

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 294, the Year 2002 Operating and Capital Budget
DEPARTMENT: City Manager
PRESENTED BY: Steve Burkett, City Manager

PROBLEM/ISSUE STATEMENT: The City must adopt its budget for 2002 by December 31, 2001. Ordinance No. 294 will establish the City's appropriations for 2002 and adopt the 2002 salary and fee schedules.

Subsequent to the distribution of this report, an additional budget workshop will be held on December 3, 2001. Any recommended changes from that workshop will be included in the final ordinance that will be presented to the City Council for adoption on December 10.


FINANCIAL IMPACT:

The 2002 Proposed Budget totals \$48,257,270. The following table is a summary of the proposed budget by fund:

Fund	Beginning Fund Balance	2002 Proposed Budget		Ending Fund Balance	2001 Amended Budget		01 - '02 % Change
		Revenue	Expenditures		Expenditures		
Operating Funds:							
General Fund	5,332,420	25,213,287	26,397,457	4,148,250	26,396,933		0.0%
General Reserve	1,421,766	257,550	0	1,679,316	0		n/a
Streets	670,082	2,803,100	3,090,804	382,377	3,855,006		-19.8%
Surface Water Management	2,001,076	2,167,907	2,248,130	1,920,853	3,244,376		-30.7%
Development Services	638,595	1,893,346	1,912,731	619,210	1,773,380		7.9%
Equipment Replacement	518,409	195,043	275,000	438,452	275,000		0.0%
Vehicle Operations & Maintenance	91,767	70,567	70,000	92,334	70,000		0.0%
Unemployment	82,319	10,753	8,259	84,813	8,259		0.0%
Code Abatement	102,632	104,000	100,000	106,632	100,000		0.0%
Asset Seizure	16,302	23,855	25,000	15,157	0		n/a
Sub-Total Operating Funds	10,875,368	32,739,408	34,127,381	9,487,395	35,722,954		-4.5
Capital Funds:							
Arterial Streets	8,222	360,821	369,042	0	455,955		-19.1%
General Capital	2,425,382	1,899,425	2,030,278	2,294,529	6,644,630		-69.4%
Roads Capital	12,206,065	8,129,926	9,440,569	10,895,422	16,338,076		-42.2%
Surface Water Capital	1,623,209	1,509,496	2,290,000	842,705	4,818,100		-52.5%
Sub-Total Capital Funds	\$16,262,878	\$11,899,668	\$14,129,889	\$13,942,656	\$28,256,761		-50.0%
Total City Budget	\$27,138,246	\$44,639,076	\$48,257,270	\$23,430,051	\$63,979,715		-24.6%

RECOMMENDATION

Move to approve the 2002 Budget Ordinance No. 294, appropriating funds for the operating and capital budgets of the City for the 2002 budget year.

Approved By: City Manager  City Attorney 

INTRODUCTION

Since the presentation of the Proposed 2002 Budget to Council on October 22, the City Council has held three public workshops to review the budget and held three public hearings to take citizen's comments. Based upon these discussions and Council's direction, staff has made adjustments to the proposed budget totaling a net decrease of \$333,052.

BACKGROUND

On October 22, 2001, the 2002 Proposed Budget was presented to the City Council. Since that time, adjustments have been made to the Proposed Budget to reflect policy direction by the Council.

Three budget workshops were held on November 5, 13, and 19, 2001, where Council reviewed with City staff each departmental budget and the proposed capital improvement program for 2002 through 2007. At that time, Council discussed its priorities and provided input to the City Manager on the Proposed Budget. The public was also invited to comment at each of these workshops and at the public hearings held on November 13 and 26. On November 13, the Council adopted the 2002 property tax levy, which included a 1% levy increase, excluding new construction, in compliance with Initiative 747.

A final budget workshop will be held on December 3, 2001. This report does not include any recommendations made by the City Council during the final workshop. Any changes to the proposed budget that are recommended during the December 3 workshop will be included in the final ordinance that will be presented to the City Council for adoption.

The 2002 budget ordinance would appropriate a total of \$48,257,270 to fourteen separate funds. As noted during the presentation of the 2002 Proposed Budget, this total appropriation is inflated due to governmental accounting standards that require us to report both sides of transfers between funds in the budget. The 2002 budget appropriates \$26,397,457 to the General Fund for the general operations of the City.

Components of the 2002 Proposed Budget include the 2002 Salary Schedule and the 2002 Fee Schedule. Adoption of Ordinance No. 294 will result in the adoption of these schedules.

The 2002 Salary Schedule, as provided in the 2002 Proposed Budget, includes a recommended Cost of Living Adjustment (COLA) of 3.505%. As per Council policy, the 2002 Fee Schedule includes inflationary adjustments of 4% based on the June 2000-June 2001 Seattle Consumer Price Index - All Urban Consumers (CPI-U).

Adjustments to the 2002 Proposed Budget

Based on Council discussions, staff has made a few adjustments to the Proposed Budget. The following is an itemized list of those adjustments by fund:

General Fund

- Added funding for Council benefits in the amount of \$18,202. On October 22, 2001, Council adopted a benefit package that will provide Council members elected after that date, benefits equal to 60% of the City health benefit rate. In 2002, four members will be eligible for the benefit for a total cost of \$18,202.
- Lower the General Fund Transfer to the Street Fund by \$70,627, representing the removal of the proposed Right-of-Way Supervisor position.
- Remove funding for Website Enhancements in the amount of \$20,000 from the Community and Government Relations budget. This project will be funded from existing dollars within the Technology Plan budget.
- Removed funding from the Planning and Development Services budget in the amount of \$100,000 for a Watershed Basin program.

Street Fund

- Remove proposed new Right-of-Way Supervisor position in the amount of \$70,627 from Street Operations. The 1.50 FTE Right-of Way Inspector positions will remain in the Street Fund.

General Capital Fund

- The Swimming Pool Improvements project was reduced from an original amount of \$100,000 to \$10,000. In 2002, a study will occur to determine the appropriate improvements to be included in Phase II.

2002 Budget Summary

The following table summarizes the appropriation changes that have been made to the original proposed budget resulting in the 2002 Budget that is being presented tonight for adoption. These changes reflect all of the adjustments that your Council made to the 2002 Proposed Budget. These adjustments affect three of the City's fourteen funds.

<i>Operating Funds</i>	Total Proposed Budget	Changes to Proposed Budget	Total Adopted Budget
General Fund	\$26,569,882	(\$172,425)	\$26,397,457
Development Services Fund	\$1,912,731		\$1,912,731
Street Fund	\$3,161,431	(\$70,627)	\$3,090,804
Surface Water Management Fund	\$2,248,130		\$2,248,130
General Reserve Fund	\$0		\$0
Equipment Replacement Fund	\$275,000		\$275,000

	Total Proposed Budget	Changes to Proposed Budget	Total Adopted Budget
<i>Operating Funds</i>			
Vehicle Operations/Maintenance Fund	\$70,000		\$70,000
Unemployment Fund	\$8,259		\$8,259
Code Abatement Fund	\$100,000		\$100,000
Asset Seizure Fund	\$25,000		\$25,000
<i>Capital Funds</i>			
Arterial Street Fund	\$369,042		\$369,042
General Capital Fund	\$2,120,278	(\$90,000)	\$2,030,278
Roads Capital Fund	\$9,440,569		\$9,440,569
Surface Water Capital Fund	\$2,290,000		\$2,290,000
<i>Total City Appropriation</i>	\$48,590,322	(\$333,052)	\$48,257,270

SUMMARY

Ordinance No. 294, which provides for the adoption of the 2002 budget, is based upon conservative revenue projections, including a property tax levy compliant with Initiative 747 and adjustments to fees to reflect inflation. The budget also contains modest service level increases and one-time investments. The 2002 budget is balanced in all funds and actually represents an overall decrease of nearly 25% from the 2001 budget.

RECOMMENDATION

Move to approve the 2002 Budget Ordinance No. 294, appropriating funds for the operating and capital budgets of the City for the 2002 budget year.

ATTACHMENTS

Attachment A - Ordinance 294, Adopting The Annual Budget Of The City Of Shoreline For The Year 2002

ORDINANCE NO. 294

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
ADOPTING THE ANNUAL BUDGET OF THE CITY OF SHORELINE
FOR THE YEAR 2002**

WHEREAS, State law, Chapter 35A.33 RCW requires the City to adopt an annual budget and provides procedures for the filing of a proposed budget, deliberations, public hearings, and final fixing of the budget; and

WHEREAS, a proposed budget for fiscal year 2002 has been prepared and filed, a public hearing has been held for the purposes of fixing the final budget, and the City Council has deliberated and has made adjustments and changes deemed necessary and proper;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. The 2002 Final Budget for the City of Shoreline for the period January 1, 2002 through December 31, 2002 as set forth in the 2002 Proposed Budget and the fund adjustments shown in Exhibit A, is hereby adopted.

Section 2. Summary of Revenues and Expenditures. The budget sets forth totals of estimated revenues and estimated expenditures of each separate fund, and the aggregate totals for all such funds, as summarized below:

General Fund	26,397,457
Development Services Fund	1,912,731
Street Fund	3,090,804
Arterial Street Fund	369,042
Surface Water Management Fund	2,248,130
General Capital Fund	2,030,278
Roads Capital Fund	9,440,569
Surface Water Capital Fund	2,290,000
General Reserve Fund	0
Equipment Replacement Fund	275,000
Vehicle Operations/Maintenance Fund	70,000
Unemployment Fund	8,259
Code Abatement Fund	100,000
Asset Seizure Fund	25,000
Total Funds	<u>\$48,257,270</u>

Section 3. Copies of Budget to be Filed. The City Clerk is directed to transmit a complete copy of the Final Budget as adopted to the Division of Municipal Corporations in the Office of the State Auditor and to the Association of Washington Cities as required by RCW 35A.33.075.

Section 4. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 5. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force January 1, 2002.

PASSED BY THE CITY COUNCIL ON DECEMBER 10, 2001.

Mayor Scott Jepsen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli, CMC
City Clerk

Ian Sievers
City Attorney

Date of Publication:

Effective Date:

EXHIBIT A

SUMMARY OF CHANGES TO PROPOSED 2002 BUDGET

<i>Operating Funds</i>	Total Proposed Budget	Changes to Proposed Budget	Total Adopted Budget
General Fund	\$26,569,882	(\$172,425)	\$26,397,457
Development Services Fund	\$1,912,731		\$1,912,731
Street Fund	\$3,161,431	(\$70,627)	\$3,090,804
Surface Water Management Fund	\$2,248,130		\$2,248,130
General Reserve Fund	\$0		\$0
Equipment Replacement Fund	\$275,000		\$275,000
Vehicle Operations/Maintenance Fund	\$70,000		\$70,000
Unemployment Fund	\$8,259		\$8,259
Code Abatement Fund	\$100,000		\$100,000
Asset Seizure Fund	\$25,000		\$25,000
<i>Capital Funds</i>			
Arterial Street Fund	\$369,042		\$369,042
General Capital Fund	\$2,120,278	(\$90,000)	\$2,030,278
Roads Capital Fund	\$9,440,569		\$9,440,569
Surface Water Capital Fund	\$2,290,000		\$2,290,000
Total City Appropriation	\$48,590,322	(\$333,052)	\$48,257,270

General Fund

- Added funding for Council benefits in the amount of \$18,202. On October 22, 2001, Council adopted a benefit package that will provide Council members elected after that date, benefits equal to 60% of the City health benefit rate. In 2002, four members will be eligible for the benefit for a total cost of \$18,202.
- Lower the General Fund Transfer to the Street Fund by \$70,627, representing the removal of the proposed Right-of-Way Supervisor position.
- Remove funding for Website Enhancements in the amount of \$20,000 from the Community and Government Relations budget. This project will be funded from existing dollars within the Technology Plan budget.

EXHIBIT A**SUMMARY OF CHANGES TO PROPOSED 2002 BUDGET**

- Removed funding from the Planning and Development Services budget in the amount of \$100,000 for a Watershed Basin program.

Street Fund

- Remove proposed new Right-of-Way Supervisor position in the amount of \$70,627 from Street Operations. The 1.50 FTE Right-of Way Inspector positions will remain in the Street Fund.

General Capital Fund

- The Swimming Pool Improvements project was reduced from an original amount of \$100,000 to \$10,000. In 2002, a study will occur to determine the appropriate improvements to be included in Phase II.

