

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 483, Amending the 2007 Budget for Operating Funds & Capital projects
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

During the development of the 2008 proposed budget, the operating budgets for the current year were reviewed and year-end projections were 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 2007 appropriations needed to be amended as a result of unanticipated revenues from grants and unanticipated expenditure requirements. Since the adoption of the 2007 budget, the City has been awarded grants to support the Emergency Management, Parks Specialized Recreation, and Traffic Services programs. Other operating programs need to be adjusted to reflect expenditures that have been authorized by Council, but have not been officially adopted in the form of a budget amendment and unanticipated expenditures. Earlier this year, Council approved a group of expenditure reductions as part of the long range financial plan. Those changes are also included in this amendment. The Transfers Out appropriation from the General Fund to the General Capital Fund is being increased to provide additional funding from 2006 and anticipated 2007 budget savings to fund the City Hall/Civic Center project. It has also been increased to include the estimated net rental income from the Highland Plaza. This budget amendment also reflects the required transactions to implement the City's revised reserve policies adopted by the City Council earlier this year.

The following operating programs will be impacted by the amendment:

General Fund - \$5,526,144

- Parks Special Recreation/4 Culture Grant- \$5,000
- Emergency Management/EMPG Grant - \$20,790
- Highland Plaza/Highland Park Center - \$50,000
- City Attorney – Legal Defense - \$187,140
- Citywide – Legal Settlement - \$159,000
- Long-Term Financial Plan Implementation Reductions (reflects half of the annual amount)
 - Government Relations – Lobbyist – (\$2,500)
 - Parks Maintenance Extra Help – (\$5,000)
 - General Fund Transfer Out to City Facility Long-Term Maintenance – (\$20,000)
 - Travel/Training/Dues Reduction (various programs) – (\$6,500)

- Police/Neighborhood Traffic Safety Program Overtime – (\$5,000)
- Human Services/Senior Center - \$18,000
- General Fund Transfers Out to Revenue Stabilization Fund - \$3,712,253
- General Fund Transfer Out to General Capital Fund (City Hall/Civic Center) - \$1,382,961
- General Fund Transfers Out to general Capital Fund (lease income for City Hall/Civic Center) \$30,000

Street Fund

- Traffic Services/School Zone Flashers - \$38,850

General Reserve Fund

- Transfers Out to Revenue Stabilization Fund - \$2,274,862

General Capital Fund

- Shoreline Center Tennis Courts Lights - \$125,000

Roads Capital Fund

- To correct Ordinance No. 463 – \$20,000

Surface Water Utility Fund

- State Department of Ecology grant – \$75,000 – NPDES Permit Implementation

Equipment Replacement Fund

- Early Replacement of Parks Maintenance Vehicle - \$25,746

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 2007 Available Beginning Fund Balance	Budget Amendment Request	Revenue Adjustments	Resulting 2007 Available Beginning Fund Balance
Fund	(B)	(C)	(D)	(E) (B - C+D)
General Fund	\$7,970,665	\$5,526,144	\$105,790	\$2,550,311
Street Fund	\$960,969	\$38,850	\$38,850	\$960,969
General Reserve Fund	\$2,274,862	\$2,274,862		\$0
Revenue Stabilization Fund			\$5,987,115	\$5,987,115
General Capital Fund	\$15,056,171	\$125,000	\$1,412,961	\$16,344,132
City Facilities-Major Maintenance Fund	\$157,145		(\$20,000)	\$137,045
Roads Capital Fund	\$9,346,953	\$20,000	\$0	\$9,326,953
Surface Water Utility Fund	\$53,586	\$75,000	\$75,000	\$53,586
Equipment Replacement Fund	\$1,396,278	\$25,746	\$0	\$1,370,532
Total	\$37,216,529	\$8,085,602	\$7,599,716	\$36,730,643

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 483, amending the 2007 budget.

Approved By: City Manager  City Attorney _____

INTRODUCTION

During the development of the 2008 proposed budget, the operating budgets for the current year were reviewed and year-end projections were 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 2007 appropriations needed to be amended as a result of unanticipated revenues from grants and additional expenditures approved by Council earlier in the year. A capital project is also requesting additional funding.

BACKGROUND

Budget Amendments for Operating Programs

General Fund

Revenues: General Fund revenues will be increased by \$105,790. This reflects an Emergency Management Performance Grant (EMPG) from the Washington State Military Department and the Department of Homeland Security totaling \$20,790, a Parks Specialized Recreation Grant from 4Culture totaling \$5,000 and proceeds from the lease of the Highland Park Center and Highland Park properties totaling \$80,000.

Emergency Management Planning: The 2007 appropriation for this program will be increased by \$20,790. Funding from the EMPG grant will be used to purchase technology and systems implementations in the Emergency Operations Center.

City Attorney: Increase appropriation by \$187,140 to cover the additional expense for outside counsel related to litigation defense and the expense for email backup restoration.

Citywide Non-Departmental: Increase appropriation by \$159,000 for the settlement costs as approved by Council.

Parks and Recreation: Increase appropriation by \$5,000 to include the proceeds of a 4-Culture grant to provide more opportunities for participation in performance art in the Specialized Recreation program.

Human Services: Increase appropriation by \$18,000 to provide funding for the Shoreline Senior Center as previously approved by Council.

Highland Park Center and Highland Plaza: Increase the appropriation by \$50,000 to cover all property management activities for the year.

Long-Term Financial Plan Implementation: Decrease the appropriation by \$39,000 for various departments as follows:

- Travel, Registration & Dues – (\$6,500)
 - City Manager's Office – (\$750)
 - Human Services - (\$250)
 - Finance – Ops - (\$750)
 - Finance – IT - (\$1,500)

- Human Resources – (\$250)
 - Customer Response Team - (\$250)
 - Police - (\$500)
 - Parks - (\$500)
 - Planning - (\$500)
 - Economic Development - (\$500)
 - Public Works - (\$500)
- Lobbyist Services – (\$2,500)
 - Parks Maintenance Extra Help (\$5,000)
 - Police Overtime for Neighborhood Traffic Safety - (\$5,000)
 - Contribution to Facility Long-Term Maintenance - (\$20,000)

Operating Transfers Out: Increase the appropriation for the transfer to the General Capital Fund by \$1,412,961 to provide additional one-time funding for the construction of City Hall (\$1,382,961) and the net lease revenue from the Highland Plaza and Park Center (\$30,000). Also, add an appropriation for a transfer to the Revenue Stabilization Fund of \$3,712,253 to implement the revised reserve policy.

Street Fund

Revenues in this fund will be increased by \$38,850 to include a grant from the Washington Traffic Safety Commission totaling \$37,500 and an increase in Residential Permit Zone program permit fees revenue totaling \$1,350.

Traffic Services: Funding from the grant and additional revenues will be used to install a 20 MPH school zone sign with solar powered flashing lights.

General Reserve Fund

Fund balance of \$2,274,862 will be transferred to the new Revenue Stabilization Fund to implement the revised reserve policy.

General Capital Fund

Fund balance of \$125,000 will be used to provide additional funding to complete the Shoreline Center Tennis Court Lights project. These moneys are from the Parks Bond. Due to the Transfers-In from the General Fund, the fund balance will be increased by \$1,412,961 to provide additional one-time funding for the construction of City Hall/Civic Center

Roads Capital Fund

Expenditures will be adjusted by \$20,000 to correct Ordinance 463. The total amount showed on the ordinance when it was adopted by the City Council on March 26, 2007 was understated by this amount.

Equipment Replacement Fund

Fund balance of \$25,746 will be used for an early replacement of a parks maintenance truck. This purchase was originally scheduled for 2008, but due to the operating condition of the current vehicle, it is prudent to purchase a replacement at this time. The parks department has been making annual payments into the replacement fund and will make the final payment during 2007.

Impact to the Operating Funds

The revisions to the 2007 operating budgets result in an increase to the General Fund budget of \$5,526,144, an increase to the Street Fund budget of \$38,850, and an increase of \$25,746 for the Equipment Replacement Fund. The fund balance in the General Fund will decrease by \$5,420,354. The fund balance in the Street Fund will not change. The fund balance will decrease in the Equipment Replacement Fund by \$25,746. In the new Revenue Stabilization Fund, the Transfer-In from the General Fund of \$3,712,253 and the Transfer-In from the General Reserve Fund of \$2,274,862 will result in a fund balance of \$5,987,115. In the City Facility-Major Maintenance Fund the Transfer-In from the General Fund will be reduced by \$20,000, thus reducing the fund balance by \$20,000 as the expenditures will remain at the same level.

Impact to the Capital Funds

The amendment will result in an increase to the General Capital Fund budget of \$125,000, and an increase in the Roads Capital Fund budget of \$20,000. The fund balance in the General Capital Fund will increase by \$1,287,961 as a result of the increased operating transfer-in from the General Fund. The fund balance in the Roads Capital Fund will decrease by \$20,000.

Impact to the Surface Water Utility Fund

The amendment will result in an increase in the Surface Water Utility Fund budget of \$75,000. The fund balance in the Surface Water Utility Fund will not change.

Change in Funds

Staff is requesting Council to approve the creation of a new fund to be called the Revenue Stabilization Fund as described in the revised reserve policy approved by Council earlier this year. An appropriation of \$2,274,862 is being requested in the General Reserve Fund for a transfer out to the new fund. This transfer and the transfer from the General Fund will result in the creation of a new reserve balance of \$5,987,115.

SUMMARY

The following table summarizes the budget amendments to each fund and the resulting 2007 appropriations for each of the affected funds.

Fund	Current Budget	Budget Amendment Request	Amended Budget
General Fund	\$29,016,398	\$5,526,144	\$34,542,542
Street Fund	\$2,556,529	\$38,850	\$2,595,379
General Reserve Fund	\$0	\$2,274,862	\$2,274,862
General Capital Fund	\$35,349,846	\$125,000	\$35,474,846
Roads Capital Fund	\$16,338,554	\$20,000	\$16,358,554
Surface Water Utility Fund	\$6,742,785	\$75,000	\$6,817,785
Equipment Replacement Fund	\$100,000	\$25,746	\$125,746
Total	\$90,104,112	\$8,085,602	\$98,189,714

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 483, amending the 2007 budget.

ATTACHMENTS

Attachment A: Ordinance 483, Amending the 2007 Budget
Exhibit 1: Amendment Detail

ORDINANCE NO. 483

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 449, ORDINANCE NO. 457, ORDINANCE NO. 463, AND ORDINANCE NO. 467, BY INCREASING THE APPROPRIATION FOR THE GENERAL FUND, STREET FUND, GENERAL RESERVE FUND, GENERAL CAPITAL FUND, ROADS CAPITAL FUND, SURFACE WATER UTILITY FUND, AND THE EQUIPMENT REPLACEMENT FUND ;

WHEREAS, the 2007 Budget was adopted in Ordinance 449 and amended by Ordinances No. 457, 463 AND 467; and

WHEREAS, the City has received grants to support the Emergency Management, Parks Special Recreation, Surface Water Utility, and Traffic Services programs; and

WHEREAS, the City Council has previously authorized the implementation of the long-term financial plan; and

WHEREAS, the City Council has previously authorized additional expenditures in the City Attorney, Human Services, and Citywide programs; and

WHEREAS, the City has received rental income from the Highland Plaza and Highland Park Center which has been designated to be used to fund the construction of a City Hall/Civic Center; and

WHEREAS, the City has estimated savings in the General Fund from the year 2006 and is projecting savings for 2007 that are available to fund the construction of a City Hall/Civic Center; and

WHEREAS, the City Council previously approved revisions to the City's reserve policy including the creation of a new Revenue Stabilization Fund; 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. The City hereby amends Section 1 of Ordinance No. 467 and the 2007 Annual Budget, by increasing the appropriation from the General Fund by \$5,526,144 for a General Fund appropriation of \$34,542,542; for the Street Fund by \$38,850 for a total appropriation of \$2,595,379; for the General Reserve Fund by \$2,274,862 for a total appropriation of \$2,274,862; for the General Capital Fund by \$125,000 for a total appropriation of \$35,474,846; for the Roads Capital Fund by \$20,000 for a total appropriation of \$16,358,554; for the Surface Water Utility Fund by \$75,000 for a total appropriation of \$6,817,785; for the

Attachment A

Equipment Replacement Fund by \$25,746 for a total appropriation of \$125,746 and by increasing the Total Funds appropriation to \$100,293,430 as follows:

General Fund	\$29,016,398	\$34,542,542
Street Fund	\$2,556,529	\$2,595,379
Arterial Street Fund	\$0	
General Reserve Fund	\$0	\$2,274,862
Code Abatement Fund	\$100,000	
Asset Seizure Fund	\$23,500	
Public Arts Fund	\$84,000	
General Capital Fund	\$35,349,846	\$35,474,846
City Facility-Major Maintenance Fund	\$110,000	
Roads Capital Fund	\$16,338,554	\$16,358,554
Surface Water Capital Fund	\$6,742,785	\$6,817,785
Vehicle Operations/Maintenance Fund	\$139,988	
Equipment Replacement Fund	\$100,000	\$125,746
Unlimited Tax GO Bond	\$1,636,228	
Unemployment Fund	\$10,000	
Total Funds	\$92,207,828	\$100,293,430

Section 2. Amending the 2007 Budget. The 2007 Budget is amended as set forth in Exhibit 1 and increased the Total Funds appropriation to \$100,293,430.

Section 3. Amending the 2008 – 2013 Capital Improvement Plan. The 2008–2013 Capital Improvement Plan is amended as set forth in Exhibit 1 and increases the Shoreline Center Tennis Court Lights project from \$60,000 to \$185,000 by adding \$125,000 from the fund balance of the General Capital Fund.

Section 4. New Section. A new section SMC 3.35.190 is adopted to read as follows:

.190 Revenue Stabilization Fund.

There is created a fund to be known as the “Revenue Stabilization Fund” to account for a reserve equal to a three-year level of 10% of economically sensitive operating revenues.

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 five days after passage and publication.

PASSED BY THE CITY COUNCIL ON NOVEMBER 05, 2007

Mayor Robert L. Ransom

ATTEST:

Scott Passey
City Clerk

Publication Date:
Effective Date:

APPROVED AS TO FORM:

Ian Sievers
City Attorney

FINAL 2007 BUDGET AMENDMENT DETAIL

Item	Revenue Source				Revenue Object	Amount	Fund	Total	Explanation
	Fund	Orgkey	Object	Amount			Balance 3080000	Resources	
General Fund									
Transfer to General Capital Fund					Fund Balance				2006 & 2007 Savings - Funding for
	001	0001000	5970000	\$ 1,382,961			\$ 1,382,961	\$ 1,382,961	Civic Center Properties
Transfer to General Capital Fund					Fund Balance				Net 2007 lease revenue from
	001	0001000	5970000	\$ 30,000				\$ -	Highland Plaza
Transfer to Revenue Stabilization Fund					Fund Balance				Amount of funding required to raise
	001	0001000	5970000	\$ 3,712,253			\$ 3,712,253	\$ 3,712,253	Fund to Council approved level
Transfer to City Facility-Major Maint Fund									Council Approved Facility Reduction
	001	0001000	5970000	\$ (20,000)			\$ (20,000)	\$ (20,000)	
City Attorney Legal Defense									Council Approved Defense
City Attorney - Emails restored									Email backups restored due to
	001	1500000	5410000	\$ 7,140			\$ 7,140	\$ 7,140	Public records request
Citywide Settlement									Council Approved Settlement
	001	1700024	5496000	\$ 159,000			\$ 159,000	\$ 159,000	Drama Instructors for Specialized
Parks General Programs					4Culture Grant				Recreation
		2410041	5410000	\$ 1,900		3373104	\$ 1,900	\$ 1,900	Costumes, stes & props, garment rack, storage bins, t-shirts for cast, & IPOD
	001	2410041	5330000	\$ 3,100		3373104	\$ 3,100	\$ 3,100	Shoreline Senior Center
Human Services									Council Approved Travel Reduction
	001	2400011	5495000	\$ 18,000			\$ 18,000	\$ 18,000	
	001	2400011	5430000	\$ (250)			\$ (250)	\$ (250)	Council Approved Travel Reduction
Customer Response Team									Council Approved Travel Reduction
	001	1900061	5430000	\$ (250)			\$ (250)	\$ (250)	
Emergency Management									Council Approved Travel Reduction
	001	2005062	5491000	\$ (250)			\$ (250)	\$ (250)	
Citi Manager's Office									Council Approved Travel Reduction
	001	1100001	5430000	\$ (750)			\$ (750)	\$ (750)	
Economic Development									Council Approved Travel Reduction
	001	2506046	5430000	\$ (500)			\$ (500)	\$ (500)	
Government Relations									Council Approved Lobbyist Services
	001	1300007	5410000	\$ (2,500)			\$ (2,500)	\$ (2,500)	Reduction
Finance - Admin, Budget, Purch									Council Approved Travel Reduction
	001	1601016	5430000	\$ (300)			\$ (300)	\$ (300)	
	001	1601014	5430000	\$ (200)			\$ (200)	\$ (200)	Council Approved Travel Reduction
	001	1601144	5430000	\$ (250)			\$ (250)	\$ (250)	Council Approved Travel Reduction
Finance - Information Technology									Council Approved Travel Reduction
	001	1602021	5430000	\$ (650)			\$ (650)	\$ (650)	
	001	1602021	5494000	\$ (850)			\$ (850)	\$ (850)	Council Approved Travel Reduction
Human Resources									Council Approved Travel Reduction
	001	1800026	5491000	\$ (250)			\$ (250)	\$ (250)	
PADS									Council Approved Travel Reduction
	001	2506139	5491000	\$ (200)			\$ (200)	\$ (200)	
	001	2506051	5491000	\$ (300)			\$ (300)	\$ (300)	Council Approved Travel Reduction
Public Works									Council Approved Travel Reduction
	001	2708052	5430000	\$ (250)			\$ (250)	\$ (250)	
	001	2709054	5494000	\$ (250)			\$ (250)	\$ (250)	Council Approved Travel Reduction
Police									Council Approved Travel Reduction
	001	2005031	5430000	\$ (500)			\$ (500)	\$ (500)	
Public Safety Special Support									Council Approved OT for NTSP
	001	2005035	5510000	\$ (5,000)			\$ (5,000)	\$ (5,000)	Reduction
Parks									Council Approved Travel Reduction
	001	2408037	5430000	\$ (500)			\$ (500)	\$ (500)	
Parks Operations									Council Approved Extra Help
	001	2409038	5111000	\$ (5,000)			\$ (5,000)	\$ (5,000)	Reduction
Emergency Management					Emergency Management				Small Tools & Equipment (Radios, Laptops, etc.)
Performance Grant					Performance Grant				
	001	2005062	5350000	\$ 17,841	3319701	\$ 17,841		\$ 17,841	Earthquake Exercise food items
	001	2005062	5430000	\$ 457	3319701	\$ 457		\$ 457	Radio Installation
	001	2005062	5480000	\$ 1,492	3319701	\$ 1,492		\$ 1,492	Forms for EOC
	001	2005062	5493000	\$ 1,000	3319701	\$ 1,000		\$ 1,000	Professional Services
Highland Plaza					Highland Plaza Leases				Highland Park Center Leases
	001	2712254	5410000	\$ 20,000	3625010	\$ 50,000		\$ 50,000	
Highland Park Center					Highland Park Center Leases				
	001	2712255	5320000	\$ 5,000	3625020	\$ 5,000		\$ 5,000	
	001	2712255	5620000	\$ 10,000	3625020	\$ 10,000		\$ 10,000	
	001	2712255	5630000	\$ 15,000	3625020	\$ 15,000		\$ 15,000	
Total General Fund				\$ 5,526,144		\$ 105,790	\$ 5,420,354	\$ 5,526,144	

FINAL 2007 BUDGET AMENDMENT DETAIL

Item	Revenue Source				Revenue	Fund	Total	Explanation	
	Fund	Orgkey	Object	Amount	Object	Amount	Balance 3080000	Resources	
Street Fund									
School Zone Flashers	101	2709168	5630000	\$ 38,850	Traffic Safety Commision	3340351 \$ 37,500		\$ 37,500	20 MPH School Zone signs with
					RPZ program Permit Fees	3699000 \$ 1,350		\$ 1,350	solar powered flashing lights
Total Street Fund				\$ 38,850		\$ 38,850	\$ -	\$ 38,850	
General Reserve Fund									
Transfer to Revenue Stabilization	104	1040000	5970000	\$2,274,862				\$ -	
Total Street Fund				\$2,274,862		\$ -	\$ -	\$ -	
Revenue Stabilization Fund									
Transfer In from General Fund					Fund Balance				Amount of funding required to raise
	110	1100000				3970000 \$3,712,253		\$ 3,712,253	Fund to Council approved level
Transfer In from General Reserve					Fund Balance				General Reserve Balance transferred
	110	1100000				3970000 \$2,274,862		\$ 2,274,862	to Revenue Stabilization
Total Revenue Stabilization Fund				\$ -		\$5,987,115	\$ -	\$ 5,987,115	
General Capital Fund									
Transfer In from General Fund	301	3010000			Fund Balance	3970000 \$1,382,961		\$ 1,382,961	2006/07 Savings for Civic Center
Transfer In from General Fund					Fund Balance				Net 2007 lease revenue from
	301	3010000				3970000 \$ 30,000		\$ 30,000	Highland Plaza
Shoreline Center Tennis Court Lights	301	2820239	5630000	\$ 125,000			\$ 125,000	\$ 125,000	Undestimated total project cost
Total General Capital Fund				\$ 125,000		\$1,412,961	\$ 125,000	\$ 1,537,961	
City Facility-Major Maint Fund									
	312	3120000				3970000 \$ (20,000)		\$ (20,000)	Council Approved Facility Reduction
	312	3120000				3080000	\$ 20,000	\$ 20,000	Additional Use of Fund Balance
Total City Facility-Major Maint Fund				\$ -		\$ (20,000)	\$ 20,000	\$ -	
Roads Capital Fund									
	330	3300000		\$ 20,000					To correct Ordinance # 463
Total Roads Capital Fund				\$ 20,000		\$ -	\$ -	\$ -	
Surface Water Utility Fund									
	401	2709000	5410000	\$ 75,000	To be assigned	\$ 75,000		\$ 75,000	State Department of Ecology to assist with the implementation of the NPDES Phase II permit.
Total Vehicle Operations/Maintenance Fund				\$ 75,000		\$ 75,000	\$ -	\$ 75,000	
Equipment Replacement Fund									
VN# 111 - Truck Replacement					Fund Balance				Early replacement of Truck - VN#
	503	1608114	5640000	\$ 25,746			\$ 25,746	\$ 25,746	111- Funds are available
Total Equipment Replacement Fund				\$ 25,746			\$ 25,746	\$ 25,746	
TOTAL AMENDMENTS				\$8,085,602		\$7,599,716	\$ 5,591,100	\$13,190,816	