

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 359, Amending the 2004 Budget for Operating Funds & Capital projects
DEPARTMENT: Finance
PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

As part of the development of the 2005 – 2010 Capital Improvement Plan (CIP), capital projects currently underway were reviewed and their projected 2004 expenditures and revenues updated. In some cases, projects have been accelerated or some cost estimates have been increased. In order to provide adequate budget resources to complete the work scheduled to occur during 2004, additional budget authorization is needed. These increases were factored into the long-range funding forecasts for the capital funds in the 2005 – 2010 CIP.

The 2004 budgets will be amended for the following capital projects:

Roads Capital Fund

- Annual Road Surface Maintenance - \$148,115

Surface Water Capital Fund

- Ronald Bog Drainage Improvements - \$204,511
- 3rd Avenue Drainage Improvements - \$471,513

During the development of the 2005 proposed budget, the operating budgets for the current year were reviewed and year-end projections developed for both revenues and expenditures to determine if there would be any potential savings at year-end that could be used in the subsequent year. During this process, it was determined that some appropriations needed to be amended as a result of unanticipated revenues from grants and unanticipated expenditures. Since adoption of the 2004 budget, the City has been awarded a grant from the state to support the Commute Trip Reduction program, an increase in a grant from the Federal Emergency Management Agency (FEMA), and an unanticipated grant from the U.S. Department of Homeland Security (USDHS) for emergency management planning. Other operating programs need to be adjusted to reflect unanticipated expenditures. The following operating programs will be impacted by the amendment:

General Fund

- Commute Trip Reduction - \$16,100
- Emergency Management Planning - \$62,318

Surface Water Management Fund

- Surface Water Operations - \$186,123

Vehicle Operations/Maintenance Fund

- Fuel/Repairs - \$15,000

Unemployment Fund

- Intergovernmental Services - \$30,000

ALTERNATIVES ANALYZED:

Alternative 1: Take no action.

If the Council chose to not approve this budget amendment, either the work scheduled to be completed on these capital and operating programs would not be completed as planned or to complete the projects, monies that were budgeted for other capital or operating programs in 2004 would need to be redirected.

Alternative 2: Approve Ordinance No. 359 (Recommended)

Approval of Ordinance No. 359 will provide the budget authority for the completion of projects as planned in the CIP without negatively impacting other capital projects. Also the budget amendment will result in accurately reflecting the anticipated expenditures in the City's capital funds. The City's operating budget will accurately reflect anticipated costs associated with additional grant resources and other expenditures.

FINANCIAL IMPACT:

The following table summarizes the budget amendment request for each of the affected City funds and the impact that this has on the City's reserve levels.

	Current 2004 Available Beginning Fund Balance	Budget Amendment Request	Revenue Adjustments	Resulting 2004 Available Beginning Fund Balance
Fund	(B)	(C)	(D)	(E) (B - C-D)
General Fund	\$7,914,991	\$78,418	\$78,418	\$7,914,991
Surface Water Management Fund	\$2,281,037	\$186,123	0	\$2,094,914
Roads Capital Fund	\$13,253,371	\$148,115		\$13,105,256
Surface Water Capital	\$2,959,013	\$676,024	\$1,977,451	\$4,260,440
Vehicle Operations/Maintenance Fund	\$66,212	\$15,000		\$51,212
Unemployment Fund	\$67,130	\$30,000		\$37,130
Total		\$1,133,680	\$2,055,869	

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 359, amending the 2004 budget.

Approved By: City Manager [Signature] City Attorney N/A

INTRODUCTION

During the development of the six-year CIP, the current year status of each capital project was reviewed. If a project is being accelerated or if costs have increased from those projected in the prior CIP, the project's current year budget needs to be amended to include sufficient budget authority for the project. It was determined that some capital projects would require additional funding.

During the development of the 2005 proposed budget, the operating budgets for the current year were reviewed and year-end projections developed for both revenues and expenditures to determine if there would be any potential savings at year-end that could be used in the subsequent year. During this process, it was determined that some appropriations needed to be amended as a result of unanticipated revenues from grants and unanticipated expenditures.

BACKGROUND

Budget Amendments for Capital Projects

Roads Capital Fund

Roads Capital Revenues: The use of fund balance will be increased by \$148,115. This funding was earmarked to be spent on the Annual Road Surface Maintenance program in 2003. The work was not completed last year and therefore was returned to fund balance.

Annual Road Surface Maintenance Program: An additional appropriation of \$148,115 will allow the program to continue work that was begun during 2003.

Surface Water Capital Fund

Surface Water Capital Revenues: Revenues will be increased by \$1,977,451 to include additional funding from a Public Works Trust Fund loan from the state for the Ronald Bog and 3rd Avenue Drainage Improvements projects. Not all of this revenue will be needed during 2004, but will increase the fund balance for future phases of these two projects.

Ronald Bog Drainage Improvements: The 2004 appropriation for this project will be increased by \$204,511. The construction component of this project has been accelerated. This additional appropriation will be funded by the Public Works Trust Fund Loan.

3rd Avenue Drainage Improvements: Funding will be increased for this project by \$471,513. The construction component of this project has been accelerated. This additional appropriation will be funded by the Public Works Trust Fund Loan.

Impact to the Capital Funds

The revisions to the 2004 capital project budgets result in an increase to the Roads Capital Fund budget of \$148,115 and an increase to the Surface Water Capital Fund budget of \$676,024. The fund balances in the Roads Capital Fund will decrease by \$148,115 and the Surface Water Capital Fund will increase by \$1,301,427.

Budget Amendments for Operating Programs

General Fund

Revenues: General Fund revenues will be increased by \$78,418. This reflects additional grants that have been awarded during the year. A grant included in the adopted 2005 budget from FEMA has been increased by \$7,500. The City has also been awarded a grant from USDHS in the amount of \$54,818 and a state grant in support of the Commute Trip Reduction program in the amount of \$16,100.

Emergency Management Planning: The additional appropriation for this program will be increased by \$62,318. This increase will fund the purchase of 800 MHz radios, satellite phone, update of the City's terrorism annex and the development of the City's Pre-Disaster Mitigation Plan.

Commute Trip Reduction: The 2004 appropriation for this program will be increased by \$16,100. This will allow the City to provide information and incentives to businesses and organizations within the City to increase the number of participants in the program.

Surface Water Management Fund

A total of \$186,123 will be appropriated from fund balance. This will be used to cover debt service costs due to receiving the second installment of the Public Works Trust Fund Loan (PWTFL) for Ronald Bog Drainage Improvements earlier than expected. This resulted in a modified debt service schedule for 2004 and beyond. Sufficient fund balance is available.

Vehicle Operations/Maintenance Fund

Fund balance totaling \$15,000 will be appropriated to cover unanticipated fuel and repair costs.

Unemployment Fund

Fund balance totaling \$30,000 will be appropriated to cover unanticipated claims.

Impact to the Operating Funds

The revisions to the 2004 operating budgets result in an increase to the General Fund budget of \$78,418, an increase to the Surface Water Management Fund budget of \$186,123, an increase of \$15,000 for Vehicle Operations/Maintenance Fund and an increase of \$30,000 for the Unemployment Fund. The fund balance in the General Fund will not change. The fund balances in the Surface Water Management Fund will decrease by \$186,123, by \$15,000 in the Vehicle Operations/Maintenance Fund, and by \$30,000 in the Unemployment Fund. The fund balance in the Surface Water Capital Fund will increase by \$1,301,427.

ALTERNATIVES ANALYZED:

Alternative 1: Take no action.

If the Council chose to not approve this budget amendment, either the work scheduled to be completed on these capital and operating programs would not be completed as planned or to complete the projects, monies that were budgeted for other capital or operating programs in 2004 would need to be redirected.

Alternative 2: Approve Ordinance No. 359 (Recommended)

Approval of Ordinance No. 359 will provide the budget authority for the completion of projects as planned in the CIP without negatively impacting other capital projects. Also the budget amendment will result in accurately reflecting the anticipated expenditures in the City's capital funds. The City's operating budget will accurately reflect anticipated costs associated with additional grant resources and other expenditures.

SUMMARY

The following table summarizes the budget amendments to each fund and the resulting 2004 appropriations for each of the affected funds.

Fund	Current Budget	Budget Amendment Request	Amended Budget
General Fund	\$25,811,780	\$78,418	\$25,890,198
Surface Water Management Fund	\$1,941,243	\$186,123	\$2,127,366
Roads Capital Fund	\$14,771,686	\$148,115	\$14,919,801
Surface Water Capital	\$2,525,979	\$676,024	\$3,202,003
Vehicle Operations/Maintenance Fund	\$55,300	\$15,000	\$70,300
Unemployment Fund	\$10,000	\$30,000	\$40,000

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 359, amending the 2004 budget.

ATTACHMENTS

Attachment A; Ordinance 359, Amending the 2004 Budget

ORDINANCE NO. 359

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 342, BY INCREASING THE APPROPRIATION FOR THE GENERAL FUND, THE SURFACE WATER MANAGEMENT FUND, THE VEHICLE OPERATIONS/MAINTENANCE FUND AND THE UNEMPLOYMENT FUND DUE TO UNANTICIPATED GRANT AWARDS AND EXPENDITURES; BY INCREASING THE APPROPRIATION IN THE ROADS CAPITAL FUND AND THE SURFACE WATER CAPITAL FUNDS TO COMPLETE THE 2004 PORTION OF CAPITAL PROJECT WORK AS APPROVED IN THE 2005-2010 CAPITAL IMPROVEMENT PLAN;

WHEREAS, the 2004 Final Budget for the City of Shoreline Budget was adopted by Ordinance No. 342, Section 1 (hereafter "2004 Budget"); and

WHEREAS, the 2005 – 2010 Capital Improvement Program included changes to project work schedules for capital projects in 2004 which require additional appropriations; and

WHEREAS, there are additional funding sources and sufficient fund balance available to fund the accelerated project work; and

WHEREAS, the City has received grants from the State for the Commute Trip Reduction Program and from the Federal Emergency Management Program and U. S. Department of Homeland Security for emergency management planning; and

WHEREAS, the City of Shoreline is required by RCW 35A.33.075 to include all revenues and expenditures for each fund in the adopted budget;

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

Section 1. Amendment to the 2004 Budget Summary. The City hereby amends Section 1 of Ordinance No. 342 by increasing the appropriation for the General Fund by \$78,418 to \$25,890,198; for the Surface Water Management Fund by \$186,123 to \$2,127,366; for the Roads Capital Fund by \$148,115 to \$14,919,801; for the Surface Water Capital Fund by \$676,024 to \$3,202,003; for the Vehicle Operations/Maintenance Fund by \$15,000 to \$70,300 and for the Unemployment Fund by \$30,000 to a total of \$40,000 for a total City appropriation of \$66,658,157.

General Fund	\$25,811,780	\$25,890,198
Street Fund	2,535,008	
Arterial Street Fund	348,546	

Surface Water Management Fund	1,941,243	2,127,366
General Reserve Fund	0	
Development Services Fund	1,765,851	
Code Abatement Fund	100,000	
Asset Seizure	23,000	
Public Arts Fund	0	
General Capital Fund	15,456,034	
Roads Capital Fund	14,771,686	14,919,801
Surface Water Capital Fund	2,525,979	3,202,003
Vehicle Operations/Maintenance Fund	55,300	70,300
Equipment Replacement Fund	180,050	
Unemployment Fund	10,000	40,000
Total Funds	<u>\$65,524,477</u>	<u>\$66,658,157</u>

Section 2. Appropriation for the General Fund. 2004 budgeted revenues are increased by \$78,418 and the 2004 budgeted expenditures are increased by \$78,418 for a total fund appropriation of \$25,890,198.

Section 3. Appropriation for the Surface Water Management Fund . The budgeted use of fund balance for the Surface Water Management Fund is increased by \$186,123 and the 2004 budgeted expenditures are increased by \$186,123 for a total fund appropriation of \$2,127,366. The fund balance will be reduced by \$186,123.

Section 4 Appropriation for the Roads Capital Fund. The 2004 budgeted use of fund balance for the Roads Capital fund is increased by \$148,115 and the 2004 budgeted expenditures are increased by \$148,115 for a total fund appropriation of \$14,919,801. The fund balance will be reduced by \$148,115.

Section 5. Appropriation for the Surface Water Capital Fund. The 2004 budgeted revenues for the Surface Water Capital Fund are increased by \$1,977,451. 2004 budgeted expenditures are increased by \$676,024 for a total fund appropriation of \$3,202,003. The fund balance will be increased by \$1,301,427.

Section 6. Appropriation for the Vehicle Operations/Maintenance Fund. The 2004 budgeted use of fund balance for the Vehicle Operations/Maintenance Fund is increased by \$15,000. 2004 budgeted expenditures are increased by \$15,000 for a total fund appropriation of \$70,300. The fund balance will be decreased by \$15,000.

Section 7. Appropriation for the Unemployment Fund. The 2004 budgeted use of fund balance for the Unemployment Fund is increased by \$30,000. 2004 budgeted expenditures are increased by \$30,000 for a total fund appropriation of \$40,000. The fund balance will be decreased by \$30,000.

Section 8. 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 9. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City and the ordinance shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL ON OCTOBER 11, 2004.

Mayor Ron Hansen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli
City Clerk

Ian Sievers
City Attorney

Date of Publication:
Effective Date: