

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of Adoption of Ordinance No. 749, Budget Amendment for 2016 Vehicle Purchase
<b>DEPARTMENT:</b>	Administrative Services Department
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Department Dan Johnson, Fleet & Facilities Manager
<b>ACTION:</b>	<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:** Staff is requesting approval of Ordinance No. 749 to increase the appropriations for the Equipment Replacement Fund in the amount of \$26,368 to purchase a 2016 Nissan Leaf, increase revenues by \$4,488, and a \$9,429 budget transfer from the Vehicle Operations Fund. Upon approval of the budget amendment and in accordance with the City’s purchasing policy, staff will proceed to purchase the new vehicle because the cost is within staff’s \$50,000 authorization level.

The 2016 Nissan Leaf would replace a City motor pool vehicle which was involved in a car accident that occurred on April 26, 2016. The damaged City vehicle is a 2005 Ford Focus that was used in the motor pool program. Staff worked with the Washington Cities Insurance Authority (WCIA) on the claims process. WCIA determined that the City vehicle was totaled. Staff is proposing to purchase an electric vehicle as replacement for the following reasons:

- Supports City Council Goal 2: Improve Shoreline’s utility, transportation, and environmental infrastructure.
- Maintenance costs such as fuel and maintenance are estimated to decrease.

In addition, staff intends to purchase the new vehicle through the Washington State Department of Enterprise Services (DES) contract selection process. DES has completed a competitive selection process that also allows local municipal agencies to utilize to purchase vehicles, equipment, and other services at competitive prices.

**RESOURCE/FINANCIAL IMPACT:** Proposed Ordinance No. 749 increases appropriations to the 2016 Budget by \$26,368, increases revenues by \$4,488, and uses available fund balance totaling \$12,451.

The 2016 Nissan Leaf estimated cost totals \$26,368. The estimated annual operating, maintenance, and replacement costs will increase by \$350 over the annual costs for the Ford Focus, which will be included in the 2017 Budget. To date, \$12,451 has been collected for the replacement of the Ford Focus. Combined with the \$4,488 from the claim reimbursement, there is \$9,429 needed to complete the purchase. Due to lower than expected vehicle maintenance costs and savings due to the price of fuel, there is a projected 2016 savings in the Vehicle Operations Fund of \$9,429, which can be transferred to Equipment Replacement Fund for the purchase of the Nissan Leaf. The

increase to the 2016 appropriations for the Equipment Replacement Fund is \$26,368 to purchase the new vehicle, an increase in revenues by \$4,488, and a \$9,429 budget transfer from the Vehicle Operations Fund. The net impact to the 2016 Budget appropriations is \$16,939, which is partially offset by \$4,488 in revenue. The remaining \$12,451 is from the Equipment Replacement Fund balance.

The following programs in the operating budget will be impacted by this amendment:

Vehicle Operations Fund: \$0

Due to the fact the 2016 Budget already includes the appropriation of the \$9,429, there is no change in actual allocations. Instead, the expense is changing from maintenance and fuel to a budget transfer to the Equipment Replacement Fund, which will show it as a revenue.

Equipment Replacement Fund: \$26,368

The \$26,368 reflects the total cost of the Nissan Leaf.

### **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. Council is currently scheduled to consider Proposed Ordinance No. 749 for adoption on July 25, 2016.

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

## **BACKGROUND**

The City's 2005 Ford Focus was involved in a car accident which occurred on April 26, 2016. This vehicle is primarily used in the City's motor pool and used by employees to travel for City business. A motorist rear-ended the City vehicle and after receiving a repair estimate ranging from \$5,000 to \$6,500, Fleet Services worked with the Washington Cities Insurance Authority (WCIA) on the claim reimbursement process.

WCIA determined that the vehicle, originally scheduled to be replaced in 2021, was totaled and appraised the vehicle at \$5,488. WCIA provided a check to the City in the amount of \$4,488 which subtracts the \$1,000 deductible. WCIA will then pursue the party responsible for the damage with the goal of also returning the \$1,000 to the City. Fleet Services is proposing to purchase a 2016 Nissan Leaf as a replacement vehicle for the following reasons:

- Supports City Council Goal 2: Improve Shoreline's utility, transportation, and environmental infrastructure.
- Maintenance costs such as fuel and maintenance are estimated to decrease due to purchasing an electric powered vehicle which does not require oil changes and other types of engine maintenance work.
- The new vehicle includes a larger 30 kWh battery for longer travel and faster charging time. This would allow greater use of the vehicle for City business activities. The travel range would allow up to 107 miles with a larger battery compared to 84 miles on a 24 kWh battery.

The new vehicle will be purchased through the Washington State Department of Enterprise Services (DES) contract selection process. This process allows municipal agencies to purchase vehicles, equipment and other services at reasonable and competitive prices. Since the cost of the vehicle is less than \$50,000, the City's purchasing policies allow staff to purchase the vehicle once the budget amendment is approved.

## **RESOURCE/FINANCIAL IMPACT**

Proposed Ordinance No. 749 increases appropriations to the 2016 Budget by \$26,368, increases revenues by \$4,488, and uses available fund balance totaling \$12,451.

The estimated cost to purchase a 2016 Nissan Leaf totals \$26,368. This amount also includes license and registration and City decals. The estimated delivery time for the new vehicle is nine to 12 weeks. The estimated annual operating, maintenance, and replacement costs will increase by \$350 over the vehicle being replaced. The increase in annual costs will be included in the 2017 Proposed Budget.

Due to lower than expected vehicle maintenance costs and fuel savings, there is a projected savings in the Vehicle Operations Fund of \$9,429 in 2016, which can be transferred to Equipment Replacement Fund for the purchase of the Nissan Leaf.

The increase to the appropriations for the Equipment Replacement Fund is \$26,368 to purchase the new vehicle, an increase in revenues by \$4,488, and a \$9,386 budget

transfer from the Vehicle Operations Fund. The total impact to the 2016 Budget appropriations is \$16,939, which is partially offset by \$4,488 in revenue. The remaining \$12,451 is from the Equipment Replacement Fund balance, which has been the amount collected to-date for the replacement of the 2005 Ford Focus.

The table below provides a breakdown:

Description	Est Cost
2016 Nissan Leaf	\$26,018
License & Registration	\$50
City Decals	\$300
<b>Cost for Acquisition</b>	<b>\$26,368</b>
Annual Operating & Maintenance	(\$700)**
Increase in Annual Replacement Cost	\$1,050
<b>Estimated Annual Costs Increase</b>	<b>\$350</b>
	<b>Resources</b>
Amount Revenue Collected for the 2005 Ford Focus in the Equipment Replacement Fund fund balance	\$12,451
WCIA Settlement Amount	\$4,488
Budget Transfer from Estimated Savings In The Vehicle Operations Fund	\$9,429
<b>Subtotal Resources</b>	<b>\$26,368</b>

*\*\*Due to 2016 savings in maintenance and fuel, there are funds in the annual maintenance and operations for the Nissan Leaf compared to the Ford Focus it is replacing.*

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)	Budget Amendment (B)	Amended 2016 Budget (C) (A + B)
Vehicle Operations Fund	\$271,216	\$0	\$271,216
Equipment Replacement Fund	\$457,400	\$26,368	\$483,768
All Other Funds	\$88,115,098	\$0	\$88,115,098
<b>Total</b>	<b>\$88,843,714</b>	<b>\$26,368</b>	<b>\$88,870,082</b>

The following table summarizes the impact of available fund balance in each of the affected funds.

Fund	2016 Beginning Fund Balance (A)	Total Amendment Request (B)	Total Resources Adjustment (C)	2016 Adjusted Fund Balance (Adjusted for Amendment) (D) (A - B + C)	Variance from Projected 2016 Beginning Fund Balance (E) (D - A)
Vehicle Operations Fund	129,022	\$0	\$0	129,022	\$0

Equipment Replacement Fund	\$1,938,237	\$26,368	\$13,917	\$1,925,786	(\$12,451)
<b>Total</b>	<b>2,067,259</b>	<b>26,368</b>	<b>13,917</b>	<b>2,054,808</b>	<b>(12,451)</b>

**Impact on the Ten Year Financial Sustainability Model (10YFSM):**

The estimated impact on the operating budget has not been factored into the 10-year Financial Sustainability model at this time to project its full impact on future revenue gaps. The estimated annual increase is projected to be \$350, which would total \$3,500 over ten years. This impact will be incorporated into the 2017 Proposed Budget and the sustainability analysis at that time.

**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. Council is currently scheduled to consider Proposed Ordinance No. 749 for adoption on July 25, 2016.

**ATTACHMENTS**

Attachment A - Ordinance No. 749

**ORDINANCE NO. 749**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 744 BY INCREASING THE APPROPRIATION IN EQUIPMENT REPLACEMENT FUND**

WHEREAS, the 2016 Budget was adopted by Ordinance No. 728 and amended by Ordinance No. 740, Ordinance No. 743, and Ordinance No. 744; and

WHEREAS, additional needs that were unknown at the time the 2016 Budget was amended have occurred; and

WHEREAS, a City vehicle was involved in an accident on April 26,2016 when a motorist rear ended the City Vehicle; and

WHEREAS, the Washington Cities Insurance Authority (WCIA) determined the vehicle to be totaled; and

WHEREAS, subsequent to the enactment of Ordinance No. 744, it was determined that an additional vehicle was required to be replace due to being totaled in an accident; and

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 1 of Ordinance No. 744, *Amendment*, by increasing the appropriation for the Equipment Replacment Fund by \$26,368, as follows:

	Current Appropriation	Revised Appropriation
General Fund	\$44,441,147	
Street Fund	1,713,773	
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	0	
Property Tax Equalization Fund	691,313	
Federal Criminal Forfeiture Fund	2,802,444	
Transportation Impact Fees Fund	359,775	
Revenue Stabilization Fund	\$0	
Unltd Tax GO Bond 2006	1,710,375	

	Current Appropriation	Revised Appropriation
Limited Tax GO Bond 2009	1,663,417	
Limited Tax GO Bond 2013	260,948	
General Capital Fund	9,141,524	
City Facility-Major Maintenance Fund	866,754	
Roads Capital Fund	16,474,476	
Surface Water Capital Fund	7,356,193	
Vehicle Operations/Maintenance Fund	271,216	
Equipment Replacement Fund	457,400	483,768
Unemployment Fund	17,500	
Total Funds	\$88,843,714	\$88,870,082

**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 JULY 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