

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption Ordinance No. 749 – Increasing the Appropriations in the 2016 Equipment Replacement Fund
DEPARTMENT:	Administrative Services Department
PRESENTED BY:	Sara Lane, Administrative Services Department Dan Johnson, Fleet & Facilities Manager
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Proposed Ordinance No. 749 would increase the appropriations for the Equipment Replacement Fund in the amount of \$26,368 to purchase a 2016 Nissan Leaf, increase revenues by \$5,488, and transfer \$8,429 from the Vehicle Operations Fund. Staff presented proposed Ordinance No. 749 to the City Council at the July 11, 2016 Council meeting.

If proposed Ordinance No. 749 is adopted by Council, 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 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 \$5,488, and uses available fund balance totaling \$12,451.

The estimated cost to purchase a 2016 Nissan Leaf is \$26,368, which includes the cost for license and registration and City decals. 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 \$5,488 from the claim reimbursement, there is \$8,429 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 \$8,429, which can be transferred to Equipment Replacement Fund for the purchase of the Nissan Leaf.

RECOMMENDATION

Staff recommends that the City Council adopt Ordinance No. 749 amending the 2016 Budget.

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 and another check in the amount of \$1,000 for the deductible. WCIA pursued the party responsible for the damage and also obtained the \$1,000 for the cost of the deductible to the City.

DISCUSSION

To replace the 2005 Ford Focus, Fleet Services is proposing to purchase a 2016 Nissan Leaf. The estimated delivery time for the new vehicle is nine to 12 weeks. This replacement vehicle is being recommended 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.

If approved, 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 \$5,488, and uses available fund balance totaling \$12,451.

The estimated cost to purchase a 2016 Nissan Leaf is \$26,368, which includes the cost for license and registration and City decals. 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 \$5,488 from the claim reimbursement, there is \$8,429 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 \$8,429, which can be transferred to Equipment Replacement Fund for the purchase of the Nissan Leaf.

The table below provides a breakdown of these costs:

Description	Est Cost
2016 Nissan Leaf	\$26,018
License & Registration	\$50
City Decals	\$300
Cost for Acquisition	\$26,368
Annual Operating & Maintenance	(\$700)**
Increase in Annual Replacement Cost	\$1,050
Estimated Annual Costs Increase	\$350
	Resources
Amount of Revenue Collected for the 2005 Ford Focus in the Equipment Replacement Fund	\$12,451
WCIA Settlement Amount	\$5,488
Budget Transfer from Estimated Savings in the Vehicle Operations Fund	\$8,429
Total Resources	\$26,368

***Due to 2016 savings in maintenance and fuel, there are funds in the annual maintenance and operations for the Nissan Leaf that were originally budgeted for 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
Total	\$88,843,714	\$26,368	\$88,870,082

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)
Total	\$2,067,259	\$26,368	\$13,917	\$2,054,808	(\$12,451)

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 10 years. This impact will be incorporated into the 2017 Proposed Budget and the sustainability analysis at that time.

RECOMMENDATION

Staff recommends that the City Council adopt Ordinance No. 749 amending the 2016 Budget.

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 replaced 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 Replacement 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	
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	
Limited Tax GO Bond 2009	1,663,417	

	Current Appropriation	Revised Appropriation
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