

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 537, Amending the 2009 Budget for Uncompleted 2008 Capital and Operating Projects, and Increasing Appropriations in the 2009 Budget

DEPARTMENT: Finance

PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

In July 2008, as part of the 2009 budget development, departments projected their actual year end expenditures for year 2008. The actual year end results differ somewhat from those projections, as some projects that were in progress in year 2008 are actually going to be completed in year 2009. This results in year 2008 expenditures being less than projected and the 2008 ending fund balance being greater than projected. This is true for both capital and operating projects. In order to provide adequate budget resources to complete the projects initiated in 2008, additional budget authorization is needed for 2009. This is accomplished by re-appropriating a portion of the 2008 ending fund balance for expenditures in 2009. If approved, Ordinance 537 will amend the 2009 budget and increase the appropriations to provide funding to complete these projects.

When preparing Ordinance 537, staff took into consideration the pending budget reductions included in Ordinance 538 which will also be presented to Council on April 13th. Staff has determined that the requested operating and capital project carryovers included in the attached Ordinance 537 are a priority and therefore should be funded and completed in 2009. These carryover requests were included in the 2008 4th quarter financial report presented to Council on March 23, 2009 and were taken into account when determining the amount of available savings from 2008.

In addition to re-appropriating monies not spent in 2008, Ordinance No. 537 amends the 2009 budget to provide budget authority to do the following operating project:

- Appropriate \$1,520 in the Human Services program to inventory available youth activities. This cost will be fully covered by a Schools-Out grant from the state.

Staff is also requesting to make the following revision to the Capital Improvement Plan (CIP):

- Appropriate an additional \$68,375 for the Civic Center/City Hall project. This cost will be fully covered by a Seattle City Light grant and King Conservation District grant.

- Adding \$7,500 for the Pool Long-Term Maintenance to comply with the Graeme Baker (VGB) Pool and Spa Safety Act (new regulations for the pool drains). Available fund balance will be used.

ALTERNATIVES ANALYZED:

Alternative 1: Take no action.

If the Council chose not to approve this budget amendment either the projects that were initiated in 2008 would not be completed or to complete the projects, monies that were budgeted for 2009 programs would need to be redirected for the completion of projects already in progress. In the case of capital projects, there would not be sufficient budget authority to complete ongoing projects. For those projects that are not part of the re-appropriation process, there would not be budget authority to proceed with the projects.

Alternative 2: Approve Ordinance No. 537 (Recommended)

Approval of ordinance No. 537 will provide the budget authority for the completion of projects that were initiated in 2008 without negatively impacting the programs and projects that are to be provided in year 2009. Also the budget amendment will result in accurately reflecting the anticipated expenditures in the City's operating and capital funds.

FINANCIAL IMPACT:

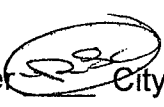
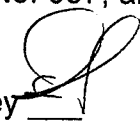
The following tables summarize the budget amendment request for each of the affected City funds and the impact that this has on the City's reserve levels.

Fund	2009 Current Budget (A)	CIP Revision (B)	2009 Budget Amendment (C)	Carryover Amount (D)	Amended 2009 Budget (E) (A + C + D)	Total Change in Budget (F) (E - A)
General Fund	\$ 32,328,609	\$ -	\$ 1,520	\$ 302,691	\$ 32,632,820	\$ 304,211
City Facility Major Maint Fund	40,000	7,500	-	8,453	55,953	15,953
General Capital Fund	32,641,325	68,375	-	3,455,854	36,165,554	3,524,229
Roads Capital Fund	29,492,073	-	-	11,697,240	41,189,313	11,697,240
Surface Water Utility Fund	4,619,790	-	-	2,466,524	7,086,314	2,466,524
Equipment Replacement Fund	197,336	-	-	47,868	245,204	47,868
All Other Funds not requesting carryovers	4,758,438	-	-	-	4,758,438	-
Total	\$ 104,077,571	\$ 75,875	\$ 1,520	\$ 17,978,630	\$ 122,133,596	\$ 18,056,025

Fund	Projected 2009 Beginning Fund Balance (A)	Actual 2009 Beginning Fund Balance (B)	Total Budget Amendment Request (C)	Revenue Adjustments (D)	Resulting 2009 Available Beginning Fund Balance (E) (B - C + D)	Amount Over/(Under) Projected Beginning Fund Balance (F) (A - E)
General Fund	\$ 3,870,371	\$ 4,459,157	\$ 304,211	\$ 112,280	\$ 4,267,226	\$ 396,855
City Facility Major Maint Fund	174,068	187,937	15,953	-	171,984	(2,084)
General Capital Fund	11,646,346	14,285,142	3,524,229	1,377,003	12,137,916	491,570
Roads Capital Fund	4,312,599	7,150,700	11,697,240	10,865,950	6,319,410	2,006,811
Surface Water Utility Fund	5,289,677	6,293,316	2,466,524	565,981	4,392,773	(896,904)
Equipment Replacement Fund	1,783,782	1,765,614	47,868	-	1,717,746	(66,036)
Total	\$27,076,843	\$34,141,866	\$18,056,025	\$12,921,214	\$29,007,055	\$1,930,212

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 537, amending the 2009 budget.

Approved By: City Manager  City Attorney 

INTRODUCTION

Annually the City reviews the financial results of the prior year and identifies any expenditures that were anticipated to occur in the previous year, but which will actually occur in the current year. We have completed our review of the 2008 activity and have identified over \$17.9 million of 2008 expenditures that will actually occur in 2009. Since the expenditures did not occur in 2008, the City started 2009 with fund balance in excess of projections. These expenditures were not included in the 2009 Budget adopted by the City Council in December 2008, and therefore staff recommends the 2009 budget be amended to provide adequate budget authority for the expenditures in 2009. In most cases the funding source is from fund balance or from grants.

Ordinance 537 was developed in conjunction with the preparation of Ordinance 538 which will reduce the 2009 appropriations as presented to Council on March 23, 2009. Any programs or capital projects that are being reduced in Ordinance 538 were not included in the requested carryovers even if there were unspent funds remaining from the 2008 budget. This was factored into the estimated 2008 savings that was presented to Council in the 2008 4th Quarter report on March 23, 2009.

There is also one operating program, one general capital project, and one City Facilities Major Maintenance Fund that are requesting additional appropriations that were not included in the original 2009 budget. These requests are included as a budget amendment or CIP Revision in Ordinance 537.

BACKGROUND

Re-appropriations

It is often difficult to fully project the status of a project. In some cases, projects are initiated in one year, but do not get completed until the following year. This is not always known when planning the next budget cycle and therefore the unexpended funds from one year become part of the fund balance carried into the next year. It is necessary to take the portion of the fund balance actually needed to complete the projects and re-appropriate those dollars for expenditure.

There are projects that were not completed in 2008 as projected, and a resulting under-expenditure occurred in both operating and capital funds. The proposed ordinance re-appropriates available fund balances from these funds to complete these projects. The following table summarizes the re-appropriation request for each affected fund.

Fund	Dept/Program	Project/Item	Carryover Amount
General Fund	City Clerks Office	Essential Records Preservation	\$29,598
	C&IR/Neighborhoods	Richmond Highlands Mini-Grant	\$5,000
	Finance - Budget	Cost Allocation Software upgrade	\$9,000
	Finance - Operations	Financial Software Upgrade	\$29,448
	Finance - Citywide Supplies	New Business Cards	\$5,000
	Finance - IT Operations	Web Hosting	\$2,045
	Finance - GIS	Aerial Photography	\$72,418
	Emergency Management	KC Zone 1 Planner	\$30,769
	Human Services	Hopelink Contract for Utility Assistance	\$1,353
	Parks-Operations	Parks Signs Construction	\$20,825

Economic Dev.	Community Capital Development Contract	\$20,842
PADS - Long Range Planning	Shoreline Master Plan	\$8,000
	Council Goal #1: SE Shoreline Neighborhood Plan	\$20,000
PW/Environmental Services	Residential Green Building Program	\$23,689
	Natural Yard Care Event	\$18,000
	Clean Sweep Recycling	\$704
	Focus Group Work	\$6,000

Total		General Fund	\$302,691
Fund	Dept/Program	Project/Item	Carryover Amount

General Capital Fund	CIP	Civic Center / City Hall	\$278,103
		Cromwell Park Improvements	\$60,838
		Saltwater Park Pedestrian Bridge	\$286,422
		Kayu-Kayu Ac Park Impr	\$477,263
		Boeing Creek Park Improv	\$328,963
		Twin Ponds Soccer Field Imp.	\$6,566
		Richmond Beach Saltwater Park	\$1,067,649
		Baseball/Softball Field Imp.	\$207,154
		Hamlin Park Improvements	\$95,135
		Kruckeberg Gardens	\$318,165
		Off Leash Dog Prk	\$27,540
		Trail Corridors	\$220,606
		Paramount Open Space	\$81,450

Total	General Capital Fund	\$3,455,854
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City Facilities Major Maint	CIP	Richmond Highland Recreation Center Maintenance	\$8,453
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Total	City Facility Major Maintenance Fund	\$8,453
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Roads Capital Fund	CIP	Curb, Ramp, Gutter & Sidewalk Program	\$116,534
		Interurban Trail Safety Enhancements	\$7,500
		Richmond Beach Overcrossing	\$88,065
		Neighborhood Traffic Safety Program	\$79,675
		Traffic Signal @ 170th/15th NE	\$112,811
		Annual Road Surface Maint	\$313,245
		Aurora Ave. N 165th - 205th	\$10,979,410

Total	Roads Capital Fund	\$11,697,240
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Surface Water Utility Fund		SW Ops – Shoreline Community College Mini-Grant	\$3,498
		SW Ops - NPDES	\$49,267
	CIP	Surface Water Engineering	\$3,300
		Surface Water Small Projects	\$167,771
		Boeing Creek Stormwater Project	\$10,000
		Pan Terra Pond & Pump Project	\$678,802
		Ronald Bog South	\$495,890
		Pump Station No. 25	\$23,709
		Green (Shore) Streets	\$859
		East Boeing Creek Drainage Improvements	\$382,403
		Cromwell Park SW Enhancement	\$101,762
		N 167th & Whitman N Drainage	\$297,255
		Darnell Park Wetpond	\$140,000
		Thornton Creek Basin Plan	\$112,008

Total	Surface Water Capital Fund	\$2,466,524
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Equipment Replacement Fund	Citywide	Replacement of GIS Plotter	\$13,109
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	Replacement of Parks Tractor	\$34,759
Total	Equipment Replacement Fund	\$47,868
GRAND TOTAL		\$17,978,630

Budget Amendment

Ordinance No. 537 also includes items that are not considered re-appropriations, but rather are amendments to the 2009 budget.

The items included in Ordinance No. 537 that are budget amendments include the following:

General Fund – Human Services: The appropriation will be increased by \$1,520 to accomplish an inventory of out of school time activities available in Shoreline and to conduct focus groups with out of school time program participants and families. This increased expenditure will be offset by the Schools Out Washington (SOWA) grant.

The item included in Ordinance No. 537 that are CIP Revisions include the following:

General Capital Fund – Civic Center/City Hall: The appropriation will be increased by \$68,375 to focus on sustainable qualities as solar power utilization, water quality features and energy conservation measures. This increase will be fully funded by a Seattle City Light grant and a King Conservation District grant.

City Facilities Major Maintenance Fund – Pool Long-Term Maintenance: The appropriation will be increased by \$7,500 to research and plan modifications to existing pool drains to comply with new regulations from the Graeme Baker (VGB) Pool and Spa Safety Act.

ALTERNATIVES ANALYSIS

Alternative 1: Take no action.

If the Council chose not to approve this budget amendment either the projects that were initiated in 2008 would not be completed or to complete the projects, monies that were budgeted for 2009 programs would need to be redirected for the completion of projects already in progress. For those projects that are not part of the re-appropriation process, there would not be budget authority to proceed with the projects.

Alternative 2: Approve Ordinance No. 537 (Recommended)

Approval of ordinance No. 537 will provide the budget authority for the completion of projects that were initiated in 2008 without negatively impacting the programs and projects that are to be provided in year 2009. Also the budget amendment will result in accurately reflecting the anticipated expenditures in the City's operating and capital funds.

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 537, amending the 2009 budget.

ATTACHMENTS

Attachment A - Ordinance 537, Amending the 2009 Budget
Exhibit 1 - Amendment Detail

ORDINANCE NO. 537

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE 528 BY INCREASING THE APPROPRIATION IN THE GENERAL FUND, STREET FUND, , GENERAL CAPITAL FUND, ROADS CAPITAL FUND AND SURFACE WATER UTILITY FUND.

WHEREAS, the 2009 Budget was adopted in Ordinance 528; and

WHEREAS, the 2009–2014 Capital Improvement Plan was adopted in Ordinance 509; and

WHEREAS, the 2009 Budget has assumed completion of specific capital improvement projects in 2008; and

WHEREAS, some of these capital projects were not completed and need to be continued and completed in 2009; and

WHEREAS, due to these 2008 projects not being completed, the 2008 ending fund balance and the 2009 beginning fund balance for the General Capital Fund, City Facilities Major Maintenance Fund, Roads Capital Fund, Surface Water Utility Fund and Equipment Replacement Fund is greater than budgeted; and

WHEREAS, various projects were included in the City's operating funds' 2008 budget and were not completed during 2008; and

WHEREAS, the City wishes to appropriate a portion of these greater than budgeted beginning fund balances in 2009 to complete 2008 work; 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 2 of Ordinance No.528. The City hereby amends Section 2 of Ordinance No. 528, the 2009 Adopted Budget, by increasing the appropriation from the General Fund by \$304,211; for the General Capital Fund by \$3,524,229; for the City Facilities Major Maintenance by \$15,953; for the Roads Capital Fund by \$11,697,240 for the Surface Water Utility Fund by \$2,466,524; for the Equipment Replacement Fund by \$47,868 and by increasing the Total Funds appropriation to \$122,133,596 as follows:

General Fund	\$32,328,609	\$32,632,820
Street Fund	\$2,692,629	
Code Abatement Fund	\$100,000	

Asset Seizure Fund	\$21,500	
Public Arts Fund	\$114,500	
Revenue Stabilization Fund	\$0	
General Capital Fund	\$32,641,325	\$36,165,554
City Facility-Major Maintenance Fund	\$40,000	\$55,953
Roads Capital Fund	\$29,492,073	\$41,189,313
Surface Water Utility Fund	\$4,619,790	\$7,086,314
Vehicle Operations/Maintenance Fund	\$142,959	
Equipment Replacement Fund	\$197,336	\$245,204
Unemployment Fund	\$10,000	
Unltd Tax GO Bond	\$1,676,850	
Total Funds	<u>\$104,077,571</u>	<u>\$122,133,596</u>

Section 2. Re-appropriation of Unused 2008 Budget Appropriation. The 2009 Budget is amended as set forth in Exhibit 1 and increases the Total Funds appropriation by \$17,978,630.

Section 3. Amending the 2009 Budget. The 2009 Budget is amended as set forth in Exhibit 1 and increases the Total Funds appropriation by \$1,520 to include unanticipated grant.

Section 4. Amending the 2009-2014 Capital Improvement Plan. The 2009-2014 Capital Improvement Plan is amended as set forth in Exhibit 1 and increases the Civic Center/City Hall project by \$68,375 to include unanticipated grants, and the Pool Long-Term Maintenance by \$7,500 to comply with the Graeme Baker (VGB) Pool and Spa Safety Act.

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 April 13, 2009

Mayor Cindy Ryu

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Publication Date:

Effective Date:

2008 to 2009 carryover detail.xlsAmendment Detail

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Fund	Dept/Program	Orgkey	Object	JL Number	Task	Project/Item	2009 Current Budget	CIP Revision	2009 Budget Amendment	Carryover Amount	Amended 2009 Budget	2009 Carryover Revenue	2009 non-Carryover Revenue	Total Revenue	Revenue account	Revenue Source	Justification
Total Roads Capital Fund																	
						Sub-Total		\$0	\$0	\$10,979,410		\$3,600,000	\$0	\$3,600,000	3330100	New Federal STP	
							\$29,492,073	\$0	\$0	\$11,697,240	\$41,189,313	\$10,865,950	\$0	\$10,865,950			Use of Fund Balance \$1,277,841
Surface Water Utility Fund 401																	
		2709000	5495000			SW Ops - SCC Mini-Grant				\$3,408							
			5410000			SW Ops - NPDES				\$49,267		\$49,267					NPDES Phase II grant.
						Sub-Total		\$0	\$0	\$52,768		\$49,267	\$0	\$49,267	3340313	Dept of Ecology	
		3013004	5410000			Surface Water Engineering				\$1,300							CMS contract extended to 2009
						Sub-Total				\$187,771							
	CIP	3017105	5650000	SW102700	0601	Surface Water Small Projects				\$10,000							
	CIP	3017214	5410000	SW103700	0610	Boring Creek Stormwater Project				\$40,000							
	CIP	3017215	5410000	SW103600	0610	Pan Term Pond & Pump Project				\$20,000							
			5470000	SW103600	0610	Pan Term Pond & Pump Project				\$20,000							
			5650000	SW103600	0610	Pan Term Pond & Pump Project				\$613,101							Work continues in 2009
						Sub-Total		\$0	\$0	\$678,802		\$0	\$0	\$0			
	CIP	3017217	5410000	SW110230	0110	Ronald Bag South				\$9,406							
			5410000	SW110230	0210	Ronald Bag South				\$20,000		\$421,507		\$421,507	3010002	PW Trust Fund Loan	Work continues in 2009
			5650000	SW110230	0610	Ronald Bag South				\$466,494							
						Sub-Total		\$0	\$0	\$486,890		\$421,507	\$0	\$421,507			Delayed due to the property acquisition process taking longer than expected.
	CIP	3017224	5410000	SW111000	0601	Pump Station No. 25				\$31,200							Work continues in 2009
	CIP	3016250	5410000	SW253200	0101	Green (Shore) Streets				\$669							Work continues in 2009
	CIP	3023430	5410000	SW252600	0301	East Boiling Creek Drainage Improvements				\$3,972							GIS Engineering designs delayed due to storm and will be completed in 2009
			5630000	SW252600	0610	East Boiling Creek Drainage				\$382,403			\$0	\$0			Work continues in 2009
	CIP	3023444	5110000	SW253130	0101	Cornwell Park SW Enhancement				\$21,750							Work continues in 2009
			5410000	SW253130	0301	Cornwell Park SW Enhancement				\$60,000							Work continues in 2009
						Sub-Total		\$0	\$0	\$101,742		\$0	\$0	\$0			Design completed. Work will be completed in 2009
	CIP	3023426	5410000	SW252700	0301	N 167 & Wilman N Drainage				\$39,255							
			5630000	SW252700	0601	N 167 & Wilman N Drainage				\$23,856							Work will be completed in Spring 2009/early Summer when there are drier soil conditions within the site
			5630000	SW252700	0610	N 167 & Wilman N Drainage				\$234,144							
						Sub-Total		\$0	\$0	\$397,255		\$0	\$0	\$0			
	CIP	3024247	5410000	SW252900	0601	Danell Park Welpord				\$39,000							Work will be