

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing Ordinance No. 814 - Amending the 2018 Budget for Uncompleted 2017 Operating and Capital Projects and Increasing Appropriations in the 2018 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 2017 will actually be completed in 2018. This results in 2017 expenditures being less than projected and the 2017 ending fund balances being greater than projected. In order to provide adequate budget resources in 2018 to pay expenditures incurred or complete projects initiated in 2017, additional budget authorization is needed. This is accomplished by re-appropriating a portion of the 2017 ending fund balance for expenditures in 2018, 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. 814, which is attached to this staff report as Attachment A, re-appropriates \$10,815,328.

FINANCIAL IMPACT:

In total, proposed Ordinance No. 814 will amend the City's budget by increasing it \$10,815,328, which will bring the total 2018 budget to \$91,199,022. The amendment includes \$7,122,892 of revenue from grants and other funding sources, the transfer of \$280,999 between funds, and the use of \$3,411,437 in available fund balance. After including the preliminary results of 2017 and the proposed use of fund balance, the City's available 2018 fund balance for the affected funds is \$2.029 million more than that projected in the 2018 budget book.

RECOMMENDATION

No action is required by the City Council. This meeting will provide an opportunity for the City Council to ask specific questions and provide staff direction. Adoption of proposed Ordinance No. 814 is scheduled for April 23, 2018.

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 cannot be 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. 814 would re-appropriate \$10,815,328 from 2017 to 2018 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 2017 could not be paid or completed without adversely impacting existing 2018 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 2018 Capital Improvement Plan.

Alternative 2: Approve Ordinance No. 814 (Recommended)

Approval of proposed Ordinance No. 814 will provide the budget authority for the payment of expenditures incurred or completion of projects initiated in 2017 without adversely impacting existing 2018 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. 814 totals \$10,815,328 and increases both revenues and expenditures. Resources for the amendment include \$7,122,892 of revenue from grants and other funding sources, the transfer of \$280,999 between funds, and the use of \$3,411,437 in available fund balance. The following table summarizes the impact of this budget amendment and the resulting 2018 appropriation for each of the affected funds.

Fund	2018 Current Budget (A)	Carryover Amount (B)	Amended 2018 Budget (C) (A + B)
General Fund	\$46,945,862	\$1,725,908	\$48,671,770
State Drug Enforcement Forfeiture Fund	18,243	399,897	418,140
Federal Drug Enforcement Forfeiture Fund	13,000	45,000	58,000
General Capital Fund	5,187,668	1,523,749	6,711,417
Roads Capital Fund	11,130,166	6,880,863	18,011,029
Surface Water Utility Fund	6,925,565	234,233	7,159,798
Equipment Replacement Fund	328,836	5,678	334,514
All Other Funds	9,834,354	0	9,834,354
Total	\$80,383,694	\$10,815,328	\$91,199,022

The table below summarizes the impact on available fund balance in each of the affected funds. The actual 2018 beginning fund balance is \$5.440 million more than that projected in the 2018 budget book. After the effect of this amendment, the City's 2018 adjusted fund balance is \$2.029 million more than projected.

Fund	Proj. 2018 Beg. Fund Balance (A)	Actual 2018 Beg. Fund Balance (B)	Total Carryover Request (C)	Total Resources Adjustment (D)	2018 Adj. Fund Balance (Adj. for Carryover) (E) (B - C + D)	Var. from Proj. 2018 Beg. Fund Balance (F) (E - A)
General Fund	\$11,393,659	\$13,987,450	\$1,725,908	\$516,097	\$12,777,639	\$1,383,980
State Drug Enforcement Forfeiture Fund	12,033	465,729	399,897	0	65,832	53,799
Federal Drug Enforcement Forfeiture Fund	22,426	69,543	45,000	0	24,543	2,117
General Capital Fund	1,991,622	2,099,479	1,523,749	1,653,897	2,229,627	238,005
Roads Capital Fund	4,766,651	6,468,370	6,880,863	5,189,000	4,776,507	9,856
Surface Water Utility Fund	1,798,398	2,212,758	234,233	44,897	2,023,422	225,024
Equipment Replacement Fund	3,253,765	3,375,339	5,678	0	3,369,661	115,896
Total	\$23,238,554	\$28,678,668	\$10,815,328	\$7,403,891	\$25,267,231	\$2,028,677

RECOMMENDATION

No action is required by the City Council. This meeting will provide an opportunity for the City Council to ask specific questions and provide staff direction. Adoption of proposed Ordinance No. 814 is scheduled for April 23, 2018.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 814
- Attachment B: 2018 Re-appropriations by Fund Detail

ORDINANCE NO. 814

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 812 BY INCREASING THE APPROPRIATION IN THE GENERAL FUND, STATE DRUG ENFORCEMENT FORFEITURE FUND, FEDERAL DRUG ENFORCEMENT FORFEITURE FUND, GENERAL CAPITAL FUND, ROADS CAPITAL FUND, SURFACE WATER UTILITY FUND, AND EQUIPMENT REPLACEMENT FUND

WHEREAS, the 2018 Final Budget for the City of Shoreline was adopted by Ordinance No. 806 and amended by Ordinance No. 812; and

WHEREAS, various projects were included in the City's 2017 operating budget and were not completed during 2017; and

WHEREAS, the 2018–2023 Capital Improvement Plan was adopted in Ordinance No. 806; and

WHEREAS, the 2018 Final Budget has assumed completion of specific capital improvement projects in 2017; and

WHEREAS, some of these capital projects were not completed and need to be continued and completed in 2018; and

WHEREAS, due to these 2017 projects not being completed, the 2017 ending fund balance and the 2018 beginning fund balance for the General Fund, State Drug Enforcement Forfeiture Fund, Federal Drug Enforcement 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 2018 to complete 2017 work and to include additional projects that were unknown needs when the 2018 Final 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 – 2018 Final Budget. The City hereby amends Section 1 of Ordinance No. 812, *Amendment – 2018 Final Budget*, by increasing the appropriation for the General Fund by \$1,725,908; for the State Drug Enforcement Forfeiture Fund by \$399,897; for the Federal Drug Enforcement Forfeiture Fund by \$45,000; for the General Capital Fund by \$1,523,749; for the Roads Capital Fund by \$6,880,863; for the Surface Water Utility Fund by

\$234,233; for the Equipment Replacement Fund by \$5,678; and, by increasing the Total Funds appropriation to \$91,199,022, as follows:

Fund	Current Appropriation	Revised Appropriation
General Fund	\$46,945,862	\$48,671,770
Street Fund	2,376,815	
Code Abatement Fund	130,000	
State Drug Enforcement Forfeiture Fund	18,243	418,140
Public Arts Fund	195,246	
Federal Drug Enforcement Forfeiture Fund	13,000	58,000
Property Tax Equalization Fund	0	
Federal Criminal Forfeiture Fund	0	
Transportation Impact Fees Fund	221,400	
Park Impact Fees Fund	50,000	
Revenue Stabilization Fund	0	
Unltd Tax GO Bond 2006	1,697,925	
Limited Tax GO Bond 2009	1,661,417	
Limited Tax GO Bond 2013	260,635	
General Capital Fund	5,187,668	6,711,417
City Facility-Major Maintenance Fund	153,213	
Roads Capital Fund	11,130,166	18,011,029
Surface Water Capital Fund	6,925,565	7,159,798
Wastewater Utility Fund	2,297,901	
Vehicle Operations/Maintenance Fund	772,302	
Equipment Replacement Fund	328,836	334,514
Unemployment Fund	17,500	
Total Funds	\$80,383,694	\$91,199,022

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 23, 2018

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Publication Date: , 2018
Effective Date: , 2018

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
General Fund					
General Fund Admin Key	Transfer to Roads Capital Fund for Trail Along the Rail		\$113,030		Complete project in 2018.
General Fund Admin Key	Transfer to Roads Capital Fund for 147th / 148th Non-Motorized Bridge		\$199,945		Complete project in 2018.
General Fund Admin Key	Transfer to Roads Capital Fund for 185th Corridor Study		\$140,691		Complete project in 2018.
General Fund Admin Key	Transfer to Roads Capital Fund for Westminster & 155th Improvements		\$273,436		Complete project in 2018.
General Fund Admin Key	Police Station at City Hall		(\$1,000,000)		Reduce Transfer from General Fund to support the Police Station at City Hall project per 2018-2023 CIP because this \$1,000,000 was transferred in 2017.
General Fund Admin Key	Police Station at City Hall		\$154,000		Increase Transfer from General Fund to support the Police Station at City Hall project; reimbursement will come from Remediation Mitigation Claims revenue when received.
CMO / City Manager's Office	Contiguous Improvement		\$29,623		Work continues in 2018.
CMO / Highland Plaza	Repair roof on the Jersey's Restaurant		\$5,377		Complete project in 2018.
ASD / Finance Operations	Microfilming of Payroll Records		\$9,703		Work continues in 2018.
ASD / IT Strategic Plan & Advsry Svc	Finance and HR System Replacement		\$974,379		Complete project in 2018.
ASD / IT Strategic Plan & Advsry Svc	Permit and Customer Service System		\$59,275		Complete project in 2018.
ASD / IT-Operations	SharePoint Phase II		\$7,094		Complete project in 2018.
ASD / IT - Equipment Replacement	Wi-Fi Installation		\$3,134		Complete project in 2018.
ASD / Web Development	Installation of projectors in Conference Room 222		\$11,482		Complete project in 2018.
Citywide / Non-Departmental	Ronald Wastewater Transition - Wastewater code development		\$14,856		Complete project in 2018.
Citywide / Non-Departmental	Ronald Wastewater Transition - Record Management Services		\$23,000		Complete project in 2018.
Police / Special Support	RADAR Program		\$401,368	\$401,368	Project continues in 2018.
CSD / Human Services	Minor Home Repair (CDBG funded program)		\$38,905	\$38,905	Project continues in 2018.
PRCS / Parks Operations	NPDES contractor repairs documented through Surface Water staff inspections in Cityworks.		\$18,800		Complete project in 2018.
PRCS / Teen & Youth Development Program	Raikes Foundation Teen Training		\$1,459		Use remainder of funding from the Raikes Foundation.
CMO / Economic Development	Port of Seattle Economic Development Partnership Program Grant		\$42,290	\$42,290	Complete three economic development projects: SeaSound Media Campus; Home-Based Business Support; Ridgecrest ROW Improvement Plan.
PCD / City Planning	Establish procedures for administering an Affordable Housing Program		\$19,040		Complete the development of the process, forms, and structure for an Affordable Housing Program.
PCD / City Planning	Update "forevergreen" sustainability indicator tracking website		\$14,953		Complete project in 2018.
PCD / Building and Inspections	Balance of one-time professional services appropriation provided through Ordinance No. 794 to complete structural and non-structural plan review on a backlog of permits.		\$34,291		Complete project in 2018.
PW / Administration	Point Wells Professional Services Support		\$26,000		Appropriations were not needed in 2017 but will be needed in 2018.
PW / Environmental Services	Waste Reduction and Recycling Grant		\$7,156	\$7,156	Support for recycling event.
PW / Environmental Services	Local Hazardous Waste Management Program Grant		\$26,378	\$26,378	City-wide Battery Recycling Program.
PW / Engineering	ADA Self Evaluation and Transition Plan for Rights-of-Way		\$9,054		Complete project in 2018.

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
General Fund (Continued)					
	PW / Engineering	Balance of one-time professional services appropriation provided through Ordinance No. 794 related to school district development review.	\$17,000		Complete project in 2018.
	PW / Traffic Services	Streetlight Master Plan	\$24,588		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 2018.
	PW / Traffic Services	Consultant work related to development review that started in 2017 and not yet completed.	\$25,601		Complete project in 2018.
Total General Fund			\$1,725,908	\$516,097	
State Drug Enforcement Forfeiture Fund					
	Public Safety State Seizure Program	Transfer to the General Capital Fund for the Police Station at City Hall project	\$399,897		Transfer to support the Police Station at City Hall project per 2018-2023 CIP; transfer could not be made in 2017 because although monies were booked as receivable in 2017, funds were not received until January 2018.
Total State Drug Enforcement Forfeiture Fund			\$399,897	\$0	
Federal Drug Enforcement Forfeiture Fund					
	Federal Drug Enforcement Forfeiture	Purchase of two "Zero" Electric Motorcycles for Police Park Patrol	\$45,000		Complete purchase in 2018.
Total Federal Drug Enforcement Forfeiture Fund			\$45,000	\$0	
General Capital Fund					
	CIP	Police Station at City Hall	\$1,103,299	\$1,653,897	Complete project in 2018.
	CIP	City Maintenance Facility	\$261,960		Project continues in 2018.
	CIP	Parks Repair & Replacement	\$21,483		Complete Hamlin Yard Remodel project in 2018.
	CIP	Parks Repair & Replacement	\$10,007		Project continues in 2018.
	CIP	Turf and Lighting Repair Replacement	\$127,000		Project continues in 2018.
Total General Capital Fund			\$1,523,749	\$1,653,897	
Roads Capital Fund					
	CIP	Curb Ramps, Sidewalks, Gutters	\$17,020		Project continues in 2018.
	CIP	Traffic Safety Improvements	\$15,000		Consultant work related to development review started in 2017.

Fund	Dept / Program	Project/Item	Carryover Amount	Carryover Revenue	Justification
Roads Capital Fund (Continued)					
CIP		Traffic Safety Improvements	\$15,091		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 2018.
CIP		Traffic Safety Improvements	\$80,000		Complete King County Work Order SH-650 to facilitate Richmond Beach Road Rechannalization project.
CIP		Traffic Safety Improvements	\$9,700		Complete King County Work Order SH-634.
CIP		Interurban / Burke-Gilman Trail Connectors	\$36,898	\$36,898	Complete project in 2018.
CIP		Bike System Implementation	\$4,788	\$15,339	Complete project in 2018.
CIP		Echo Lake Safe Route to School	\$16,322	\$35,582	Complete project in 2018.
CIP		Trail Along the Rail	\$198,030	\$113,030	Complete project in 2018; partially funded by contribution from the General Fund.
CIP		147th / 148th Non-Motorized Bridge	\$199,945	\$199,945	Complete project in 2018; wholly funded by contribution from the General Fund.
CIP		Traffic Signal Rehab	\$92,207		Complete King County Work Order SH-622.
CIP		145th Street - SR-99 to I-5	\$3,784,800	\$2,795,500	Project continues in 2018.
CIP		185th Corridor Study	\$140,691	\$140,691	Project continues in 2017; wholly funded by contribution from the General Fund.
CIP		Meridian Ave & N 155th Signal Improvement	\$68,270	\$1,595	Complete project in 2018.
CIP		Westminster & 155th Improvements	\$382,017	\$273,436	Complete project in 2018; partially funded by contribution from the General Fund.
CIP		145th & I5 Interchange	\$1,820,084	\$1,576,984	Project continues in 2018.
Total Roads Capital Fund			\$6,880,863	\$5,189,000	
Surface Water Utility Fund					
PW / Surface Water Mgmt		DOE Local Source Control Grant	\$44,897	\$44,897	Work continues in 2018.
PW / Surface Water Mgmt		2017 Catch Basin Replacements and Repairs at N 171st St. and N. 177th St.	\$12,246		Complete project in 2018.
CIP		25th Ave NE Flood Reduction Project	\$95,881		Project continues in 2018.
CIP		Boeing Creek Regional Stormwater Facility Study	\$81,209		Complete project in 2018.
Total Surface Water Utility Fund			\$234,233	\$44,897	
Equipment Replacement Fund					
Equipment Replacement-Vehicles/Heavy Equipment		To install a fender kit on VN#166.	\$2,426		Complete purchase in 2018.
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; funds will be used to pay for the top screen on a sander that was delivered in 2017.	\$812		Complete purchase in 2018.
Equipment Replacement-Vehicles/Heavy Equipment		Funds for VN#179 poly spreader.	\$2,440		Complete purchase in 2018.
Total Equipment Replacement Fund			\$5,678	\$0	
TOTAL CARRYOVER REQUESTS			\$10,815,328	\$7,403,891	