

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

<b>AGENDA TITLE:</b>	Discussion of Ordinance No. 805 - Budget Amendment for 2017		
<b>DEPARTMENT:</b>	Administrative Services		
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor		
<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:**

During the course of the year, changes to the adopted budget are identified. A final budget amendment to formally adopt these changes is a routine procedure that occurs at approximately this time each year. Proposed Ordinance No. 805 (Attachment A) provides for this budget amendment.

**FINANCIAL IMPACT:**

Proposed Ordinance No. 805 totals (\$16,905,561), and adjusts both resources and expenditures, as follows:

**General Fund: \$112,941**

- City Manager's Office – Economic Development (grant funded): \$54,990
- Administrative Services – Information Technology: \$18,530
- Administrative Services – Facilities: \$29,421
- Transfers Out: \$10,000

**Street Fund: \$0**

- Convert purchase appropriation to transfer: \$0

**State Drug Enforcement Forfeiture Fund: \$399,897**

- Additional support for Police Station at City Hall project: \$399,897

**Property Tax Equalization Fund: \$6,139**

- Close out of Property Tax Equalization Fund: \$6,139

**Federal Criminal Forfeiture Fund: \$235,598**

- Additional support for Police Station at City Hall project: \$235,598

**City Facilities – Major Maintenance Fund: \$7,931**

- Parks Restroom Long-Term Maintenance: \$7,884
- Shoreline Pool Long-Term Maintenance: \$47

**Wastewater Utility Fund: (\$17,668,067)**

- Wastewater Utility: (\$17,668,067)

The following table summarizes the impact of this budget amendment and the resulting 2017 appropriation for each fund:

<b>Fund</b>	<b>2017 Current Budget (A)</b>	<b>Budget Amendment (B)</b>	<b>Amended 2017 Budget (C) (A + B)</b>
General Fund	\$48,190,359	\$112,941	\$48,303,300
Street Fund	1,721,485	0	1,721,485
State Drug Enforcement Forfeiture Fund	214,043	399,897	613,940
Property Tax Equalization Fund	500,799	6,139	506,938
Federal Criminal Forfeiture Fund	803,220	235,598	1,038,818
City Facilities – Major Maintenance Fund	96,000	7,931	103,931
Wastewater Utility Fund	18,109,971	(17,668,067)	441,904
All Other Funds	38,811,458	0	38,811,458
<b>Total</b>	<b>\$108,447,335</b>	<b>(\$16,905,561)</b>	<b>\$91,541,774</b>

### **RECOMMENDATION**

No action is required by the City Council. This will be an opportunity for the City Council to ask specific questions and provide staff direction about proposed Ordinance No. 805. Adoption of proposed Ordinance No. 805 is scheduled for the November 20, 2017 City Council meeting.

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

## **INTRODUCTION**

During the course of the year changes to the adopted budget are identified. The City Council is made aware of changes throughout the year in Staff Reports and Council discussion.

## **DISCUSSION**

### **Budget Amendment Detail: General Fund: \$112,941**

**Revenues:** General Fund revenues will be increased by \$54,990 for an Economic Development grant from the Port of Seattle.

**City Manager's Office – Economic Development:** The 2017 appropriation will be increased by \$54,990 as the City is partnering with the Port of Seattle to deliver three economic development projects. The City Manager was authorized to execute the agreement with the Port of Seattle on October 16 (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport101617-7c.pdf>). Unused funding will be re-appropriated in April 2018 through the carryover process but work on these projects will be completed by May 31, 2018. The grant requires a \$27,495 match from the City of Shoreline which will be fulfilled through existing 2017 and 2018 appropriations for staff and consultants in the Economic Development program's budget.

**Administrative Services – Information Technology:** The 2017 appropriation will be increased by \$18,530 for the following reasons:

- Pacific Office Automation did not submit invoices totaling \$7,801.28 for the per-copy costs on City copiers for the period of September through December 2016 until March 2017. This was not included in the re-appropriation amendment presented to Council in April 2017 and cannot be absorbed by the current budget for the Information Technology division or the Administrative Services Department's budget as a whole.
- Signal Perfection was contracted to perform the upgrade of the audio/visual equipment in the Council Chambers to support high definition filming. The vendor did not include the upgrade of the dais monitors or a key component to provide recording redundancy. The total cost to upgrade these components is \$10,729.

**Administrative Services – Facilities:** The 2017 appropriation will be increased by \$29,421 to cover the revised projection for electricity costs for City Hall. The revised projection takes into consideration a higher level of electricity used for Heating, Ventilation, and Air Conditioning (HVAC) system in the earlier and warmer weather months and throughout the construction work occurring at City Hall.

**General Fund Transfers Out:** The 2017 adopted budget included revenue of \$1.7 million from the excess property tax levy that covers the debt service payments related to the 2006 General Obligation bonds issued to fund open space acquisitions and park improvements. King County Assessor's Office erroneously levied property tax on City-

owned properties, thereby reducing the amount of revenue the City will receive from the excess property tax levy. As a result, the General Fund may need to provide as much as \$10,000 to the General Obligation Bond Fund (Fund 201) to cover the shortfall. The 2017 appropriation in the General Fund will be increased by \$10,000 to provide for this transfer.

**Street Fund: \$0**

Prior to the 2017 budget process, expenditures for upgrades to replacement vehicles were made directly from the fund benefitting from the upgrade. This was changed during the 2017 budget process to now reflect the full purchase of all replacement vehicles with any upgrades from the Equipment Replacement Fund. To that end, those funds benefitting from the upgrades are now transferring money to the Equipment Replacement Fund to supplement previously collected replacement charges used to purchase the like-for-like portion of the replacement vehicle.

However, there was one exception to this change that was not correctly handled during the 2016-to-2017 reappropriation process. This amendment converts that purchase of additional accessories for VN#134 (Heavy Duty multi-purpose vehicle w/ hook & go) from a purchase out of the Street Fund to a transfer to the Equipment Replacement Fund so the replacement and upgrades of the vehicle may all be purchased from the Equipment Replacement Fund. The purchase of the accessories was originally estimated to total \$5,257. The actual costs per the invoice received from the City of Mountlake Terrace totals \$6,832.01. The 2017 appropriation does not need to be increased as there are estimated to be savings in the Street Fund.

**State Drug Enforcement Forfeiture Fund: \$399,897**

The 2017 appropriation will be increased by \$399,897; thereby increasing the amount of this fund's support for the Police Station at City Hall project to a total of \$594,897. The funds are being received as the City's equitable share of a case that has been closed.

**Federal Criminal Forfeiture Fund: \$235,598**

The 2017 appropriation will be increased by \$235,598; thereby increasing the amount of this fund's 2017 support for the Police Station at City Hall project to a total of \$838,818. It is anticipated that the City will still receive approximately \$200,000 as its equitable share of a case that has not yet closed, which is currently budgeted to support the Police Station at City Hall project. This appropriation reflects the use of fund balance that was not appropriated in the 2017 adopted budget in order to provide additional funding for the project.

**Property Tax Equalization Fund: \$6,139**

The Property Tax Equalization fund was created to accumulate and disburse proceeds from the City's maintenance and operations levy over the six year levy period. Because the levy period is complete, the balance of this fund is being transferred to the General Fund. The 2017 appropriation for this fund was estimated at \$500,799 in the 2017 adopted budget in September 2016. Since that time the financial statements have been

prepared and the actual ending fund balance for 2016 is \$506,938. The 2017 appropriation will be increased by \$6,139 to close out the fund as originally intended in the 2017 adopted budget.

**City Facilities – Major Maintenance Fund: \$7,931**

The 2017 appropriation for this fund will be increased by \$7,931 to cover revised estimates for certain projects as delineated on the program summary on page 339 of the 2018 Proposed Budget and 2018-2023 Capital Improvement Plan book (available here: <http://cityofshoreline.com/home/showdocument?id=32704>).

**Wastewater Utility Fund: (\$17,668,067)**

In April, the City adopted the Ronald Wastewater District’s (RWD) full 2017 budget in accordance with Generally Accepted Accounting Principles (GAAP). In mid-2017, the RWD Board of Commissioners and City mutually agreed to extend the assumption date. Although this is the case, RWD executed an Operating Services Agreement with the City to operate the utility on the behalf of the RWD (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport100217-7b.pdf>). Under this arrangement, the City will operate and maintain the sewer utility while the RWD Board of Commissioners will be responsible for addressing policy matters, setting rates and managing capital improvements for the utility. The City is amending its 2017 budget to reflect the costs associated with operating the wastewater utility for the 10 weeks in 2017 following the transition. The amended budget totals \$441,904, which is a \$17,668,067 reduction from the 2017 amended budget based on the personnel and maintenance and operation costs necessary to operate the utility for the balance of 2017. RWD will retain all revenue and costs associated with interlocal agreements and certain operating contracts. The Operating Services Agreement provides that RWD will reimburse the City based on annual budgeted costs with annual reconciliation of direct costs.

**FINANCIAL IMPACT**

Proposed Ordinance No. 805 totals (\$16,905,561), and adjusts both resources and expenditures. The following table summarizes the impact of this budget amendment and the resulting 2017 appropriation for each fund:

<b>Fund</b>	<b>2017 Current Budget (A)</b>	<b>Budget Amendment (B)</b>	<b>Amended 2017 Budget (C) (A + B)</b>
General Fund	\$48,190,359	\$112,941	\$48,303,300
Street Fund	1,721,485	0	1,721,485
State Drug Enforcement Forfeiture Fund	214,043	399,897	613,940
Property Tax Equalization Fund	500,799	6,139	506,938
Federal Criminal Forfeiture Fund	803,220	235,598	1,038,818
City Facilities – Major Maintenance Fund	96,000	7,931	103,931
Wastewater Utility Fund	18,109,971	(17,668,067)	441,904
All Other Funds	38,811,458	0	38,811,458
<b>Total</b>	<b>\$108,447,335</b>	<b>(\$16,905,561)</b>	<b>\$91,541,774</b>

## **RECOMMENDATION**

No action is required by the City Council. This will be an opportunity for the City Council to ask specific questions and provide staff direction about proposed Ordinance No. 805. Adoption of proposed Ordinance No. 805 is scheduled for the November 20, 2017 City Council meeting.

## **ATTACHMENTS**

Attachment A: Proposed Ordinance No. 805, Amending the 2017 Final Budget  
Attachment B: 2017 Budget Amendment Detail

**ORDINANCE NO. 805**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING THE 2017 FINAL BUDGET BY ADJUSTING THE APPROPRIATIONS IN THE GENERAL FUND, STATE DRUG ENFORCEMENT FORFEITURE FUND, PROPERTY TAX EQUALIZATION FUND, FEDERAL CRIMINAL FORFEITURE FUND, CITY FACILITIES - MAJOR MAINTENANCE FUND, AND WASTEWATER UTILITY FUND.**

WHEREAS, as required by the Revised Code of Washington (RCW), Chapter 35A.33, on November 21, 2016, the City adopted the 2017 Annual Budget through the enactment of Ordinance No. 758; and

WHEREAS, the 2017 Annual Budget has been subsequently amended by Ordinance Nos. 773, 777, 778, 779, 783, 794, and 796; 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;

WHEREAS, a new grant has been awarded to the City not anticipated when the 2017 budget was adopted by Council and should be appropriated to these funds with these increases, and,

WHEREAS, amendments are required in the General Fund, State Drug Enforcement Forfeiture Fund, Property Tax Equalization Fund, Federal Criminal Forfeiture Fund, City Facilities – Major Maintenance Fund, and Wastewater Utility Fund; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:**

**Section 1. Amendment – 2017 Final Budget.** The City of Shoreline hereby amends the 2017 Final Budget, as adopted by Ordinance No. 758 and as amended by Ordinance Nos. 773, 777, 778, 779, 783, 794, and 796 by adjusting the Total Funds appropriation to \$91,541,774 as follows:

Fund	Current Appropriation	Revised Appropriation
General Fund	\$48,190,359	\$48,303,300
Street Fund	1,721,485	
Code Abatement Fund	100,000	
State Drug Enforcement Forfeiture Fund	214,043	613,940
Municipal Art Fund	96,203	
Federal Drug Enforcement Forfeiture Fund	300,397	
Property Tax Equalization Fund	500,799	506,938

Fund	Current Appropriation	Revised Appropriation
Federal Criminal Forfeiture Fund	803,220	1,038,818
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	9,147,892	
City Facility-Major Maintenance Fund	96,000	103,931
Roads Capital Fund	17,897,364	
Surface Water Capital Fund	6,241,652	
Wastewater Utility Fund	18,109,971	441,904
Vehicle Operations/Maintenance Fund	453,123	
Equipment Replacement Fund	701,787	
Unemployment Fund	17,500	
Total Funds	\$108,447,335	\$91,541,774

**Section 2. Corrections by City Clerk or Code Reviser.** Upon approval by 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 number 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 situation be declared unconstitutional or otherwise invalid for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or situation.

**Section 4. Publication and Effective Date.** A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

**PASSED BY THE CITY COUNCIL ON NOVEMBER 20, 2017**

\_\_\_\_\_  
Christopher Roberts, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

\_\_\_\_\_  
Margaret King  
City Attorney

Publication Date: \_\_\_\_\_, 2017  
Effective Date: \_\_\_\_\_, 2017

**Attachment B**

Item	Fund	Orgkey	Object	Expenditure Amount	Revenue Source	Revenue Object	Revenue Amount	Fund Balance 3080000	Total Resources	Explanation
<b>General Fund</b>										
<b>City Manager's Office - Economic Development</b>										
		2506046	5410000	\$54,990	Port of Seattle Economic Development Partnership Program Grant	3379002	\$54,990		\$54,990	Partnership with Port of Seattle to deliver three economic development projects.
		GR273800								
<b>Administrative Services - IT-Operations</b>										
		1602145	5350000	\$8,000				\$8,000	\$8,000	Signal Perfection: upgrade of the dais monitors in Council Chambers.
		1602145	5480000	\$7,801				\$7,801	\$7,801	Invoice for September - December 2016 from Pacific Office Automation.
		1602145	5350000	\$2,729				\$2,729	\$2,729	Signal Perfection: recording redundancy component for Council Chambers.
<b>Administrative Services - Facilities</b>										
		1612300	5471000	\$29,421				\$29,421	\$29,421	Revised projection for City Hall electricity costs.
<b>General Fund - Transfers Out</b>										
		0010000	5970004	\$10,000				\$10,000	\$10,000	Transfer to Fund 201 to cover shortfall in excess property tax levy due to King County Assessor's Office error.
<b>Total</b>	<b>001</b>			<b>\$112,941</b>			<b>\$54,990</b>	<b>\$57,951</b>	<b>\$112,941</b>	

Item	Fund	Orgkey	Object	Expenditure Amount	Revenue Source	Revenue Object	Revenue Amount	Fund Balance 3080000	Total Resources	Explanation
<b>Street Fund</b>										
<b>Street Fund Admin Key</b>										
		1010000	5970000	\$6,832				\$6,832	\$6,832	Converted appropriation to purchase accessories for VN#134 from purchase out of 2709054-5640000 to a transfer to the Equipment Replacement Fund. Increased \$1,575 to reflect actual cost per invoice from City of Mountlake Terrace.
<b>Street Operations</b>										
		2709054	5480000	(\$1,575)				(\$1,575)	(\$1,575)	Reduced to offset overage for VN#134.
		2709054	5640000	(\$5,257)				(\$5,257)	(\$5,257)	Converted appropriation from purchase out of 2709054-5640000 to a transfer to the Equipment Replacement Fund for VN #134.
<b>Total</b>	<b>101</b>			<b>\$0</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>State Drug Enforcement Forfeiture Fund</b>										
<b>Public Safety State Seizure Program</b>										
		2005134	5970000	\$399,897				\$399,897	\$399,897	Increased transfer to the General Capital Fund for the Police Station at City Hall project (2819298).
<b>Total</b>	<b>108</b>			<b>\$399,897</b>			<b>\$0</b>	<b>\$399,897</b>	<b>\$399,897</b>	
<b>Property Tax Equalization Fund</b>										
<b>Property Tax Equalization Fund</b>										
		1150000	5970000	\$6,139				\$6,139	\$6,139	Increased transfer of all remaining Property Tax Equalization to General Fund.
<b>Total</b>	<b>115</b>			<b>\$6,139</b>			<b>\$0</b>	<b>\$6,139</b>	<b>\$6,139</b>	
<b>Federal Criminal Forfeiture Fund</b>										
<b>Fed Criminal Forfeiture</b>										
		2005289	5970000	\$235,598				\$235,598	\$235,598	Increased transfer to the General Capital Fund for the Police Station at City Hall project (2819298).
<b>Total</b>	<b>116</b>			<b>\$235,598</b>			<b>\$0</b>	<b>\$235,598</b>	<b>\$235,598</b>	
<b>City Facilities - Major Maintenance Fund</b>										
<b>City Facilities - Major Maintenance Fund - Parks Restrooms Long-Term Maintenance</b>										
		3121332	5630000	\$7,884				\$7,884	\$7,884	Spears Industrial Floor Co. Invoice No. 72117.
		MA268900								
<b>City Facilities - Major Maintenance Fund - Shoreline Pool Long-Term Maintenance</b>										
		3121180	5630000	\$47				\$47	\$47	Actual cost.
<b>Total</b>	<b>312</b>			<b>\$7,931</b>			<b>\$0</b>	<b>\$7,931</b>	<b>\$7,931</b>	

