

*City of Bainbridge Island*  
**OFFICE OF THE MAYOR**



**MEMORANDUM**

TO: City Council  
CC: Mary Jo Briggs  
FROM: Darlene Kordonowy, Mayor  
DATE: July 12, 2007  
RE: Veto Ordinance 2007-13, City of Bainbridge Island Budget Process and Budget Content

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This memorandum transmits my veto of Ordinance 2007-13, debated and adopted at the Special City Council meeting of July 2, 2007. The motion to approve passed the City Council with a 4-3 vote.

According to RCW 35A.12.130 "every ordinance which passes the council in order to become valid must be presented to the mayor; if (s)he approves it, (s)he shall sign it, but if not, (s)he shall return it with (her)his written objections to the council and the council shall cause (her)his objections to be entered at large upon the journal and proceed to a reconsideration thereof."

Two significant changes would have occurred in Chapter 2.82 of the Bainbridge Island Municipal Code if Ordinance No. 2007-13 were to become effective: commencing in 2008, a biennial budget process would be established and the growth of operating expenditures would be limited. My objections to Ordinance No. 2007-13 are with the latter change and not with the former. However, mayoral veto power does not include section-by-section or line item veto authority; therefore, I must veto the entire ordinance.

My objections to codifying limitations on growth of operating expenditures in the Preliminary and Final Budget are as follows:

I have the responsibility and privilege to present to the City Council a preliminary budget in a balanced form that projects all the needs and expresses the community's priorities. The preliminary budget should communicate how the City can function efficiently to meet these needs and provide services to the community. The budget process must be flexible and able to respond to change and adjust to financial circumstances. Capping what can be spent as proposed in Ordinance 2007-13 before fully considering the needs and demand for services from the community and determining the resources necessary to manage these needs and services is moving in the opposite direction to one I believe a responsible and responsive city government would chose.

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DARLENE KORDONOWY, MAYOR  
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I object to Ordinance 2007-13 redirecting and constraining my response to City Council's annual priorities by presenting a preliminary budget limiting the resources necessary to preserve and enhance the quality of life in our community.

City Council set a course of action early last year through the Benchmarking Study to gain a comprehensive understanding of city services and measure how this city compares to other similar municipal organizations. Starting in January of this year, City Council and Administration committed to working through the five critical recommendations resulting from the Study, with assurances from the consultant team responsible for the Study that the outcome would be a more efficient and effective organization. I am convinced a leaner and focused organization would translate to a reduction in operating costs and therefore a more sustainable financial future for the City.

I object to substituting Ordinance 2007-13 for the hard work and collaboration necessary to address the five critical recommendations from the Benchmarking Study and to tackle the systemic problems of the organization.

City Council establishes policies and guidelines annually that provide parameters and direction to Administration as the preliminary budget is developed and the final budget adopted. Twenty-nine budget goals and policies and three resolutions guided the preparation and adoption of the 2007 budget.

I object to establishing budget policies or guidelines through law as would occur if Ordinance 2007-13 was approved. Such a law could not be ignored no matter what circumstances or financial conditions might exist in any one year. As importantly, to achieve true success in a budget process, the City Council and Administration must work collaboratively. Use of the ordinance form for this policy guideline is inconsistent with collaborative process.

This veto message will be attached to Ordinance 2007-13 on the August 22, 2007 City Council agenda and time allotted for discussion and reconsideration.

**ORDINANCE NO. 2007-13**

**AN ORDINANCE** of the City of Bainbridge Island, Washington, relating to the **City Budget Process and Budget Content**, Chapter 2.82 of the Bainbridge Island Municipal Code, amending sections 2.82.010, 2.82.020, 2.82.070, 2.82.080, 2.82.090, 2.82.130, 2.82.140, 2.82.160, 2.82.200 and 2.82.10 of BIMC Chapter 2.82, repealing section 2.82.100 of BIMC Chapter 2.82 and adding section 2.82.220 to the Chapter.

**WHEREAS**, RCW Chapter 35A.33 establishes that it is the duty and responsibility of the City Council to adopt annual operating and capital budgets; and

**WHEREAS**, Ordinance 2002-11 established Section 2.82 of the Bainbridge Island Municipal Code entitled "City Budget Process"; and

**WHEREAS**, the City wishes to move to a Biennial Budget Process which is authorized by RCW Chapter 35A.34.030; and

**WHEREAS**, the City wishes to limit the growth of operating expenditures on a year after year basis; now, therefore

**THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:**

**Section 1.** Section 2.82.010 of the Bainbridge Island Municipal Code is hereby amended as follows:

**"2.82.010 Policy.**

It is hereby declared to be the policy of the City of Bainbridge Island that an Annual Budget and Planning Calendar consistent with the provisions of this Ordinance shall be adopted each year by resolution of the City Council through 2008 and thereafter the Budget and Planning Calendar shall be prepared on a biennial basis."

**Section 2.** Section 2.82.020 of the Bainbridge Island Municipal Code is hereby amended as follows:

**"2.82.020 Annual Budget and Planning Calendar.**

The City Council shall adopt on or before ~~May 15, 2002, and then continuing thereafter on or before~~ January 31<sup>st</sup> of each year commencing in 2003, and through 2008 an Annual Budget and Planning Calendar in the form of a resolution which shall set out the specific calendar dates for this ordinance as they may occur for each given year and thereafter on a biennial basis. The City

Council may at any time by a scheduling motion add, delete or move activity dates for work sessions, business meetings, special meetings, or public hearings or meetings, originally scheduled in the Annual Budget and Planning Calendar resolution through 2008 and for the Biennial Budget and Planning Calendar thereafter. ~~Each approved scheduling motion shall be attached to the annual calendar resolution as an addendum. However, in no event shall the annual resolution or any scheduling motion change the sequence of the budget process events as established by this Act or delete events from the budget process.~~

Section 3. Section 2.82.070 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.82.070 Mid-Year Financial Review.**

On or before August 1<sup>st</sup> of each year ~~commencing in 2002~~, the Finance Director shall present to the Council a "Mid-Year" financial report, together with such other additional information or factors as may be needed (such as recent state, county or federal legislative action), to clearly assess: (a) the financial condition of the city; (b) the financial status of the current budget year; (c) what appears to be the financial projections for the next budget year; and (d) what, if any, substantial impact(s) on revenue and/or expenditures may be foreseen.”

Section 4. Section 2.82.080 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.82.080 Initial Budget Requests Preliminary Budget.**

The Preliminary Budget for the next fiscal year shall be prepared by the Mayor, and shall be delivered to the City Council, on or before the date established by resolution of the City Council as provided in RCW 35A.33.050. ~~The department requests which comprise the preliminary budget~~ The increase in overall operating expenses in the Preliminary Budget over the current fiscal year shall be limited to a percentage that is equal to or less than the sum of the Seattle Tacoma CPI for December of the prior year plus the percentage change in the Island’s population for the 12 months ending that December ~~do not need to be balanced into one budget because they are expressions of various estimates and projections of programs and service of each department for the next budget year.~~ While the increase in overall operating expenses shall be capped at this percentage, the change over the current year in its components such as salaries, benefits, or professional services, or in different departments, may be more or less than this percentage as deemed appropriate by the Mayor. The required information to be included in each proposed preliminary budget shall be as follows:

- A. The revenue section shall set forth in comparative and tabular form for each fund:

1. Actual receipts for the last completed fiscal year by each significant revenue source;
  2. Estimated receipts for the current fiscal year by significant revenue source;
  3. Estimated receipts for the ensuing fiscal years and the amount expected from each significant revenue source;
  4. Estimated receipt of ad valorem taxes; and
  5. The balance for each fund estimated to be available at the close of the current fiscal year.
- B. The expenditure section shall set forth in comparative and tabular form for each fund and every department operating within each fund:
1. Actual expenditures for the last completed fiscal year;
  2. Appropriations for the current fiscal year;
  3. Estimated expenditures for the ensuing fiscal years; and
  4. For each proposed full-time or part-time employee, the annual salary (without benefits) for that employee, together with the exact personnel classification title of the employee's position, and any other working title or position designation, if any.
- C. Each department shall submit, as a specific section of the proposed preliminary budget, a narrative and descriptive summary of differences and changes between the current year appropriations and the proposed preliminary budget. Such summary shall be in a form annually reviewed and approved by the City Council.
- D. Commencing in 20038, the City shall develop performance measures for all its major programs and will use those measures in its budget process ~~for 2004~~ thereafter."

**Section 5.** Section 2.82.090 of the Bainbridge Island Municipal Code is hereby amended as follows:

**"2.82.090 Review of Budget Hearing & Work Session Dates.**

The dates set forth in the Annual Budget and Planning Calendar resolution through 2008 and for the Biennial Budget and Planning Calendar thereafter for October through December, should be reviewed by the Council on or before September 15<sup>th</sup> to determine if any changes or adjustments are needed to be made by a scheduling motion, to ensure adequate time for public notice."

**Section 6.** Section 2.82.100 of Chapter 2.82 of the Bainbridge Island Municipal Code is hereby repealed.

Section 7. Section 2.82.130 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.83.130 Public Hearing on Taxes and Revenues.**

On a date established by resolution of the City Council, a videotaped public budget hearing shall be held for the purpose of obtaining public comment on the revenue sources for the ensuing year's budget. This hearing shall include an opportunity for the public to comment on all proposed increases in tax revenues. Notice of the public hearing shall be published for the public and media on the dates set forth in the ~~Annual~~ Budget and Planning Calendar resolution as may be amended.”

Section 8. Section 2.82.140 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.82.140 Public Hearing before the Planning Commission on Capital Facilities.**

On a date established by resolution of the City Council, a public hearing shall be held by the Planning Commission for the purpose of providing public comment on the proposed update to the City's capital facilities plan. Notice of the public hearing shall be published for the public and media on the dates set forth in the ~~Annual~~ Budget and Planning Calendar resolution as may be amended. The Planning Commission may hold such other public meetings as it deems proper in order to prepare its recommendations to the City Council. The recommendations of the Planning Commission regarding the update to the City's capital facilities plan shall be delivered to the City Council not later than sixty days following receipt by the Planning Commission of the proposed update to the capital facilities plan.”

Section 9. Section 2.82.160 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.82.160 November Budget Estimates-Revenue & Expenditures.**

On or before the date specified by resolution of the City Council the Finance Director shall prepare and certify to the City Council the best available revenue and expenditure estimates for the next budget year, and estimates of current end-of-year unexpended funds.”

Section 10. Section 2.82.200 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.82.200 Final Hearing on the Budget.**

There shall be a final public hearing on the proposed budget on or before a date to be established by resolution of the City Council but beginning on or before the first Monday in December. Notice of the

public hearing shall be published for the public and media on the dates set forth in the ~~Annual~~ Budget and Planning Calendar resolution as may be amended.”

**Section 11.** Section 2.82.210 of the Bainbridge Island Municipal Code is hereby amended as follows:

**“2.82.210 Adoption of the ~~Annual~~ Budget and Capital Facilities Plan Update.**

The ~~annual~~ budget and the ~~annual~~ update to the Capital Facilities Plan shall both be considered for amendment, adoption and other appropriate action by the City Council on or before a date to be established by resolution of the City Council.”

**Section 12.** A new Section 2.82.220 is hereby added to Chapter 2.82 of the Bainbridge Island Municipal Code to read as follows:

**“2.82.220 Final Budget.**

The Final Budget that is adopted by the City Council shall provide for an increase in overall operating expenses over the current fiscal year that is capped at a percentage which is equal to or less than the sum of the Seattle Tacoma CPI for December of the prior year plus the percentage change in the Island’s population for the 12 months ending that December. Although the increase in overall operating expenses shall be capped at this percentage, the change over the current year in its components such as salaries, benefits or professional services, or in different departments, may be more or less than this percentage as deemed appropriate by the City Council.”

Section 13. This Ordinance shall take effect and be in force five days after its passage, approval, and publication as required by law.

PASSED by the City Council this 2<sup>nd</sup> day of July 2007.

APPROVED by the Mayor this 5<sup>th</sup> day of July 2007.

*Darlene Kordonowy*  
Darlene Kordonowy, Mayor  
12 JUL 2007

ATTEST/AUTHENTICATE:

*Rosalind D. Lassoff*  
Rosalind D. Lassoff, CMC, City Clerk  
RDL  
7/12/07

FILED WITH THE CITY CLERK:	May 1, 2007
PASSED BY THE CITY COUNCIL:	July 2, 2007
PUBLISHED:	July 11, 2007
EFFECTIVE DATE:	July 16, 2007
ORDINANCE NO.:	2007-13