

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 506, Amending the 2008 Budget for General and General Capital Funds
DEPARTMENT: Finance
PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

The 2007 General Fund revenues exceeded projections by 2.7% and expenditures were under projections by 1.5% resulting in one-time savings of \$1.278 million. This information was shared with the City Council in the 2007 4th Quarter Financial Report on April 28, 2008 and May 19, 2008. Staff's recommendation was that the savings should be allocated as follows: \$1,027,265 for the Civic Center Project and \$250,000 for the acquisition of a new telephone system. Ordinance No. 506 amends the 2008 budget to reflect this recommendation.

DISCUSSION

General Fund

Ordinance No. 506 increases the 2008 General Fund budget by \$1,277,265. The two major items included in this amendment are:

- Telephone System Acquisition - \$250,000
- Transfer from the General Fund to the General Capital Fund for the Civic Center project - \$1,027,265

General Capital Fund

Ordinance No. 506 increases the 2008 General Capital Fund budget by \$1,116,265. This increase is related to the Civic Center project. In March 2008, the City Council adopted Resolution No. 274 that authorized the City to enter into a development agreement with Opus Northwest to construct the Civic Center for \$30.55 million. Included in the resources to fund the project was \$466,265 of estimated 2007 General Fund budget savings. Following this time period staff was able to complete all transactions for 2007 and the actual General Fund savings was \$1.278 million.

As a result, staff recommended that an additional \$581,000 be allocated to the Civic Center project. \$500,000 is to be added to the City's contingency. This will bring the total City contingency to \$1,000,000, approximately 3.5% of design and construction costs. The contingency will be available for unanticipated costs; acquisition of equipment or furnishings in excess of the current allowance of \$400,000 (i.e., audio visual, generator, etc.); and unanticipated project finance costs in excess of the current allowance of \$1,650,000. If not for construction of the civic center the City contingency will be used to reduce the amount of long-term debt issued to pay the development

costs. The increase in contingency funds will result in an amended development agreement base budget cost of \$31.05 million.

The remaining \$81,000 transfer from the General Fund will go towards the cost of the utility hook-up fees for the new Civic Center. The total estimated cost for utility hook-up fees is \$170,000. These fees must be paid by the City outside of the development agreement. The remaining \$89,000 will come from existing General Capital funds.

FINANCIAL IMPACT:

The following table summarizes the recommended budget amendment:

	General Fund	General Capital Fund
Adopted Budget	\$31,353,771	\$29,322,156
Budget Amendment:		
2007 General Fund Budget Savings:		
Telephone System	\$250,000	
Transfer for Civic Center Project	\$1,027,265	\$1,027,265
Utility Hook-Up Costs		\$89,000
Total Amendments	\$1,277,265	\$1,116,265
Amended Budget	<u>\$32,631,036</u>	<u>\$30,438,421</u>

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 506, amending the 2008 budget.

Approved By: City Manager gm City Attorney ____

Attachment A – Ordinance No. 506 Amending the 2008 City Budget

ORDINANCE NO. 506

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE 498 BY INCREASING THE APPROPRIATION IN THE GENERAL FUND AND GENERAL CAPITAL FUND, AND AUTHORIZING AN AMENDED CITY CONTINGENCY IN THE CIVIC CENTER DEVELOPMENT AGREEMENT BUDGET.

WHEREAS, the 2008 Budget was adopted in Ordinance 486; and

WHEREAS, the City Council adopted Resolution No. 274 authorizing the City Manager to enter into a development agreement with Opus Northwest, LLC for the construction and lease of the Shoreline Civic Center for a Base Project Cost of \$30,550,000; and

WHEREAS, when the City Council adopted Resolution No. 274 they authorized the allocation of \$446,265 of anticipated 2007 budget savings to fund the Civic Center Base Project Costs; and

WHEREAS, the City Council desires to increase the City's contingency funds within the Development Agreement from \$500,000 to \$1,000,000 for unanticipated expenditures or if not utilized to increase the cash payment for the Civic Center project ; and

WHEREAS, a contingency of \$1,000,000 is only equal to 3.5% of the design and construction costs which total \$28,000,000 for the Civic Center project; and

WHEREAS, the utility hook-up fees for the new Civic Center must be paid by the City of Shoreline directly and are not included as part of the Development Agreement with Opus Northwest; and

WHEREAS, the City Council authorized the City Manager to enter into a service contract for the delivery of a new telephone system on April 14, 2008; and

WHEREAS, the 2007 financial year-end results produced \$1.2 million in one-time savings as a result of revenues exceeding projections by 2.7% and expenditures being under projections by 1.5%; and

WHEREAS, staff provided the City Council with the 2007 year-end financial results of the City's General Fund in a staff report on April 28, 2008 and again on May 19, 2008 and a recommendation on the allocation of ; and

WHEREAS, the City wishes to appropriate a portion of the 2007 budget savings from the General Fund to provide additional contingency for the Civic Center project and to provide funding for the utility hook-ups for the Civic Center project and for the acquisition of the telephone system; and

WHEREAS, the City of Shoreline is required by RCW 35A.33.00.075 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. Amending Section 1 of Ordinance No. 498. The City hereby amends Section 1 of Ordinance No. 498, the 2008 Adopted Budget, by increasing the appropriation for the General Fund by \$1,277,265 and for the General Capital Fund by \$1,116,265 and by increasing the Total Funds appropriation to \$102,989,186 as follows:

General Fund	\$31,353,771	\$32,631,036
Street Fund	\$2,741,170	
Code Abatement Fund	\$100,000	
Asset Seizure Fund	\$23,500	
Public Arts Fund	\$0	
Revenue Stabilization Fund	\$0	
General Capital Fund	\$29,322,156	\$30,438,421
City Facility-Major Maintenance Fund	\$40,000	
Roads Capital Fund	\$23,012,286	
Surface Water Utility Fund	\$11,806,854	
Vehicle Operations/Maintenance Fund	\$115,049	
Equipment Replacement Fund	\$241,750	
Unemployment Fund	\$10,000	
Unltd Tax GO Bond	\$1,662,475	
Total Funds	<u>\$100,595,656</u>	<u>\$102,989,186</u>

Section 2. Amending the 2008 Budget. The 2008 Budget is amended as set forth in Exhibit 1 and increases the Total Funds appropriation by \$2,393,530.

Section 3. Amending the Civic Center Development agreement with Opus Northwest. The City Manager is authorized to sign an amendment to the Civic Center Development Agreement increasing the base budget costs from \$30,550,000 to \$31,050,000 resulting in an increase in the City contingency from \$500,000 to \$1,000,000.

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 May 27, 2008

Mayor Cindy Ryu

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Publication Date:
Effective Date: