

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 449, the year 2007 Budget; Ordinance 451, the year 2007 Fee Schedule; and Resolution 253 Revising Benefit and Compensation Plan for Employees

DEPARTMENT: City Manager's Office

PRESENTED BY: Robert Olander, City Manager

PROBLEM/ISSUE STATEMENT:

The City must adopt its budget for 2007 by December 31, 2006. Ordinance No. 449 will establish the City's appropriations for 2007 and adopt the 2007 salary schedule. Ordinance 451 will adopt the 2007 fee schedule. Resolution No. 253 will amend the City's personnel policies to establish Leadership Team salaries in the same manner as other regular employees.

Subsequent to the distribution of this report, an additional budget workshop will be held on November 20, 2006. Any recommended changes from that workshop will be included in the final ordinance that will be presented to the City Council for adoption on November 27, 2006.

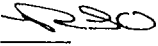
FINANCIAL IMPACT: The 2007 Proposed Budget totals \$68,132,525. The following table is a summary of the proposed budget by fund:

	2007 Proposed Budget			2006 Current			
	Beginning			Ending	Budget	Ending	06 - '07
Fund	Fund Balance	Revenue	Expenditures	Fund Balance	Expenditures	Fund Balance	% Change
Operating Funds:							
General Fund	\$ 7,394,350	\$ 27,775,480	\$ 28,353,336	\$ 6,816,494	\$ 29,398,166	(1,520,256)	-3.6%
General Reserve	2,282,647	58,546	0	2,341,193	0	1,509,771	n/a
Streets	795,243	2,302,087	2,422,087	675,243	2,559,651	1,585,801	-5.4%
Code Abatement	68,128	82,500	100,000	50,628	100,000	(96,000)	0.0%
Asset Seizure	33,831	23,500	23,500	33,831	23,000	(23,000)	2.2%
Sub-Total Operating Funds	10,574,199	30,242,113	30,898,923	9,917,389	32,080,817	1,456,316	-3.7%
Internal Service Funds:							
Equipment Replacement	1,470,072	315,569	100,000	1,685,641	138,180	(38,180)	-27.6%
Public Art Fund	212,240	0	0	212,240	115,775		-100.0%
Unemployment	72,258	10,500	10,000	72,758	10,000	(9,247)	0.0%
Vehicle Operations & Maintenance	59,637	139,988	139,988	59,637	88,717	(88,150)	57.8%
Sub-Total Internal Service Funds	1,814,207	466,057	249,988	2,030,276	352,672		-29.1%
Enterprise Funds:							
Surface Water Utility Fund	6,363,913	5,339,508	5,948,957	5,754,464	3,682,346		61.6%
Sub-Total Enterprise Funds	6,363,913	5,339,508	5,948,957	5,754,464	3,682,346		61.6%
Capital Funds:							
General Capital	12,232,990	14,930,580	23,691,223	3,472,347	18,951,460	(9,123,910)	25.0%
City Facility-Major Maintenance Fund	177,152	77,972	110,000	145,124	60,000	9,767,550	83.3%
Roads Capital	7,885,027	5,883,505	7,233,434	6,535,098	34,488,919	(8,380,836)	-79.0%
Sub-Total Capital Funds	20,295,169	20,892,057	31,034,657	10,152,569	53,500,379	(7,737,196)	-42.0%
Total City Budget	\$ 39,047,488	\$ 56,939,735	\$ 68,132,525	\$ 27,854,698	\$ 89,616,214	(10,214,579)	-24.0%

RECOMMENDATION

Staff recommends that Council take the following actions as part of the adoption of the 2007 Budget and move approval of:

- a) Resolution No. 253 to amend the City's Personnel Policies regarding compensation management for Department Directors
- b) Ordinance No. 451 to establish fees and charges for the City by amending Chapters 3.01, 5.07, 5.10, and 5.15 of the Shoreline Municipal Code
- c) Ordinance No. 449 to establish the City's 2007 budget

Approved By: City Manager 

INTRODUCTION

Since the presentation of the proposed 2007 budget to Council on October 16, the City Council will have held four public workshops to review the budget and two public hearings to take citizen's comments. Based upon these discussions and Council's direction, staff will make adjustments to the proposed budget as directed and present Ordinance No. 449 for adoption of the 2007 budget to Council on November 27, 2006.

BACKGROUND

On October 16, the 2007 proposed budget was presented to the City Council. Two budget workshops were held on October 23 and November 6, 2006, where Council reviewed each departmental budget with City staff and a third workshop was held on November 13, 2006. During these workshops, Council discussed its priorities and provided input to the City Manager on the proposed budget. The public was also able to comment at each of these workshops and at the public hearings held on November 6 and November 13. On November 13, the Council held a public hearing to receive public comment on the proposed 2007 property tax levy and the proposed 2007 revenue sources.

A final budget workshop will be held on November 20, 2006. 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 November 20 workshop will be included in the final ordinance that will be presented to the City Council for adoption.

The 2007 budget ordinance, as included in this packet, would appropriate a total of \$68,132,535 to thirteen separate funds. The 2007 budget appropriates \$28,353,336 to the General Fund for the general operations of the City.

Components of the 2007 proposed budget include the 2007 Salary Schedule and the 2007 Fee Schedule. Adoption of Ordinance No. 449 will result in the adoption of the salary schedule. Adoption of Ordinance 451 will result in the adoption of the 2007 Fee Schedule. For easy reference the 2007 Salary Schedule (Attachment B) is attached to this staff report. Additionally, Resolution No. 253 will amend the City's personnel policies to establish salaries for the Leadership Team in the same manner as other regular employees. (See November 6, 2006 Staff Report "2007 Proposed Budget Public Hearing Department Presentations" for details).

The 2007 Salary Schedule, as provided in the 2007 proposed budget, includes a recommended market rate adjustment of 3.78%. This is a result of the City's compensation policy of maintaining salaries at the median of our comparable cities. All of our comparable cities grant a cost of living adjustment to their City employees. Historically the median of the cost of living adjustments granted by the comparable cities has been 90% of the Seattle/Tacoma/Everett June CPI-U. The 2006 June Seattle/Tacoma/Everett CPI-U was 4.2%. As a result the 2007 recommended market adjustment is 3.78%.

As per Council policy, the 2007 Fee Schedule includes inflationary adjustments of 4.2% based upon the change in the June 2005 to June 2006 Seattle Consumer Price Index for all Urban Consumers (CPI-U). The City's land-use and non-building permit base hourly rate will increase by \$5.25 per hour to a 2007 rate of \$132.25. Recreation fees were reviewed for both inflationary adjustments and market comparison. Based upon this review, staff recommends a market adjustment for some fees such as aquatic fees, facility rental fees and other general recreation fees.

The 2007 Fee Schedule also includes an adjustment to the City's surface water utility rates for 2007. The Surface Water Master Plan, adopted by the City Council in 2005, recommended a fee structure that would provide priority level one through three operation and maintenance requirements and level one and two of future capital project improvements over the next 20 years. The proposed rate increase for 2007 is \$9 or approximately 8% for a single-family home, bringing the proposed 2007 fee to \$120. Rates based on impervious surface will also be increased by approximately 9%.

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- b) Ordinance No. 451 to establish fees and charges for the City by amending Chapters 3.01, 5.07, 5.10, and 5.15 of the Shoreline Municipal Code
- c) Ordinance No. 449 to establish the City's 2007 budget

ATTACHMENTS

Attachment A – Resolution No. 253, Amending the City's Personnel Policies

Exhibit A - Personal Policy 5.07

Attachment B – Ordinance No. 451, Adopting the 2007 Fee Schedule

Exhibit A

Exhibit B

Exhibit C

Exhibit D

Exhibit E

Exhibit F

Attachment C – Ordinance No. 449, Adopting the annual Budget of the City of Shoreline for the Year 2007

Exhibit A – 2007 Salary Schedule