

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing Ordinance No. 773 - Amending the 2017 Budget for Uncompleted 2016 Operating and Capital Projects and Increasing Appropriations in the 2017 Budget
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. Due to delays and other unanticipated issues, some operating programs and capital projects that were in progress in 2016 will actually be completed in 2017. This results in 2016 expenditures being less than projected and the 2016 ending fund balances being greater than projected. In order to provide adequate budget resources in 2017 to pay expenditures incurred or complete projects initiated in 2016, additional budget authorization is needed. This is accomplished by re-appropriating a portion of the 2016 ending fund balance for expenditures in 2017, commonly referred to as a carryover. In some cases there may be a grant or other dedicated revenue source associated with expenditures. Proposed Ordinance No. 773, which is attached to this staff report as Attachment A, re-appropriates \$3,735,448.

FINANCIAL IMPACT:

In total, proposed Ordinance No. 773 will amend the City’s budget by increasing it \$3,735,448, which will bring the total 2017 budget to \$89,939,144. The amendment includes \$1,678,926 of revenue from grants and other funding sources, the transfer of \$216,302 between funds, and the use of \$1,840,220 in available fund balance. After including the preliminary results of 2016 and the proposed use of fund balance, the City’s available 2017 fund balance for the affected funds is \$2.898 million more than that projected in the 2017 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. 773 is scheduled for April 24, 2017.

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. 773 would re-appropriate \$3,735,448 from 2016 to 2017 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 City Council chooses to not approve this amendment either the expenditures incurred or projects initiated in 2016 would not be paid or completed without adversely impacting existing 2017 appropriations, which would need to be redirected toward the completion of projects already in progress. In the case of capital projects, there would not be sufficient budget authority to complete projects in the 2017 Capital Improvement Program.

Alternative 2: Approve Ordinance No. 773 (Recommended)

Approval of proposed Ordinance No. 773 will provide the budget authority for the payment of expenditures incurred or completion of projects initiated in 2016 without adversely impacting existing 2017 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. 773 totals \$3,735,448 and increases both revenues and expenditures. Resources for the amendment include \$1,678,926 of revenue from grants and other funding sources, the transfer of \$216,302 between funds, and the use of \$1,840,220 in available fund balance. The following table summarizes the impact of this budget amendment and the resulting 2017 appropriation for each of the affected funds.

Fund	2017 Current Budget (A)	Carryover Amount (B)	Amended 2017 Budget (C) (A + B)
General Fund	\$45,968,252	\$1,830,788	\$47,799,040
Street Fund	1,718,950	5,257	1,724,207
Federal Criminal Forfeiture Fund	785,151	18,069	803,220
General Capital Fund	8,618,743	529,149	9,147,892
Roads Capital Fund	16,880,010	1,017,354	17,897,364
Surface Water Utility Fund	6,097,221	144,431	6,241,652
Equipment Replacement Fund	511,387	190,400	701,787
All Other Funds	5,623,982	0	5,623,982
Total	\$86,203,696	\$3,735,448	\$89,939,144

The table below summarizes the impact on available fund balance in each of the affected funds. The actual 2017 beginning fund balance is \$4.738 million more than that projected in the 2017 budget book. After the effect of these changes, the City's 2017 adjusted fund balance is \$2.898 million more than that projected.

Fund	Proj. 2017 Beg. Fund Balance (A)	Actual 2017 Beg. Fund Balance (B)	Total Carryover Request (C)	Total Resources Adjustment (D)	2017 Adj. Fund Balance (Adj. for Carryover) (E) (B - C + D)	Var. from Proj. 2017 Beg. Fund Balance (F) (E - A)
General Fund	\$10,000,797	\$12,889,875	\$1,830,788	\$917,617	\$11,976,704	\$1,975,907
Street Fund	864,649	1,043,984	5,257	0	1,038,727	174,078
Federal Criminal Forfeiture Fund	818,800	838,818	18,069	0	820,749	1,949
General Capital Fund	2,399,144	3,042,140	529,149	18,069	2,531,060	131,916
Roads Capital Fund	4,112,638	5,940,645	1,017,354	959,542	5,882,833	1,770,195
Surface Water Utility Fund	2,848,599	1,485,774	144,431	0	1,341,343	(1,507,256)
Equipment Replacement Fund	2,232,000	2,773,103	190,400	0	2,582,703	350,703
Total	\$23,276,627	\$28,014,340	\$3,735,448	\$1,895,228	\$26,174,120	\$2,897,493

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. 773 is scheduled for April 24, 2017.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 773
- Attachment B: 2017 Re-appropriations by Fund Detail

ORDINANCE NO. 773

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 758 BY INCREASING THE APPROPRIATION IN THE GENERAL FUND, STREET FUND, FEDERAL CRIMINAL FORFEITURE FUND, GENERAL CAPITAL FUND, ROADS CAPITAL FUND, SURFACE WATER UTILITY FUND, AND EQUIPMENT REPLACEMENT FUND

WHEREAS, the 2017 Budget was adopted in Ordinance No. 758; and

WHEREAS, various projects were included in the City's 2016 operating budget and were not completed during 2016; and

WHEREAS, the 2017–2022 Capital Improvement Plan was adopted in Ordinance No. 758; and

WHEREAS, the 2017 Budget has assumed completion of specific capital improvement projects in 2016; and

WHEREAS, some of these capital projects were not completed and need to be continued and completed in 2017; and

WHEREAS, due to these 2016 projects not being completed, the 2016 ending fund balance and the 2017 beginning fund balance for the General Fund, Street Fund, Federal Criminal Forfeiture Fund, General Capital 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 2017 to complete 2016 work and to include additional projects that were unknown needs when the 2017 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; 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. 758, *Summary of Revenues and Expenditures*, by increasing the appropriation for the General Fund by \$1,830,788; for the Street Fund by \$5,257; for the Federal Criminal Forfeiture Fund by \$18,069; for the General Capital Fund by \$529,149; for the Roads Capital Fund by \$1,017,354; for the Surface Water Utility Fund by \$144,431; for the Equipment Replacement Fund by \$190,400; and, by increasing the Total Funds appropriation to \$89,939,144, as follows:

	Current Appropriation	Revised Appropriation
General Fund	\$45,968,252	\$47,799,040
Street Fund	1,718,950	1,724,207
Code Abatement Fund	100,000	
State Drug Enforcement Forfeiture Fund	214,043	
Public Arts Fund	86,580	
Federal Drug Enforcement Forfeiture Fund	300,397	
Property Tax Equalization Fund	500,799	
Federal Criminal Forfeiture Fund	785,151	803,220
Transportation Impact Fees Fund	221,400	
Revenue Stabilization Fund	0	
Unltd Tax GO Bond 2006	1,710,375	
Limited Tax GO Bond 2009	1,662,817	
Limited Tax GO Bond 2013	260,948	
General Capital Fund	8,618,743	9,147,892
City Facility-Major Maintenance Fund	96,000	
Roads Capital Fund	16,880,010	17,897,364
Surface Water Capital Fund	6,097,221	6,241,652
Vehicle Operations/Maintenance Fund	453,123	
Equipment Replacement Fund	511,387	701,787
Unemployment Fund	17,500	
Total Funds	\$86,203,696	\$89,939,144

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. 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 4. 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 24, 2017

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Publication Date: , 2017
Effective Date: , 2017

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
General Fund					
General Fund Admin Key		Transfer to Roads Capital Fund for 185th Corridor Study	\$141,419		Complete project in 2017.
General Fund Admin Key		Transfer to Roads Capital Fund for Westminster & 155th Improvements	\$56,814		Complete project in 2017.
City Manager's Office		Light Rail Stations (Sound Transit)	\$194,379	\$229,200	Work continues in 2017.
ASD / Finance Operations		B&O Tax Evaluation	\$14,000		Project delayed into 2017.
ASD / IT Strategic Plan & Advrsy Svc		Cityworks Phase III	\$184,126	\$94,664	Complete project in 2017; Ronald Wastewater District is paying for its portion of the implementation.
ASD / IT Strategic Plan & Advrsy Svc		Permit and Customer Service System	\$99,323		Complete project in 2017.
ASD / IT-Operations		SharePoint Phase II	\$18,682		Complete project in 2017.
Citywide / Contingencies		City Hall Furniture for Police CIP Project	\$223,024	\$0	Complete purchase in 2017.
Police / Special Support		RADAR Program	\$521,253	\$521,253	Project continues in 2017.
PRCS / Parks Administration		City Hall Furniture for PRCS Department	\$5,544		Complete purchase in 2017.
PRCS / Parks Administration		Park Impact Fees Development Support	\$24,846		Complete project in 2017.
PRCS / Teen & Youth Development Program		Raikes Foundation Teen Training	\$3,349		Use remainder of funding from the Raikes Foundation.
CMO / Economic Development		Promoting Shoreline	\$2,178		Complete project in 2017.
CMO / Economic Development		Port of Seattle Economic Development Partnership Program Grant	\$48,500	\$48,500	Complete request for expressions of interest prospectus in 2017.
PCD / City Planning		LiDar (Light Detection and Ranging) - Slope failure analysis	\$10,000		Complete the geotechnical analysis for landslide hazard critical areas from LiDar maps.
PCD / City Planning		Establish procedures for administering an Affordable Housing Program	\$30,200		Complete the development of the process, forms, and structure for an Affordable Housing Program.
PCD / City Planning		Draft Vegetation Management Plan Regulations for Critical Areas	\$48,327	\$24,000	Draft vegetation management plan regulations for critical areas; Innis Arden is contributing \$24,000.
PCD / City Planning		Advance the City's Sustainability Initiative	\$49,650		Continue the Sustainable Strategy implementation by preparing the District Energy Feasibility Study.
PW / Administration		Strategic Planning Facilitation	\$4,400		Complete project in 2017.
PW / Environmental Services		Compost Pail, Kitchen Caddy	\$9,745		Complete purchase in 2017.
PW / Environmental Services		Solid Waste Contract Implementation	\$21,704		Consultant support during the process.
PW / Engineering		Development of cost estimating tool	\$4,977		Project delayed into 2017.
PW / Engineering		Support for revisions and updates of Engineering Development Manual and Codes	\$6,917		Complete project in 2017.
PW / Engineering		On-call development review support	\$8,607		Complete project in 2017.
PW / Engineering		ADA Self Evaluation and Transition Plan for Rights-of-Way	\$32,768		Complete project in 2017.
PW / Transportation Services Program		145th Street Station Pedestrian / Bicycle Access Feasibility Analysis	\$6,056		Project delayed into 2017.
PW / Transportation Services Program		Tolling Study	\$30,000		Project delayed into 2017.
PW / Traffic Services		Streetlight Master Plan	\$30,000		Develop a Streetlight Master Plan, including completing an inventory of existing street lighting, evaluation of needs, and creating a protocol for prioritization and implementation of future improvements. Project delayed into 2017.
Total General Fund			\$1,830,788	\$917,617	

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
Street Fund					
	PW / Street Operations	Balance of add'l funds added to 2016 to purchase VN#134 (Heavy Duty multi-purpose vehicle w/ Hook & Go)	\$5,257		Complete purchase in 2017.
Total Street Fund			\$5,257	\$0	
Federal Criminal Forfeiture Fund					
	Federal Criminal Forfeiture	Transfer to General Capital Fund for Police Station	\$18,069		Project continues in 2017.
Total Federal Criminal Forfeiture Fund			\$18,069	\$0	
General Capital Fund					
	CIP	Police Station at City Hall	\$18,069	\$18,069	Project continues in 2017.
	CIP	North Maintenance Facility	\$279,924		Complete project in 2017.
	CIP	Parks Repair & Replacement	\$63,364		Work continues in 2017.
	CIP	King County Parks, Trails and Open Space Replacement Levy	\$67,028		Project continues in 2017.
	CIP	Turf and Lighting Repair Replacement	\$43,736		Project continues in 2017.
	CIP	Pool & Rec Fac Master Planning	\$18,708		Complete project in 2017.
	CIP	PROS Plan Update	\$38,320		Complete project in 2017.
Total General Capital Fund			\$529,149	\$18,069	
Roads Capital Fund					
	CIP	Curb Ramps, Sidewalks, Gutters (Meridian & 15th Overlay projects)	\$136,817		Complete reconstruction of sidewalks and curb ramps on Meridian Ave N & 15th Ave NE Overlay Projects in 2017.
	CIP	Curb Ramps, Sidewalks, Gutters	\$5,000		Project continues in 2017.
	CIP	Traffic Safety Improvements	\$18,699		Develop a Streetlight Master Plan, including completing an inventory of existing street lighting, evaluation of needs, and creating a protocol for prioritization and implementation of future improvements. Project delayed into 2017.
	CIP	Traffic Safety Improvements	\$17,248		Complete King County Work Order SH-624.
	CIP	Einstein Safe Route to School	\$8,745		Complete payment of pending invoices from Shoreline School District and Shoreline Police.
	CIP	Interurban / Burke-Gilman	\$1,992		Complete project in 2017.
	CIP	Bike System Implementation	\$7,298	\$43,682	Complete project in 2017. WSDOT delayed billing; therefore, anticipate reimbursement for 2016 expenditures will be received in 2017.
	CIP	Echo Lake Safe Route to School	\$4,333	\$379,260	Project continues in 2017. Anticipate reimbursement for 2016 expenditures will be received in 2017.
	CIP	Trail Along the Rail	\$40,972		Complete project in 2017.
	CIP	Transportation Master Plan	\$60,000		Project delayed into 2017.
	CIP	Traffic Signal Rehab	\$55,100		Complete King County Work Orders SH-627 and SH-630.
	CIP	145th Street - SR-99 to I-5	\$281,438	\$244,438	Project continues in 2017.
	CIP	185th Corridor Study	\$56,814	\$56,814	Project continues in 2017; wholly funded by contribution from the General Fund.
	CIP	Meridian Ave & N 155th Signal Improvement	\$55,133	\$58,929	Complete project in 2017.
	CIP	Radar Speed Sign Installation	\$24,527	\$25,000	Project delayed into 2017 as grant was awarded in late December 2016.

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
Roads Capital Fund (Continued)					
CIP		Westminster & 155th Improvements	\$141,419	\$141,419	Complete project in 2017; wholly funded by contribution from the General Fund.
CIP		145th & I5 Interchange	\$20,000		Project delayed into 2017.
CIP		Annual Roads Surface Maintenance Program	\$81,819	\$10,000	Complete Meridian Ave N & 15th Ave NE Overlay Projects in 2017.
Total Roads Capital Fund			\$1,017,354	\$959,542	
Surface Water Utility Fund					
PW / Surface Water Mgmt		Vactor Services - On-call and emergency	\$38,784		Work continues in 2017.
CIP		Boeing Creek Restoration Project	\$22,595		Professional Services to complete Phase 1 of the Hidden Lake Dam Removal; complete project in 2017.
CIP		SWM Master Plan	\$3,482		Complete project in 2017.
CIP		25th Ave NE Flood Reduction Project	\$14,861		Project continues in 2017.
CIP		Boeing Creek Regional Stormwater Facility Study	\$45,772		Complete project in 2017.
CIP		Puget Sound Drainages Basin Plan	\$18,937		Complete project in 2017.
Total Surface Water Utility Fund			\$144,431	\$0	
Equipment Replacement Fund					
Equipment Replacement-Vehicles/Heavy Equipment		Balance of add'l funds requested in 2016 to purchase VN#122 (Ford 1/2 Ton Pickup) replacement.	\$28,013		Complete purchase in 2017.
Equipment Replacement-Vehicles/Heavy Equipment		Balance of funds requested in 2016 to purchase VN#119 (Pickup) replacement.	\$50,270		Complete purchase in 2017.
Equipment Replacement-Vehicles/Heavy Equipment		Balance of add'l funds added to 2016 to purchase VN#134 (Heavy Duty multi-purpose vehicle w/ Hook & Go) replacement.	\$112,117		Complete purchase in 2017.
Total Equipment Replacement Fund			\$190,400	\$0	
TOTAL CARRYOVER REQUESTS			\$3,735,448	\$1,895,228	