

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 584, Amending the 2010 Budget
DEPARTMENT: Finance
PRESENTED BY: Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

As the 2011 proposed budget and the final 2010 projections were being developed it became apparent that amendments to the current 2010 appropriations were required. This ordinance includes those proposed amendments to provide sufficient funding in various programs for the remainder of the year.

FINANCIAL IMPACT:

The following programs will be impacted by this amendment:

General Fund - \$349,600

- Transfers Out – \$129,600
- Criminal Justice - Jail - \$220,000

Public Arts Fund - \$37,500

- Public Art Projects - \$37,500

Revenue Stabilization Fund - \$220,000

- Transfers Out - \$220,000

Limited Tax GO Bond 2009 Fund - \$129,600

- Limited Tax GO Bond 2009 Debt Service - \$129,600

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 584, amending the 2010 budget.

Approved By:

City Manager

City Attorney

INTRODUCTION

This ordinance will amend the current 2010 budget to provide additional required resources to meet the projected 2010 expenditures in several City programs.

A technical correction is required to Ordinance No. 583 passed by the City Council on September 13, 2010. The 2010 appropriation for the Limited Tax GO Bond 2009 Fund along with the 2010 General Fund Transfer Out appropriation was incorrectly reduced by \$129,600. This ordinance will correct the appropriations to provide adequate funds for the debt service interest payment due in December.

When staff presented a preliminary view of the 2011 proposed budget to Council on September 27 an update of the current status of the General Fund was also provided. Due to a continuing decline in revenue during 2010 from sales tax, development fees and interest earnings and the projected cost of 2010 jail services being in excess of the current budget by nearly \$500,000, staff recommended that Council authorize using an additional \$220,000 from the Revenue Stabilization Fund for 2010 for a revised total 2010 support level of \$1.2 million.

The Public Arts Fund accounts for funds accumulated for the 1% for Arts Program as established by Council. As construction contracts are awarded for new facilities or street and sidewalk improvements, 1% of the construction cost is transferred to the Public Arts Fund for public art projects. Construction contracts for maintenance work or surface water improvements are exempt from the 1% for Arts Program. A grant from 4Culture totaling \$2,500 has been awarded to the City and needs to be included in the 2010 budget. Two art projects are occurring earlier than originally planned. This ordinance will provide sufficient 2010 budget to avoid delay. Funding from 1% for arts fund balance that has accumulated over time will be used.

BACKGROUND

Budget Amendment Detail

General Fund

Revenues: The original adopted 2010 budget included the correct transfer for the debt service. An error was made in Ordinance No. 583 that reduced the transfer from the General Fund for debt service. In order to correct this error, Ordinance No. 584 will increase the use of available fund balance by \$129,600 to be used to return the transfer out to the Limited Tax GO Bond 2009 Fund to the correct amount. In addition the Transfer In from Other Funds will be increased by \$220,000 reflecting the additional support from the Revenue Stabilization Fund.

General Fund Transfers Out: The 2010 appropriation will be increased by \$129,600 to provide the required level of General Fund support for the debt service interest in the Limited Tax GO Bond 2009 Fund for the City Hall debt service.

Criminal Justice-Jail: The 2010 appropriation will be increased by \$220,000. The projected additional need for jail services is \$500,000. The remaining projected over-expenditure will be offset by expenditure savings from other General Fund programs.

Public Arts Fund

Revenues: Increase the use of fund balance by \$35,000 to be used to fund new projects that were not included in the original 2010 budget and add \$2,500 from the 4Culture grant for a total increase in revenues of \$37,500.

Art Projects: Add \$2,500 to the City Hall art project to install pedestals to provide a secure display for sculptures for the rotating display. This is funded by the 4Culture grant. Add \$15,000 to the Town Center Art project to provide funding for an artist to participate in the Town Center Master Plan project by identifying types of art to be included and potential locations for display. Add an additional \$20,000 for banners to be displayed adjacent to the 165th to 185th section of Aurora to signify the "Town Center" portion of Aurora Avenue.

Revenue Stabilization Fund

Revenues: Increase the use of fund balance by \$220,000 to be used to transfer to the General Fund increasing the total used to \$1.2 million. The remaining fund balance at the end of 2010 will be \$4,925,357.

Transfers Out: Increase the transfer out from the current level of \$980,000 to \$1.2 million to be used by the General Fund to offset the continuing decline in economically sensitive revenues.

Limited Tax GO Bond 2009 Fund

Revenues: Revenues in this fund will be increased by \$129,600 to include the increase in the Transfer In from the General Fund.

Limited Tax GO Bond 2009: The 2010 appropriation will be increased by \$129,600 to reflect the actual required 2010 debt service interest payments .

SUMMARY

The following table summarizes the budget amendments to each fund and the resulting 2010 appropriations for each of the affected funds.

Fund	Current Budget	Budget Amendment Request	Amended Budget
General Fund	\$31,475,722	\$349,600	\$31,825,322
Street Fund	\$2,569,287	\$0	\$2,569,287
Code Abatement Fund	\$100,000	\$0	\$100,000
State Drug Forfeiture Fund	\$16,500	\$0	\$16,500
Federal Drug Forfeiture Fund	\$25,000	\$0	\$25,000
Public Arts Fund	\$108,340	\$37,500	\$145,840
Revenue Stabilization Fund	\$980,000	\$220,000	\$1,200,000
Unltd Tax GO Bond 2006	\$1,681,850	\$0	\$1,681,850
Limited Tax GO Bond 2009	\$1,530,417	\$129,600	\$1,660,017
General Capital Fund	\$8,694,081	\$0	\$8,694,081
City Facility-Major Maint. Fund	\$104,000	\$0	\$104,000
Roads Capital Fund	\$42,509,984	\$0	\$42,509,984
Surface Water Utility Fund	\$6,039,528	\$0	\$6,039,528
Vehicle Operations/Maintenance Fund	\$163,467	\$0	\$163,467
Equipment Replacement Fund	\$279,694	\$0	\$279,694
Unemployment Fund	\$30,000	\$0	\$30,000
Total	\$96,307,870	\$736,700	\$97,044,570

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 584, amending the 2010 budget.

ATTACHMENTS

Attachment A: Ordinance 584, Amending the 2010 Budget
Exhibit 1: Amendment Detail

ORDINANCE NO. 584

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
AMENDING ORDINANCE 583 BY INCREASING THE
APPROPRIATION IN THE GENERAL, PUBLIC ARTS, REVENUE
STABILIZATION AND THE LIMITED TAX GO BOND 2009 FUNDS**

WHEREAS, the 2010 Budget was adopted by Ordinance 563; and amended by Ordinances No. 567, 574, and 583; and

WHEREAS, the City is required to make a debt service interest payment for the 2009 Limited Tax GO bonds; and

WHEREAS, projected 2010 collections from economically sensitive revenues including sales tax, development fees and interest earnings continues to be below current budgeted levels; and

WHEREAS, projected cost for jail services are expected to exceed the 2010 budget by approximately \$500,000; and

WHEREAS, the purpose of the Revenue Stabilization Fund is to cover revenue shortfalls in the General Fund due to unexpected revenue changes or recessionary periods; and

WHEREAS, there is sufficient fund balance within the Revenue Stabilization Fund to provide funding to the General Fund; and

WHEREAS, the City has received a grant from 4Culture to purchase pedestals for the display of sculptures in the City Hall galleries; and

WHEREAS, the City has identified unanticipated expenses in the Public Arts Fund and has sufficient fund balances available to meet these expenses;

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 2 of Ordinance No. 583, *Summary of Revenues and Expenditures*, by increasing the appropriation from the General Fund by \$349,600, by increasing the appropriation in the Public Arts Fund by \$37,500, by increasing the appropriation in the Revenue Stabilization Fund by \$220,000, by increasing the appropriation in the Limited Tax GO Bond 2009 Fund by \$129,600 and by increasing the Total Funds appropriation to \$97,044,570 as follows:

General Fund	\$31,475,722	\$31,825,322
Street Fund	2,569,287	
Revenue Stabilization Fund	980,000	1,200,000
Code Abatement Fund	100,000	

State Drug Enforcement Forfeiture Fund	16,500	
Federal Drug Enforcement Forfeiture Fund	25,000	
Public Arts Fund	108,340	145,840
2006 Unlimited Tax General Obligation Bond Fund	1,681,850	
2009 Limited Tax General Obligation Bond Fund	1,530,417	1,660,017
General Capital Fund	8,694,081	
City Facility-Major Maintenance Fund	104,000	
Roads Capital Fund	42,509,984	
Surface Water Utility Fund	6,039,528	
Vehicle Operations/Maintenance Fund	163,467	
Equipment Replacement Fund	279,694	
Unemployment Fund	30,000	
Total Funds	<u>\$96,307,870</u>	<u>\$97,044,570</u>

Section 2. Amending the 2010 Budget. The 2010 Budget is amended as set forth in Exhibit 1 and increases the Total Funds appropriation to \$97,044,570.

Section 3. 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.

ADOPTED BY THE CITY COUNCIL ON NOVEMBER 8, 2010.

Mayor

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Date of Publication:
Effective Date:

November 8, 2010 Budget Amendment Detail

Item	Fund	Orgkey	Object	Amount	Revenue Source	Revenue Object	Amount	Fund Balance 3080000	Total Resources	Explanation
General Fund										
Jail Services	001	2103027	5510000	\$ 220,000						Provide additional funding to meet projected 2010 cost estimates
Transfers Out	001	0010000	5970000	\$ 129,600	Transfer In from Revenue Stabilization Fund	3080000	\$ -	\$ 129,600	\$ 129,600	Correct Ordinance No. 583 and correct the amount of General Fund support for City Hall Debt Service
<i>Total General Fund</i>				<u>\$ 349,600</u>		3970000	<u>\$ 220,000</u>	<u>\$ 129,600</u>	<u>\$ 220,000</u>	
							<u>\$ 220,000</u>	<u>\$ 129,600</u>	<u>\$ 349,600</u>	
Public Arts Fund										
Public Art Projects	109	2411156	5350000	\$ 2,500	4Culture Grant		\$ 2,500		\$ 2,500	Purchase secure pedestals for display of sculptures
	109	2411156	5410000	\$ 15,000				\$ 15,000	\$ 15,000	Consultant to develop art component of Town Center Plan
	109	2411156	5630000	\$ 20,000				\$ 20,000	\$ 20,000	Purchase banners for "Town Center" portion of Aurora Avenue
<i>Total Public Arts Fund</i>				<u>\$ 37,500</u>			<u>\$ 2,500</u>	<u>\$ 35,000</u>	<u>\$ 37,500</u>	
Revenue Stabilization Fund										
Transfers Out	190	1900000	5970000	\$ 220,000				\$ 220,000	\$ 220,000	Increase the transfer to the General Fund
<i>Total Revenue Stabilization Fund</i>				<u>\$ 220,000</u>			<u>\$ -</u>	<u>\$ 220,000</u>	<u>\$ 220,000</u>	
Limited Tax GO Bond - 2009 Fund Debt Service										
<i>Total Limited Tax GO Bond - 2009 Fund</i>	211	2110000	5831000	<u>\$ 129,600</u>	Transfer in From General Fund	3970000	<u>\$ 129,600</u>		<u>\$ 129,600</u>	Correct Ordinance No. 583 which was approved on September 13, 2010 and increase appropriation for the interest expense due in December, 2010
Total Amendments				<u>\$ 129,600</u>			<u>\$ 129,600</u>	<u>\$ -</u>	<u>\$ 129,600</u>	
				<u>\$ 736,700</u>			<u>\$ 352,100</u>	<u>\$ 384,600</u>	<u>\$ 736,700</u>	

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