting, and updated hotel study. Funding is proposed to be shared between the General Fund and Lodging Tax Fund based on the projected share of tourism-related activities.
- Continued staff support to Tillicum Neighborhood Plan and Woodbrook Business Park Plan.
- Addition of a federal grant-funded senior planner position to support JBLM Growth Coordination Plan implementation.
- Implementation of the University Place Municipal Court contract, to include conversion of an office ass't position to a court specialist, and continuation of the enhanced Court Security program.
- Transfer of an administrative assistant position from Legal to Finance.
- Conversion of a temporary accountant position in Finance to a regular position to administer 40+ grants.
- Temporary (half-year) reduction of building inspector position in Community Development.

- Realignment to in-house streets maintenance to include the addition of two streets maintenance workers and two streets maintenance landscaping worker positions in Public Works, and an office ass't position to offset Pierce County and other contract hours, to be shared between the Streets Maintenance and SWM Funds. This is a budget savings of about \$45,000 in 2011 and \$64,000 in 2012 over contract costs, and will result in an increase of about 2,000 work-hours for storm damage, rainfall flooding, and snow emergencies.
 - The addition of an associate engineer position in Public Works (SWM Fund) to offset consulting contract costs. This is a budget savings of about \$175,000.
 - Funding for the Tillicum/Woodbrook sewer extension project of \$1,647,000 to include the side sewer loan program.
 - Funding for road improvements of \$6.1 million in 2011-12, to include Bridgeport (Steilacoom Blvd to 83rd, and 75th to north city limits), 100th St. (Gravelly Lake Drive to 59th), Gravelly Lake Drive (100th to Bridgeport Way), the Bridgeport north gateway, and Murray Rd. & 150th in Woodbrook.
 - Funding for drainage and surface water management (SWM) projects of \$3.3 million in 2011-12, including drywell replacement, Grant Ave storm drainage and roadway, and Woodbrook storm drainage and roadway.
 - A sewer franchise with Pierce County to administer the newly-completed improvements and to include a 6% franchise fee consistent with utility taxes levied by the City and by others in our area. We believe the resultant sewer charges to Lakewood customers will still be lower than our surrounding cities.
 - Completion of Phase I of the Wards Lake master plan, in addition to other Parks capital improvements, and finalization of the Parks & Recreation strategic planning process.
- A budgeted 1% (one percent) employee compensation adjustment for 2011 and 2012, subject to appropriate collective bargaining negotiation, and to exclude the city manager salary.

While it is always possible to do more with more resources, the 2011-12 preliminary budget is a balanced and measured approach to expenditures that are within the City's means. As the City continues in its drive to provide a safe and economically viable environment for its citizens, the 2011-12 preliminary budget provides the financial resources to move forward towards these goals.

Respectfully submitted,

Andrew E. Neiditz
City Manager