

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Ordinance No. 743, Amending the 2016 Budget for Uncompleted 2015 Operating and Capital Projects
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Shoreline’s budget is adopted on a calendar year basis. Any appropriations that are not expended lapse at the end of each year. Some operating programs and capital projects that were in progress in 2015 will actually be completed in 2016 due to delays and other unanticipated issues. This results in 2015 expenditures being less than projected and the 2015 ending fund balances being greater than projected. In order to provide adequate budget resources in 2016 to pay expenditures incurred or complete projects initiated in 2015, additional budget authorization is needed. This is accomplished by re-appropriating a portion of the 2015 ending fund balance for expenditures in 2016, commonly referred to as a carryover. In some cases there may be a grant or other dedicated revenue source associated with expenditures. In those instances the revenue source(s) will be identified and added to the 2016 budget. Proposed Ordinance No. 743, which is attached to this staff report as Attachment A, re-appropriates \$9,316,210.

FINANCIAL IMPACT:

In total, proposed Ordinance No. 743 will amend the City’s budget by increasing it \$9,316,210, which will bring the total 2016 budget to \$88,766,646. The amendment includes \$3,960,212 of revenue from grants and other funding sources, the transfer of \$2,146,343 between funds, and the use of \$3,209,655 in available fund balance. After including the preliminary results of 2015 and the proposed use of fund balance, the City’s available 2016 fund balance for the affected funds is \$4.995 million higher than that projected in the 2016 budget book.

RECOMMENDATION

No action is required by the City Council. This meeting will provide an opportunity for Council to ask specific questions and provide staff direction. Adoption of proposed Ordinance No. 743 is scheduled for April 25, 2016.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

Shoreline's budget is adopted on a calendar year basis. Any appropriations that are not expended lapse at the end of each year. 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 in the current year.

DISCUSSION

Proposed Ordinance No. 743 would re-appropriate \$9,316,210 from 2015 to 2016 for several operating programs and capital projects. Among other reasons, re-appropriations often happen for very large projects, projects started later in a calendar year, and projects that experience unforeseen delays. Only the amount necessary to complete the project is actually re-appropriated into the succeeding year. Although most projects are capital in nature, some of these expenditures relate to operations. Attachment B to this staff report provides a table that summarizes the re-appropriation requests by fund.

ALTERNATIVES ANALYZED

Alternative 1: Take no action

If the Council chooses to not approve this amendment either the expenditures incurred or complete projects initiated in 2015 would not be paid or completed without adversely impacting existing 2016 appropriations that 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.

Alternative 2: Approve Ordinance No. 743 (Recommended)

Approval of proposed Ordinance No. 743 will provide the budget authority for the payment of expenditures incurred or completion of projects initiated in 2015 without negatively impacting existing 2016 appropriations. In addition, this amendment will result in accurately reflecting the anticipated expenditures in the City's operating and capital funds.

FINANCIAL IMPACT

Proposed Ordinance No. 743 totals \$9,316,210 and increases both revenues and expenditures. Resources for the amendment include \$3,960,212 of revenue from grants and other funding sources, the transfer of \$2,146,343 between funds, and the use of \$3,209,655 in available fund balance. The following table summarizes the impact of this budget amendment and the resulting 2016 appropriation for each of the affected funds.

Fund	2016 Current Budget (A)	Carryover Amount (B)	Amended 2016 Budget (C) (A + B)
General Fund	\$42,133,114	\$1,675,103	\$43,808,217
Street Fund	\$1,631,411	\$69,771	\$1,701,182
Federal Criminal Forfeiture Fund	\$1,156,101	\$1,646,343	\$2,802,444
General Capital Fund	\$7,341,725	\$1,793,799	\$9,135,524
City Facilities-Major Maintenance Fund	\$758,500	\$18,584	\$777,084
Roads Capital Fund	\$12,758,137	\$3,716,339	\$16,474,476
Surface Water Utility Fund	\$6,835,663	\$306,807	\$7,142,470
Equipment Replacement Fund	\$210,138	\$89,464	\$299,602
All Other Funds	\$6,625,647	\$0	\$6,625,647
Total	\$79,450,436	\$9,316,210	\$88,766,646

The table below summarizes the impact on available fund balance in each of the affected funds. The actual 2016 beginning fund balance is \$8.204 million higher than that projected in the 2016 budget book. After the effect of these changes, the City's 2016 adjusted fund balance is \$4.995 million higher than that projected in the 2016 budget book.

Fund	Proj. 2016 Beg. Fund Balance (A)	Actual 2016 Beg. Fund Balance (B)	Total Carryover Request (C)	Total Resources Adjustment (D)	2016 Adj. Fund Balance (Adj. for Carryover) (E) (B - C + D)	Var. from Proj. 2016 Beg. Fund Balance (F) (E - A)
General Fund	\$9,645,545	\$12,467,360	\$1,675,103	\$667,374	\$11,459,631	\$1,814,086
Street Fund	\$888,977	\$1,064,319	\$69,771	\$0	\$994,548	\$105,571
Federal Criminal Forfeiture Fund	\$177,601	\$2,600,244	\$1,646,343	\$0	\$953,901	\$776,300
General Capital Fund	\$2,515,749	\$2,953,306	\$1,793,799	\$1,679,622	\$2,839,129	\$323,380
City Facilities-Major Maintenance Fund	\$35,944	\$84,801	\$18,584	\$0	\$66,217	\$30,273
Roads Capital Fund	\$2,993,168	\$4,185,502	\$3,716,339	\$3,759,559	\$4,228,722	\$1,235,554
Surface Water Utility Fund	\$1,510,129	\$2,418,441	\$306,807	\$0	\$2,111,634	\$601,505
Equipment Replacement Fund	\$1,988,194	\$2,185,499	\$89,464	\$0	\$2,096,035	\$107,841
Total	\$19,755,307	\$27,959,473	\$9,316,210	\$6,106,555	\$24,749,818	\$4,994,511

RECOMMENDATION

No action is required by the City Council. This meeting will provide an opportunity for Council to ask specific questions and provide staff direction. Adoption of proposed Ordinance No. 743 is scheduled for April 25, 2016.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 743
- Attachment B: 2016 Re-appropriations by Fund Detail

ORDINANCE NO. 743

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 728 BY INCREASING THE APPROPRIATION IN THE GENERAL FUND, STREET FUND, FEDERAL CRIMINAL FORFEITURES FUND, GENERAL CAPITAL FUND, CITY FACILITIES-MAJOR MAINTENANCE FUND, ROADS CAPITAL FUND, SURFACE WATER UTILITY FUND, AND EQUIPMENT REPLACEMENT FUND

WHEREAS, the 2016 Budget was adopted in Ordinance No. 728 and amended by Ordinance No. 740; and

WHEREAS, various projects were included in the City's 2015 operating budget and were not completed during 2015; and

WHEREAS, the 2016–2021 Capital Improvement Plan was adopted in Ordinance No. 728; and

WHEREAS, the 2015 Budget has assumed completion of specific capital improvement projects in 2015; and

WHEREAS, some of these capital projects were not completed and need to be continued and completed in 2016; and

WHEREAS, due to these 2015 projects not being completed, the 2015 ending fund balance and the 2016 beginning fund balance for the General Fund, Street Fund, Federal Criminal Forfeitures Fund, 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, the City wishes to appropriate a portion of these greater-than-budgeted beginning fund balances in 2016 to complete 2015 work and to include additional projects that were unknown needs when the 2016 budget was adopted; 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; and

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. 728, *Summary of Revenues and Expenditures*, by increasing the appropriation for the General Fund by \$1,675,103; for the Street Fund by \$69,771; for the Federal Criminal Forfeiture Fund by \$1,646,343; for the General Capital Fund by \$1,793,799; for the City Facilities-Major Maintenance Fund by \$18,584; for the Roads Capital Fund by \$3,716,339; for the Surface Water

Utility Fund by \$306,807; for the Equipment Replacement Fund by \$89,464; and, by increasing the Total Funds appropriation to \$88,766,646, as follows:

	Current Appropriation	Revised Appropriation
General Fund	\$42,133,114	\$43,808,217
Street Fund	1,631,411	1,701,182
Code Abatement Fund	100,000	
State Drug Enforcement Forfeiture Fund	168,243	
Public Arts Fund	84,216	
Federal Drug Enforcement Forfeiture Fund	263,000	
Transportation Benefit District Fund	1,035,644	
Property Tax Equalization Fund	691,313	
Federal Criminal Forfeiture Fund	1,156,101	2,802,444
Transportation Impact Fees Fund	359,775	
Revenue Stabilization Fund	\$0	
Unltd Tax GO Bond 2006	1,710,375	
Limited Tax GO Bond 2009	1,663,417	
Limited Tax GO Bond 2013	260,948	
General Capital Fund	7,341,725	9,135,524
City Facility-Major Maintenance Fund	758,500	777,084
Roads Capital Fund	12,758,137	16,474,476
Surface Water Capital Fund	6,835,663	7,142,470
Vehicle Operations/Maintenance Fund	271,216	
Equipment Replacement Fund	210,138	299,602
Unemployment Fund	17,500	
Total Funds	\$79,450,436	\$88,766,646

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

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.

PASSED BY THE CITY COUNCIL ON APRIL 25, 2016

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Publication Date: , 2016
Effective Date: , 2016

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
General Fund					
	General Fund Admin Key	Transfer to Roads Capital Fund for Grant Match	\$500,000		Transfer delayed until 2016.
	City Manager's Office	Leadership and Management Development	\$25,000		Complete project in 2016.
	ASD / Budget/Financial Plan	Cost of Service Study	\$16,432		Complete project in 2016.
	ASD / IT Strategic Plan & Advrsy Svc	SharePoint Phase I	\$6,000		Complete project in 2016.
	ASD / IT Strategic Plan & Advrsy Svc	Class Replacement	\$4,000		Complete project in 2016.
	ASD / Information Technology - GIS	Digital Aerial Photography and Mapping	\$20,000		Project delayed into 2016.
	ASD / IT-Operations	Vsphere License Upgrades	\$9,906		Payment of invoices received in 2016.
	ASD / IT-Operations	GFI Replacement (Email Archiving Software)	\$3,000		Complete project in 2016.
	ASD / Facilities	Project Management Skills Training	\$12,075		Complete project in 2016.
	ASD / Facilities	Pool HVAC Controls Replacement	\$18,000		Complete project in 2016.
	Police / Special Support	RADAR Program	\$631,380	\$631,380	Project continues in 2016.
	Community Services / Emergency	Emergency Management Performance Grant		\$1,014	EMPG Grant continues until 8/31/2016.
	PRCS / General Programs	Purchase of greenhouse supplies for gardening program	\$5,039		Use of \$5,039 donation from CHOICES program received in March 2013.
	PRCS / Teen & Youth Development Program	Raikes Foundation Teen Training	\$4,917		Use remainder of funding from the Raikes Foundation.
	CMO / Economic Development	Marketing campaign for Promoting Shoreline	\$71,673		Complete project in 2016.
	CMO / Economic Development	Promoting Shoreline	\$45,484		Complete project in 2016.
	CMO / Economic Development	Building a cohesive, unified brand for Aurora Square	\$5,000		Complete project in 2016.
	PCD / City Planning	145th St Station Subarea Plan Support	\$77,704		Continue development of 145th St Station Subarea Plan
	PW / Administration	Strategic Planning Facilitation	\$4,400		Complete project in 2016.
	PW / Environmental Services	Waste Reduction & Recycling Grant	\$34,980	\$34,980	Support Wastemobile and residential recycling programs.
	PW / Environmental Services	Solid Waste Procurement Contract	\$16,122		Consultant support during the process.
	PW / Right of Way Program	Construction Manual	\$13,014		Complete project in 2016.
	PW / Engineering	Section 504 and American Disability Act	\$50,000		Project delayed into 2016.
	PW / Engineering	Right-of-Way Inventory and Condition Assessment	\$56,000		Project delayed into 2016.
	PW / Engineering	Development of cost estimating tool	\$4,977		Complete project in 2016.
	PW / Traffic Services	145th St Route Development Plan	\$40,000		Project delayed into 2016.
	Total General Fund		\$1,675,103	\$667,374	
Street Fund					
	PW / Street Operations	Public Works Health and Safety Manual	\$19,105		Complete project in 2016.
	PW / Street Operations	Purchase of accessories for 3/4 Ton Heavy Duty Pickup (Street Operations portion of cost of VN#110)	\$6,927		Complete purchase in 2016.
	PW / Street Operations	Purchase of utility body for sign truck (Street Operations portion of cost of VN#116)	\$43,739		Complete purchase in 2016.
	Total Street Fund		\$69,771	\$0	

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
Federal Criminal Forfeiture Fund					
Federal Criminal Forfeiture		Transfer to General Capital Fund for Police Station	\$1,646,343		Project continues in 2016.
Total Federal Criminal Forfeiture Fund			\$1,646,343	\$0	
General Capital Fund					
CIP		Police Station at City Hall	\$1,646,343	\$1,646,343	Continue project in 2016.
CIP		Parks Repair & Replacement	\$13,565		Continue project in 2016.
CIP		Regional Trail Signage	\$5,906		Continue project in 2016.
CIP		Shoreline Veteran's Recognition	\$33,279	\$33,279	Complete project in 2016.
CIP		Turf and Lighting Repair & Replacement Projects	\$42,155		Continue project in 2016.
CIP		Pool & Recreation Facility Master Planning	\$15,000		Project delayed into 2016.
CIP		Parks, Recreation and Open Space Plan Update	\$37,551		Complete project in 2016.
Total General Capital Fund			\$1,793,799	\$1,679,622	
City Facilities-Major Maintenance Fund					
CIP		Pool Major Maintenance	\$18,584		Continue project in 2016.
Total City Facilities-Major Maintenance Fund			\$18,584	\$0	
Roads Capital Fund					
Roads Capital Fund Admin Key		Transfer to Roads Capital Fund for Grant Match		\$500,000	Transfer delayed until 2016.
CIP		Curb Ramps, Sidewalks, Gutters	\$83,902		Continue project in 2016.
CIP		Traffic Safety Improvements	\$17,829		Continue project in 2016.
CIP		10th Ave NW Bridge Repairs	\$13,207		Complete project in 2016.
CIP		Einstein Safe Route to School	\$39,227	\$9,263	Complete project in 2016.
CIP		195th Trail Connector 1st-5th	\$10,000		Complete project in 2016.
CIP		Interurban / Burke-Gilman	\$50,017	\$62,989	Continue project in 2016.
CIP		Bike System Implementation	\$10,000	\$8,650	Continue project in 2016.
CIP		Echo Lake Safe Route to School	\$31,124	\$33,500	Complete project in 2016.
CIP		Traffic Signal Rehab	\$52,089		Continue project in 2016.
CIP		Aurora Ave. N 145th to 192nd Safety Improvements	\$3,543		Complete project in 2016.
CIP		Annual Roads Surface Maintenance Program	\$121,336		Continue project in 2016.
CIP		Aurora Avenue N 192nd to 205th	\$3,284,065	\$3,145,157	Complete project in 2016.
Total Roads Capital Fund			\$3,716,339	\$3,759,559	
Surface Water Utility Fund					
PW / Surface Water Mgmt		Storm Sewer System Cleaning (Vactoring)	\$10,995		Work continues in 2016.
PW / Surface Water Mgmt		Purchase of accessories for 3/4 Ton Heavy Duty Pickup (SWM portion of cost of VN#110)	\$1,052		Complete purchase in 2016.
CIP		McAleer Creek - Goheen Property Revetment Repair Project	\$3,626		Continue project in 2016.
CIP		Stormwater Pipe Repair and Replacement Project	\$77,103		Continue project in 2016.
CIP		Puget Sound Drainages Basin Plan	\$171,432		Complete project in 2016.
CIP		Hidden Lake Dam Removal	\$41,213		Complete project in 2016.
CIP		NE 148th Street Infiltration Facilities	\$1,386		Complete project in 2016.
Total Surface Water Utility Fund			\$306,807	\$0	

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
Equipment Replacement Fund					
	Equipment Replacement-Vehicles/Heavy Equipment	Purchase of utility body for sign truck (Equip. Repl. portion of cost of VN#116)	\$4,069		Complete purchase in 2016.
	Equipment Replacement-Vehicles/Heavy Equipment	Purchase of accessories for 3/4 Ton Heavy Duty Pickup (Equip. Repl. portion of cost of VN#110)	\$27,781		Complete purchase in 2016.
	Equipment Replacement-Vehicles/Heavy Equipment	Additional funds to purchase VN#232 (Cracksealer)	\$57,614		Complete purchase in 2016.
Total Equipment Replacement Fund			\$89,464	\$0	
TOTAL CARRYOVER REQUESTS			\$9,316,210	\$6,106,555	