

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 805 – Budget Amendment for 2017
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
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:

As discussed at the November 6, 2017 Council meeting, 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:

Fund	2017 Current Budget (A)	Budget Amendment (B)	Amended 2017 Budget (C) (A + 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
Total	\$108,447,335	(\$16,905,561)	\$91,541,774

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 805, amending the 2017 budget.

Approved By: City Manager City Attorney

INTRODUCTION

As discussed at the November 6 Council meeting changes to the adopted budget are identified. Proposed Ordinance No. 805 (Attachment A) provides for this budget amendment to formally adopt these changes.

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:

Fund	2017 Current Budget (A)	Budget Amendment (B)	Amended 2017 Budget (C) (A + 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
Total	\$108,447,335	(\$16,905,561)	\$91,541,774

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 805, amending the 2017 budget.

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

Item	Fund	Orgkey	Object	Expenditure Amount	Revenue Source	Revenue Object	Revenue Amount	Fund Balance 3080000	Total Resources	Explanation
General Fund										
City Manager's Office - Economic Development										
		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								
Administrative Services - IT-Operations										
		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.
Administrative Services - Facilities										
		1612300	5471000	\$29,421				\$29,421	\$29,421	Revised projection for City Hall electricity costs.
General Fund - Transfers Out										
		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.
Total	001			\$112,941			\$54,990	\$57,951	\$112,941	

Item	Fund	Orgkey	Object	Expenditure Amount	Revenue Source	Revenue Object	Revenue Amount	Fund Balance 3080000	Total Resources	Explanation
Street Fund										
Street Fund Admin Key										
		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.
Street Operations										
		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.
Total	101			\$0			\$0	\$0	\$0	
State Drug Enforcement Forfeiture Fund										
Public Safety State Seizure Program										
		2005134	5970000	\$399,897				\$399,897	\$399,897	Increased transfer to the General Capital Fund for the Police Station at City Hall project (2819298).
Total	108			\$399,897			\$0	\$399,897	\$399,897	
Property Tax Equalization Fund										
Property Tax Equalization Fund										
		1150000	5970000	\$6,139				\$6,139	\$6,139	Increased transfer of all remaining Property Tax Equalization to General Fund.
Total	115			\$6,139			\$0	\$6,139	\$6,139	
Federal Criminal Forfeiture Fund										
Fed Criminal Forfeiture										
		2005289	5970000	\$235,598				\$235,598	\$235,598	Increased transfer to the General Capital Fund for the Police Station at City Hall project (2819298).
Total	116			\$235,598			\$0	\$235,598	\$235,598	
City Facilities - Major Maintenance Fund										
City Facilities - Major Maintenance Fund - Parks Restrooms Long-Term Maintenance										
		3121332	5630000	\$7,884				\$7,884	\$7,884	Spears Industrial Floor Co. Invoice No. 72117.
		MA268900								
City Facilities - Major Maintenance Fund - Shoreline Pool Long-Term Maintenance										
		3121180	5630000	\$47				\$47	\$47	Actual cost.
Total	312			\$7,931			\$0	\$7,931	\$7,931	

Item	Fund	Orgkey	Object	Expenditure Amount	Revenue Source	Revenue Object	Revenue Amount	Fund Balance 3080000	Total Resources	Explanation
Wastewater Utility Fund										
Wastewater Utility Fund - Wastewater Fund Admn. Key										
		4050000						\$60,512	\$60,512	Per Operating Services Agreement with RWD.
		4050000				3215000	(\$29,625)		(\$29,625)	" " " " " " " " " "
		4050000				3215100	(\$6,957)		(\$6,957)	" " " " " " " " " "
		4050000				3379000	\$441,904		\$441,904	" " " " " " " " " "
		4050000				3414300	(\$216,625)		(\$216,625)	" " " " " " " " " "
		4050000				3435000	(\$10,556,055)		(\$10,556,055)	" " " " " " " " " "
		4050000				3435001	(\$837,281)		(\$837,281)	" " " " " " " " " "
		4050000				3435100	(\$2,366,460)		(\$2,366,460)	" " " " " " " " " "
		4050000				3435150	(\$25,552)		(\$25,552)	" " " " " " " " " "
		4050000				3435200	(\$1,470,897)		(\$1,470,897)	" " " " " " " " " "
		4050000				3435301	(\$24,778)		(\$24,778)	" " " " " " " " " "
		4050000				3435302	(\$7,000)		(\$7,000)	" " " " " " " " " "
		4050000				3435303	(\$2,100)		(\$2,100)	" " " " " " " " " "
		4050000				3458300	(\$1,250)		(\$1,250)	" " " " " " " " " "
		4050000				3590000	(\$19,125)		(\$19,125)	" " " " " " " " " "
		4050000				3611000	(\$43,978)		(\$43,978)	" " " " " " " " " "
		4050000				3699200	(\$5,000)		(\$5,000)	" " " " " " " " " "
		4050000				3790000	(\$116,000)		(\$116,000)	" " " " " " " " " "
		4050000	5017210	(\$47,000)						" " " " " " " " " "
		4050000	5017310	(\$975,000)						" " " " " " " " " "
		4050000	5018110	(\$58,000)						" " " " " " " " " "
		4050000	5110000	(\$823,433)						" " " " " " " " " "
		4050000	5112000	(\$31,851)						" " " " " " " " " "
		4050000	5212000	(\$51,030)						" " " " " " " " " "
		4050000	5214000	(\$84,989)						" " " " " " " " " "
		4050000	5215000	(\$230,538)						" " " " " " " " " "
		4050000	5220000	(\$11,936)						" " " " " " " " " "
		4050000	5230000	(\$17,041)						" " " " " " " " " "
		4050000	5310000	(\$32,013)						" " " " " " " " " "
		4050000	5320000	(\$1,481)						" " " " " " " " " "
		4050000	5350000	(\$131)						" " " " " " " " " "
		4050000	5360000	(\$17,256)						" " " " " " " " " "
		4050000	5410000	(\$441,308)						" " " " " " " " " "
		4050000	5410002	(\$8,885)						" " " " " " " " " "
		4050000	5412000	(\$808)						" " " " " " " " " "
		4050000	5420000	(\$13,085)						" " " " " " " " " "
		4050000	5425000	(\$35,017)						" " " " " " " " " "
		4050000	5430000	(\$25,227)						" " " " " " " " " "
		4050000	5442000	(\$143,269)						" " " " " " " " " "
		4050000	5450000	(\$3,619)						" " " " " " " " " "
		4050000	5460000	(\$63,646)						" " " " " " " " " "
		4050000	5471000	(\$33,115)						" " " " " " " " " "
		4050000	5472000	(\$4,038)						" " " " " " " " " "
		4050000	5473000	(\$242)						" " " " " " " " " "
		4050000	5475000	(\$519)						" " " " " " " " " "
		4050000	5476000	(\$500)						" " " " " " " " " "
		4050000	5480000	\$10,638						" " " " " " " " " "
		4050000	5491000	(\$9,564)						" " " " " " " " " "
		4050000	5492000	(\$13,731)						" " " " " " " " " "
		4050000	5494000	(\$16,142)						" " " " " " " " " "
		4050000	5499000	\$10,210						" " " " " " " " " "
		4050000	5510000	(\$11,654,681)						" " " " " " " " " "
		4050000	5910000	\$13,114						" " " " " " " " " "
		4050000	5950000	(\$75,846)						" " " " " " " " " "
		4050000	5994000	\$1,923						" " " " " " " " " "
		4050000	5970000	(\$337,211)						" " " " " " " " " "
Wastewater Utility Fund - Wastewater Permitting										
		2713356	5410000	(\$2,441,800)				(\$2,441,800)	(\$2,441,800)	Per Operating Services Agreement with RWD.
Total	405			(\$17,668,067)			(\$15,286,779)	(\$2,381,288)	(\$17,668,067)	
Total Amendments				(\$16,905,561)			(\$15,231,789)	(\$1,673,772)	(\$16,905,561)	