

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Transmittal of 2013 Proposed Budget
DEPARTMENT: Administrative Services Department
PRESENTED BY: Bob Hartwig, Administrative Services Director
ACTION: ☐ Ordinance ☐ Resolution ☐ Motion
☒ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT: The City Manager is required to submit the 2013 Proposed Budget to the City Council no later than November 2, 2012. The proposed budget is currently under development. It will be completed and presented to the City Council at the October 15th City Council meeting. This presentation will introduce the budget document to the Council, provide policy background concerning its development, highlight key budget issues and changes from the previous year, propose a budget review process and schedule, and answer any questions you may have.

RESOURCE/FINANCIAL IMPACT: The 2013 Proposed Budget totals \$67,049,762. The following table is a summary by fund:

	2013 Proposed Budget			2012 Current		
Fund	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance	Budget Expenditures	12-13 %Change
Operating Funds:						
General Fund	7,195,752	\$ 33,056,429	\$ 34,193,842	\$ 6,058,339	\$ 34,638,651	(1%)
Revenue Stabilization Fund	5,146,616	0	0	5,146,616	0	n/a
Property Tax Equalization Fund	1,186,259	0	0	1,186,259	0	n/a
Streets	681,292	2,117,696	2,217,696	581,292	2,208,455	0%
Code Abatement	153,206	80,550	100,000	133,756	100,000	0%
State Drug Enforcement Forfeiture Fund	19,229	13,800	13,800	19,229	5,000	176%
Federal Drug Enforcement Forfeiture Fund	41,861	20,750	20,750	41,861	5,050	311%
Federal Criminal Forfeiture Fund	580,085	25,000	127,000	478,085	207,000	(39%)
Sub-Total Operating Funds	15,004,300	35,314,225	36,673,088	13,645,437	37,164,156	(1%)
Debt Service Funds:						
2006 General Obligation Bond	249,552	1,505,050	1,705,050	49,552	1,695,050	1%
2009 General Obligation Bond	300	1,660,567	1,660,567	300	1,659,067	0%
Sub-Total Debt Service Funds	249,852	3,165,617	3,365,617	49,852	3,354,117	0%
Capital Funds:						
General Capital	1,427,200	4,024,143	4,740,750	710,593	3,217,531	47%
City Facility-Major Maintenance Fund	277,863	74,866	123,000	229,729	60,000	105%
Roads Capital	2,080,900	17,170,669	17,196,620	2,054,949	14,701,352	17%
Sub-Total Capital Funds	3,785,963	21,269,678	22,060,370	2,995,271	17,978,883	23%
Enterprise Funds:						
Surface Water Utility Fund	2,262,138	3,828,776	4,467,231	1,623,683	5,515,192	(19%)
Sub-Total Enterprise Funds	2,262,138	3,828,776	4,467,231	1,623,683	5,515,192	(19%)
Internal Service Funds:						
Equipment Replacement	2,005,055	372,606	182,321	2,195,340	340,675	(46%)
Public Art Fund	217,403	500	70,000	147,903	72,511	(3%)
Unemployment	9,516	17,500	17,500	9,516	89,546	(80%)
Vehicle Operations & Maintenance	41,034	198,635	213,635	26,034	197,250	8%
Sub-Total Internal Service Funds	2,273,008	589,241	483,456	2,378,793	699,982	(31%)
Total City Budget	\$ 23,575,261	\$ 64,167,537	\$ 67,049,762	\$ 20,693,036	\$ 64,712,330	4%

The City's budget is divided into several different subgroups. The Operating Funds propose a total of \$36,673,088 in expenditure appropriations for 2013. This accounts for 55.7% of the total budget. Appropriations for Debt Service Funds expenditures total \$3,365,617 or 5.0% of the budget. Capital Service Funds appropriations account for \$22,060,370, representing 32.9% of the City's proposed expenditures.

The City's only Enterprise Fund is the Surface Water Utility Fund. The proposed budget appropriation for surface water expenditures is \$4,467,231 or 6.7% of the City's total proposed 2013 budget. This includes surface water activities relating to both operations and capital projects.

The remaining portion of the 2013 Proposed Budget comprises the City's Internal Service Funds. Appropriations proposed for Internal Service expenditures are \$483,456 (0.7%) of the City total.

Overall the Proposed 2013 Budget of \$67,049,762 is \$2,337,432 (3.6%) more than the amount budgeted in 2012. Operating expenditures are projected to decrease by \$491,068 (1.3%) and capital expenditures are projected to increase by \$4,081,487 (22.7%). The Proposed 2013 Budget is balanced and includes adequate reserve levels to meet all adopted budget policies.

Capital expenditure increases are primarily the result of several large projects. These funds account for construction related activities. In some years they accumulate fund balance and in other years they use fund balance as capital project activities occur. Proposed capital expenditures include:

- General Capital Fund:
 - Maintenance Facility Purchase \$2.98M
 - Echo Lake Park Improvements \$250,000
 - Trail Corridors \$222,000
 - Park Repair and replacement \$180,000
 - Sunset School Park Project \$150,000
 - Various Smaller Projects & Debt Service \$959,000
- Roads Capital Fund
 - Aurora Ave. N 192nd – 205th \$14.4M
 - Annual Road Surface Maintenance \$1.4M
 - Traffic Safety Improvements \$252,000
 - Curb Ramp, Gutter & Sidewalk Maintenance \$140,000
 - Traffic Signal Rehabilitation \$471,000
 - Route Development Plan for 145th Corridor \$150,000
 - Various Smaller Projects \$384,000
- Surface Water Utility Fund:
 - North Fork Thornton Creek LID Stormwater Retrofit \$593,000
 - Stormwater Pipe Replacement Program \$300,000
 - Surface Water Small Projects \$200,000
 - Surface Water Management Green Works Projects \$200,000
 - Various Smaller Projects \$574,000

- Operating Budget \$2.6M

In addition please note that the 2013 Proposed Budget includes the used of fund balance in several funds. These include:

- General Fund: Using \$1.1 million – \$800,000 in contingencies and \$350,000 in supplemental requests. Staff does not anticipate the contingency budget will actually be spent. The supplemental requests are funded from the 2012 budget surplus.
- Debt Service Fund: Using \$200,000 – The City is not permitted to accumulate excessive balances in this fund. Property owners will see a correspondingly lower property tax levy for debt service in 2013.
- Other Funds: Using \$1.4 million – These changes are in the Streets Fund (\$100,000), General Capital Fund (\$700,000), and Surface Water Utility Fund (\$600,000). These funds account for construction related activities. In some years they accumulate fund balance and in other years they use fund balance as project activities occur. This is a normal and fiscally responsible way to manage the construction related activities discussed previously.

The proposed schedule for budget review includes:

Transmittal of Proposed 2013 Budget	October 15
Department Budget Reviews	October 22 & November 5
Capital Projects Review & Budget Discussion	November 5
Public Hearing on Revenue Sources & 2013 Property Tax Levy	November 13
Final 2013 Budget Discussion	November 19
Adoption of 2013 Property Tax Levy	November 26
Adoption of 2013 Budget	November 26

RECOMMENDATION

This item is for discussion purposes only. Staff is seeking Council input regarding the Proposed 2013 Budget process and any key questions or issues that Council wants staff to address as part of the process.

Approved By: City Manager **JU** City Attorney **IS**