

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: 2008 Proposed Budget Public Hearing & Budget Presentation
DEPARTMENT: City Manager Office
PRESENTED BY: Robert Olander, City Manager

PROBLEM/ISSUE STATEMENT: The City Manager presented the 2008 Proposed Budget to the City Council on October 15, 2007. The presentation tonight will focus on interfund transfers and the use of one-time funds for equipment purchases and special projects. Tonight's agenda also includes a public hearing on the proposed budget to provide an opportunity for the public to comment on the proposed budget.

The proposed 2008 budget has been made available to the public and is available at the City Hall, Shoreline Police Station, Neighborhood Police Centers, Shoreline Library and Richmond Beach Library. In addition, the November issue of the Currents is a special 2008 Budget issue that has been sent to all residents within the City.

A final budget workshop is planned for November 19 to review the proposed 2008 fee and salary schedules. Also on November 19th, a second public hearing will be held on the budget with a special emphasis on revenue sources and the 2008 property tax levy. The budget is scheduled for adoption on November 26.

FINANCIAL IMPACT: The 2007 Proposed Budget totals \$93,928,230.

RECOMMENDATION

No action is required by the City Council. The public hearing is an opportunity for public comment on the budget.

Approved By: City Manager  City Attorney _____

INTRODUCTION

Tonight's workshop provides another opportunity for the Council to discuss the proposed budget and for staff to provide Council with any additional information that may be helpful to the Council during budget deliberations. Staff's presentation will focus on interfund transfers and the use of one-time funding to purchase equipment and for special projects.

BACKGROUND

The City Manager presented the 2008 proposed budget to the City Council on October 15, 2007. Department presentations were made on October 29. A public hearing on the proposed budget will be held tonight and a public hearing on the proposed 2008 revenue sources and 2008 property tax levy will be held on November 19. The City Council is scheduled to adopt the 2008 Budget at the November 26, 2007 Council Meeting.

DISCUSSION

INTERFUND TRANSFERS

Due to required accounting practices, a single requested expenditure might be budgeted in two funds. For example, if the General Fund is providing support to a capital fund in the amount of \$100,000, this amount will be included in the proposed expenditure budget of the General Fund (transfer out) and the capital fund (project expenditure). The \$100,000 will also be recorded as a revenue source in the capital fund (transfer-in).

The proposed 2007 budget includes a total of \$4,198,284 in transfers to other funds. This includes General Fund support to the Street Fund (\$1,446,006), Equipment Replacement Fund (\$100,000), and the Unemployment Fund (\$5,000). The General Fund also provides significant support to the capital funds to fund various capital projects. The 2008 budget proposes the following transfers from the General Fund for capital purposes: Major Maintenance Fund (\$30,000), Roads Capital Fund (\$780,031) and General Capital Fund (\$580,011).

Transfers to the General Fund are budgeted in the Street Fund (\$588,764), Surface Water Utility Fund (\$561,891), General Capital Fund (\$41,291), and Roads Capital Fund (\$65,290). These transfers represent these funds' share of the General Fund overhead allocation.

The following chart details all Interfund Transfers.

Fund/Revenue	General Fund	Street Fund	General Capital Fund	City Facility Major Maint Fund	Roads Capital Fund	Surface Water Utility Fund	Equip. Replacement Fund	Unemployment Fund	Fund Totals
Transfers-In									
General Fund		588,764	41,291		65,290	561,891			1,257,236
Street Fund	1,446,006								1,446,006
General Capital Fund	580,011								580,011
City Facility-Major Maintenance Fund	30,000								30,000
Roads Capital Fund	780,031								780,031
Equipment Replacement Fund	100,000								100,000
Unemployment Fund	5,000								5,000
Total Transfers In	2,941,048	588,764	41,291	-	65,290	561,891	-	-	4,198,284
Transfers-Out									
General Fund		1,446,006	580,011	30,000	780,031		100,000	5,000	2,941,048
Street Fund	588,764								588,764
General Capital Fund	41,291								41,291
Roads Capital Fund	65,290								65,290
Surface Water Utility Fund	561,891								561,891
Total Transfers Out	1,257,236	1,446,006	580,011	30,000	780,031	-	100,000	5,000	4,198,284

ONE-TIME EXPENDITURES

The 2008 operating budget recommends the use of \$422,500 in one-time resource allocations in the General Fund and an additional \$45,000 that is part of a three year funding package for the Kruckeberg Garden transition plan. The one-time expenditures provide funding for the following:

Department	Item	Budget
Finance	Implement IFAS 7i Application & Architecture - Financial Software	\$ 101,500
Finance - GIS	Digital Aerial Photography and Mapping	75,000
Parks & Recreation	Kruckeberg Garden Operation Funding (1st year of 3 year funding)	45,000
Parks & Recreation	Metal Storage Building - Hamlin Park	40,000
Parks & Recreation	Spartan Recreation Center Weight Room Equipment	40,000
Parks & Recreation	Parks Equipment including Athletic Field ATV, Field Rake/Drag, Field Truck & Trenching Blade	56,000
Planning & Development Services	Construction Inspection Services	35,000
Planning & Development Services	Southeast Shoreline Subarea Plan	75,000
Total		\$ 467,500

The 2008 proposed budget is in compliance with the revised reserve policies, as it reflects a Revenue Stabilization Reserve Fund that approximately 30% of economically sensitive operating revenues (\$6.3 million) and a projected ending General Fund fund balance (reserve) of \$3 million for cash flow purposes. Other funds have ending reserve levels that comply with the City's adopted policies. For further information, refer to the "Ending Fund Balances" report on Page 81 of the Proposed 2008 Budget document.

SUMMARY

The 2008 Proposed Budget totals \$93,928,230 and includes a total of \$4,198,284 in transfers between City funds and the use of \$467,500 million of General Fund fund balance for one-time projects and purchases.

RECOMMENDATION

Continue discussion on the 2008 Proposed Budget and provide City Council input to staff.