

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

| | |
|----------------------|---|
| AGENDA TITLE: | Discussing Ordinance No. 815 - Amending the 2018 Budget (Ord. Nos. 806 & 812), and Ordinance No. 820 - Amending Shoreline Municipal Code Chapter 3.35 Establishing a Park Impact Fees Fund and a Housing Trust Fund |
| 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:

During the first quarter of 2018 staff identified several operating programs and capital projects that require additional funding due to unanticipated needs that were unknown in November 2017 at the time the 2018 Final Budget was adopted by the City Council through Ordinance No. 806. Staff is requesting that the 2018 budget be amended to provide funding for these programs and projects. Proposed Ordinance No. 815 (Attachment A) provides for this amendment.

The City has adopted a Park Impact Fee and is planning to adopt an Affordable Housing Fee in Lieu program. Proposed Ordinance No. 820 (Attachment B) presents language to amend Shoreline Municipal Code Chapter 3.35 to create two new funds, "Park Impact Fees Fund" (Fund 118) to account for the collection and use of park impact fees and "Housing Trust Fund" (Fund 119) to account for funds collected for the purpose of supporting affordable housing in Shoreline.

Tonight, Council is scheduled to discuss proposed Ordinance Nos. 815 and 820. These ordinances are scheduled to be brought back to Council on April 23, 2018 for adoption.

FINANCIAL IMPACT:

Adoption of proposed Ordinance No. 820 will not have a financial impact. Adoption of proposed Ordinance No. 815 impacts expenditures and resources, as follows:

- Increases 2018 appropriations for:
 - Various operating programs in the General Fund by \$741,908
 - General Capital Fund by \$318,000
 - Operating and CIP programs in the Surface Water Utility Fund by \$437,937
 - Equipment Replacement Fund by \$2,330
- Provides revenues of \$568,425 in the General Fund, comprised of \$543,355 one-time from a grant and \$25,070 ongoing from partnerships with other agencies
- Provides for the following transfers from the:

- General Fund of \$17,183 to the Unlimited Tax GO Bond 2006 Fund and \$118,000 to the General Capital Fund
- Street Fund of \$2,330 to the Equipment Replacement Fund
- Reduces \$17,183 of revenues in the Unlimited Tax GO Bond 2006 Fund
- Recognizes \$390,377 of revenues in the Surface Water Utility Fund, comprised of \$340,377 in Surface Water Fees in the Surface Water Utility Fund due to a correction to past accounting practice and \$50,000 one-time for a grant
- Uses available fund balance totaling \$173,483 in the General Fund, \$200,000 in the General Capital Fund, and \$47,560 in the Surface Water Utility Fund.

The net impact of Ordinance No. 815 is an increase in 2018 appropriations totaling \$1,500,175, revenues totaling \$941,579, and interfund transfers totaling \$137,513. Funding for this amendment will come from the use of \$421,043 in available fund balance. The adjusted 2018 fund balance for the affected funds, net of 2017 carryovers, is \$2.103 million more than that projected in the 2018 budget book. After the effect of these changes, the City's 2018 adjusted fund balance is \$1.682 million more than that projected.

The following programs in the operating and internal service fund budgets will be impacted by this amendment:

General Fund:

| Dept. / Program | Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|---|------------------|--------------|------------------|------------------|------------------|
| General Fund Admin | \$0 | \$0 | \$0 | \$135,183 | --- |
| ASD/ Facilities | \$0 | \$0 | \$12,205 | \$0 | --- |
| Police/Special Support | \$0 | \$0 | \$456 | \$0 | --- |
| PRCS/Parks Operations | \$0 | \$0 | \$1,278 | \$0 | --- |
| PRCS/Aquatics | \$0 | \$0 | \$1,299 | \$0 | --- |
| PRCS / Facilities/Rental | \$0 | \$0 | \$600 | \$0 | --- |
| PRCS / General Recreation | \$25,070 | \$0 | 37,754 | \$0 | --- |
| PRCS / Teen & Youth Development Program | \$543,355 | \$0 | \$553,133 | \$0 | +0.075 |
| Total | \$568,425 | \$0 | \$606,725 | \$135,183 | +0.075 |

Street Fund:

| Dept. / Program | Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|-------------------|----------|--------------|--------------|---------------|------------------|
| Street Operations | \$0 | \$0 | (\$,2330) | \$2,330 | --- |

Unlimited Tax GO Bond 2006 Fund:

| Dept. / Program | Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|---|------------|--------------|--------------|---------------|------------------|
| Unlimited Tax GO Bond 2006 Administration | (\$17,183) | \$17,183 | \$0 | \$0 | --- |

Equipment Replacement Fund:

| Dept. / Program | Revenues | Transfer In | Expenditures | Transfers Out | FTE Count Change |
|--|-----------------|--------------------|---------------------|----------------------|-------------------------|
| Equipment Replacement-Vehicles/Heavy Equipment | \$0 | \$2,330 | \$2,330 | \$0 | --- |

The following programs/projects in the CIP budget will be impacted by this amendment:

General Capital Fund:

| Dept. / Program | Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|-----------------------------|-----------------|---------------------|---------------------|----------------------|-------------------------|
| Police Station at City Hall | \$0 | \$118,000 | \$118,000 | \$0 | --- |
| Aquatic-Community Center | \$0 | \$0 | \$200,000 | \$0 | --- |
| Total | \$0 | \$118,000 | \$318,000 | \$0 | --- |

The following programs/projects in the utility budget will be impacted by this amendment:

Surface Water Utility Fund:

| Dept. / Program | Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|---|------------------|---------------------|---------------------|----------------------|-------------------------|
| Surface Water Management | \$390,377 | \$0 | \$407,937 | \$0 | --- |
| Boeing Creek Regional Stormwater Facility Study | \$0 | \$0 | \$30,000 | \$0 | --- |
| Total | \$390,337 | \$0 | \$437,937 | \$0 | --- |

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. Proposed Ordinance Nos. 815 and 820 are scheduled to be brought back to Council for adoption on April 23, 2018.

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

INTRODUCTION

During the first quarter of 2018 staff identified several operating programs and capital projects that require additional funding due to unanticipated needs that were unknown in November 2017 at the time the 2018 Final Budget was adopted by the City Council. Staff is requesting that the 2018 budget be amended to provide funding for these programs and projects. Proposed Ordinance No. 815 (Attachment A) provides for this amendment.

Proposed Ordinance No. 820 (Attachment B) presents language to amend Shoreline Municipal Code Chapter 3.35 to create two new funds, "Park Impact Fees Fund" (Fund 118) to account for the collection and use of park impact fees and "Housing Trust Fund" (Fund 119) to account for funds collected for the purpose of supporting affordable housing in Shoreline.

BACKGROUND

Proposed Ordinance No. 815: 2018 Budget Amendment

The detail of the proposed budget amendments is as follows:

General Fund:

Amendments Impacting Multiple Programs:

Janitorial Services:

| Fund | Revenues | Expenditures | FTE Count Change |
|--------------|-----------------|---------------------|-------------------------|
| General Fund | \$0 | \$7,306 | --- |

The current 2018 appropriation for janitorial services will increase by a total of \$7,306. The 2018 budget for janitorial services totals \$323,980, an increase of \$40,088 over 2017. Appropriations in 2018 are comprised of \$310,588 appropriated in the General Fund, \$4,018 appropriated in the Street Fund, \$2,678 appropriated in the Surface Water Utility Fund, and \$6,696 appropriated in the Wastewater Utility Fund. The City's two janitorial service providers' contracts allow for prevailing wage increases. This budget amendment further increases the General Fund appropriations by \$7,306 in multiple programs.

Programs impacted by the janitorial increase will only briefly note the change below.

General Fund Admin Key:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|-----------------|---------------------|---------------------|----------------------|-------------------------|
| \$0 | \$0 | \$0 | \$135,183 | --- |

Transfers Out: The 2018 appropriation for this program will increase by a total of \$135,183. The increase includes a transfer to General Capital Fund of \$118,000 related to the Police Station at City Hall project and \$17,183 transfer to the Unlimited Tax GO Bond Fund (2006). Both transfers are explained further below.

ASD / Facilities:

| Revenues | Expenditures | FTE Count Change |
|----------|--------------|------------------|
| \$0 | \$12,205 | --- |

The 2018 appropriation for this program will increase by a total of \$12,205.

Existing Police Station Generator: Appropriations will increase by \$10,000 to retain the existing police station emergency generator for use in the distributed City Maintenance Facility Project. With the planned sale of the police station property, Facilities is requesting repurposing of the existing generator by disconnecting it for storage and reuse at a later date. This asset has an estimated 15-year remaining useful life and will provide a significant project savings. The funding request is estimated at \$10,000 and will vary based on the intended use of the police station property. For instance, if the new owner were to demolish the existing building, rewiring the building to the grid after generator removal would not be required, thereby reducing cost to the City.

Janitorial Services: Appropriations will increase by \$2,205 related to the janitorial services prevailing wages increase discussed above.

Police / Special Support:

| Revenues | Expenditures | FTE Count Change |
|----------|--------------|------------------|
| \$0 | \$456 | --- |

Janitorial Services: The 2018 appropriation for this program will increase by a total of \$456 related to the janitorial services prevailing wages increase discussed above.

Parks, Recreation and Cultural Services / Parks Operations:

| Revenues | Expenditures | FTE Count Change |
|----------|--------------|------------------|
| \$0 | \$1,278 | --- |

Janitorial Services: The 2018 appropriation for this program will increase by a total of \$1,278 related to the janitorial services prevailing wages increase discussed above.

Parks, Recreation and Cultural Services / Parks Aquatics:

| Revenues | Expenditures | FTE Count Change |
|----------|--------------|------------------|
| \$0 | \$1,299 | --- |

Janitorial Services: The 2018 appropriation for this program will increase by a total of \$1,299 related to the janitorial services prevailing wages increase discussed above

Parks, Recreation and Cultural Services / Facilities-Rentals:

| Revenues | Expenditures | FTE Count Change |
|----------|--------------|------------------|
| \$0 | \$600 | --- |

Telephone Purchase: The 2018 appropriation for this program will increase by a total of \$600 for a telephone for a workstation built at City Hall in 2017 where the Rental Coordinator as well as other extra help employees work.

Parks, Recreation and Cultural Services/ General Recreation:

| Revenues | Expenditures | FTE Count Change |
|----------|--------------|------------------|
| \$25,070 | \$37,754 | --- |

The 2018 appropriation for this program will increase by a total of \$37,754.

Food and Compostable Ware: Appropriations will increase by \$2,004 to increase our ability to offer healthier choices of food to recreation program participants and utilize compostable supplies in accordance with our Environmentally Preferred Purchasing Policy. Currently this program receives donations from local fast food restaurants that do not provide the healthy options that we would like to provide to our participants.

Choices Greenhouse Project: Appropriations will increase by \$9,049. In 2015, there was a donation for \$25,000 from the Libertee Group for the CHOICES program, a program for adults with developmental disabilities. A portion of the donation was used to purchase a greenhouse kit and materials for the greenhouse. The greenhouse was up and running in 2015. Some additional supplies were purchased in 2016 and 2017 leaving a balance of \$9,049 to support this program in 2018.

Dandylyon Drama: Appropriations will increase by \$20,750 supported by \$20,750 in revenue. The City of Shoreline is entering in an agreement with Dandylyon Drama to offer theater camps at Cromwell Amphitheater this summer. Dandylyon Drama will provide the instruction, some materials, staff, and structure for the camp. The camp is scheduled for three full day sessions for 15 kids. The direct contract with Dandylyon Drama will be \$15,750. The balance of the budget will provide \$5,000 for program supplies.

Nature Vision: Appropriations will increase by \$4,320 supported by \$4,320 in revenue. The City of Shoreline has entered an agreement with Nature Vision to provide an outdoor survival camp. This full day camp will take place outdoors at Hamlin and will utilize the trails, open spaces, and shelters in order to teach kids outdoor survival skills. Camp is scheduled for one full day session for 20 kids. The direct contract with Nature Vision will be \$4,320.

Janitorial Services: Appropriations of \$1,631 are related to the janitorial services prevailing wages increase discussed above.

Parks, Recreation and Cultural Services / Youth & Teen Development

| Revenues | Expenditures | FTE Count Change |
|-----------|--------------|------------------|
| \$543,355 | \$553,133 | 0.075 |

The 2018 appropriation for this program will increase by a total of \$553,133.

Youth Outreach Leadership Opportunities (YOLO) Program: Appropriations will increase by \$543,355 supported by \$543,355 in revenue, and the FTE count will temporarily increase by 0.075 for three years. King County Best Starts for Kids, a voter approved initiative led by Executive Constantine, will supply \$543,355 in grant funding to the City for a Youth Outreach Leadership and Opportunities (YOLO) project. The City's Youth and Teen Development Program, in partnership with the Center for Human Services, submitted a grant proposal to develop and implement the YOLO program. The YOLO program will provide much needed resources and opportunities at the City of Shoreline Teen Center and the Ballinger Homes King County Housing Authority complex with a focus on youth-led outreach efforts via employment opportunities for those youth. The proposal requires the temporary increase of the City's Recreation Supervisor by 0.075 FTE for the duration of the three-year grant.

Food and Compostable ware: Appropriations will increase by \$9,340 in order to increase our ability to offer healthier choices of food to recreation program participants and utilize compostable supplies in accordance with our Environmentally Preferred Purchasing Policy. Currently this program receives donations from local fast food restaurants that do not provide the healthy options that we would like to provide to our participants.

Janitorial Services: Appropriations of \$438 are related to the janitorial services prevailing wages increase discussed above.

Revenues:

General Fund revenues will be increased by \$571,255, as follows:

- Dandylyon Drama Camp: \$22,500
- Nature Vision Program: \$5,400
- KC Best Start for Kids Grant: \$543,355

Impact on the General Fund's Fund Balance:

Ordinance No. 815 proposes using \$173,483 of available fund balance to fund this amendment.

Street Fund:

Street Operations:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|----------|--------------|--------------|---------------|------------------|
| \$0 | \$0 | (\$2,330) | \$2,330 | --- |

The 2018 appropriation for this program will increase by a total of \$0.

Staff placed an order for a replacement of an existing pick-up in 2017. Part of the replacement was a spreader attachment for snow events, which was not received in 2017 and is being carried over to 2018. The cost of the spreader exceeds the original amount budgeted by \$2,330 which will be paid for by a transfer from the Street Fund to the Equipment Replacement Fund. A reduction of \$2,330 in existing 2018 appropriations in Street Operations repair and maintenance budget will offset the

overage, thereby resulting in a net \$0 impact on 2018 appropriations. Transfers between funds requires Council's approval.

Impact on the Street Fund's Fund Balance:

Ordinance No. 815 proposes a net zero impact on fund balance to fund this amendment.

Unlimited Tax GO Bond Fund:

Unlimited Tax GO Bond 2006 Administration:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|------------|--------------|--------------|---------------|------------------|
| (\$17,183) | \$17,183 | \$0 | \$0 | --- |

The 2018 appropriation for this program will increase by a total of \$0.

The 2018 adopted budget included revenue of \$1.698 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. In 2017, the Ballinger Commons property sold to the King County Housing Authority making the property exempt from property tax. When the King County Assessor applied the 2018 levy, it still applied it to the now-exempt property; however, no taxes are due, which will reduce the amount of revenue the City will receive from the excess property tax levy. As a result, the General Fund may need to transfer additional monies, estimated to total \$17,183, to the General Obligation Bond Fund (Fund 201) to cover the shortfall. The 2018 appropriation in the General Fund will be increased by \$17,183 to provide for this transfer.

Transfers In:

Unlimited Tax GO Bond Fund transfers in will be increased by \$17,183, as follows:

- Transfer from General Fund: \$17,183

Impact on the Unlimited Tax GO Bond 2006 Fund's Fund Balance:

Ordinance No. 815 proposes a net zero impact on fund balance to fund this amendment.

General Capital Fund:

Aquatic-Community Center:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|----------|--------------|--------------|---------------|------------------|
| \$0 | \$0 | \$200,000 | \$0 | --- |

The 2018 appropriation for this program will increase by a total of \$200,000.

This phase of the Aquatic-Community Center project will advance the design of the proposed facility beyond the very general concept design put forth as part of the 2017 Parks, Recreation and Open Space (PROS) Plan. This advanced concept design will

consider the layout of the facility on a specific site allowing for a more refined concept design to be developed and an updated cost estimate.

Police Station at City Hall:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|----------|--------------|--------------|---------------|------------------|
| \$0 | \$118,000 | \$118,000 | \$0 | --- |

The 2018 appropriation for this program will increase by a total of \$118,000 supported by a transfer in from the General Fund of \$118,000.

Construction for this project is 80% complete and the projected cost to complete has exceeded the current budget including contingency. A budget amendment of \$118,000 will fund all currently known costs and reserve approximately \$90,000 of contingency to complete the project. The requested amendment is equal to the cost of unanticipated remediation related to Grease Monkey operations. Due diligence prior to demolition did not reveal the violations and the City is seeking reimbursement from Grease Monkey. Reimbursement is unlikely to be received in 2018 and will be returned to the General Fund when received.

Transfers In:

General Capital Fund transfers in will be increased by \$118,000, as follows:

- Transfer from General Fund to Police Station at City Hall: \$118,000

Impact on the General Capital Fund's Fund Balance:

Ordinance No. 815 proposes using \$200,000 of available fund balance to fund this amendment.

Surface Water Utility Fund:

Surface Water Management:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|-----------|--------------|--------------|---------------|------------------|
| \$390,377 | \$0 | \$407,937 | \$0 | --- |

The 2018 appropriation for this program will increase by a total of \$407,937 and revenues will be recognized totaling \$390,377, comprised of \$340,377 in Surface Water Fees due to a correction to past accounting practice related to accounting for Utility Taxes and \$50,000 one-time for a grant.

Utility Taxes: Appropriations will increase by \$342,237 to recognize the Surface Water Utility's payment of the Utility Tax of 6% that was previously not recorded as either a revenue or expense in the Surface Water Fund. This change was identified and implemented in late 2017 after budget development and this amendment reflects the needed change for 2018. For 2018, it is anticipated that the Surface Water Utility will receive \$5,703,954 in revenue and be required to pay \$342,237 in Utility Tax to the General Fund.

Business & Occupation Taxes: Appropriations will increase by \$65,700 to recognize the Surface Water Utility's payment of the B&O Tax of 1.5% to the State. The City identified and corrected an error in our reporting to the State in 2017 after budget development. This amendment corrects that error. For 2018, it is anticipated the Surface Water Utility will receive \$5,703,954 in revenue and be required to pay \$85,559 in B&O Tax to the State Department of Revenue. The 2018 adopted budget included \$19,859 for B&O tax, thereby resulting in a net increase of \$65,700 included in this budget amendment.

Stormwater Capacity Grant: Appropriations will not increase as this amendment only recognizes receipt of \$50,000 in grant revenue. This is a two-year grant from the State of Washington to improve water quality by reducing pollutants discharged to state water bodies. The project will assist phase I and II permittees in implementation or management of municipal stormwater programs.

Boeing Creek Regional Stormwater Facility Study:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|----------|--------------|--------------|---------------|------------------|
| \$0 | \$0 | \$30,000 | \$0 | --- |

The 2018 appropriation for this program will increase by a total of \$30,000.

An increase in 2018 appropriations is needed for the Boeing Creek Regional Stormwater Facility Study due to geotechnical investigations, which were additional work items to the original contract approved by Council on June 5, 2017 (staff report available here:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport060517-7c.pdf>). This work was cited as a possible outcome to the original analysis. Recent development of design alternative concepts has clarified the need for geotechnical explorations to determine shallow and deep soil infiltrative capacity at two preliminary locations, in order to reasonably assess regional stormwater facility feasibility. The contract with the service provider has already been amended to address the needed geotechnical investigations.

Revenues:

Surface Water Utility Fund revenues will be increased by \$390,377, as follows:

- Surface Water Fees: \$340,377
- Stormwater Capacity Grant: \$50,000

Impact on the Surface Water Utility Fund's Fund Balance:

Ordinance No. 815 proposes using \$47,560 of fund balance as a result of this amendment.

Equipment Replacement Fund:

Equipment Replacement-Vehicles/Heavy Equipment:

| Revenues | Transfers In | Expenditures | Transfers Out | FTE Count Change |
|----------|--------------|--------------|---------------|------------------|
| \$0 | \$2,330 | \$2,330 | \$0 | --- |

Staff placed an order for a replacement of an existing Streets Operations pick-up in 2017. Part of the replacement was a spreader attachment for snow events, which was not received in 2017 and was officially paid for in 2018. The total vehicle and equipment expenditures in the Equipment Replacement Fund was more than the original appropriation by \$2,330, thereby requiring the transfer of additional monies from the Street Fund to the Equipment Replacement Fund. A reduction of \$2,330 in existing 2018 appropriations in Street Operations repair and maintenance budget will offset the overage, thereby resulting in a net \$0 impact on the Streets Fund's 2018 appropriations. Transfers between funds requires Council's approval.

Transfers In:

Equipment Replacement Fund transfers in will be increased by \$2,330, as follows:

- Transfer from Street Fund: \$2,330

Impact on the Equipment Replacement Fund's Fund Balance:

Ordinance No. 815 proposes a net zero impact on fund balance to fund this amendment.

City of Shoreline Regular FTE Count:

As was noted above, the following changes will increase the number of approved FTEs for the City by 0.075 as shown in the table below:

- The temporary increase of the City's 0.825 FTE Recreation Supervisor I by 0.075 FTE for the duration of the grant (3 years from 2018 to 2021) to a total of 0.900 FTE.

City of Shoreline Regular FTE Count

| Department | 2018 Adopted | 2018 Current | 2018 Amended | Change between Current and Amended |
|---------------------------------------|-----------------|-----------------|-----------------|---|
| City Manager | 19.00 | 19.00 | 19.00 | 0.00 |
| Community Services | 8.78 | 8.78 | 8.78 | 0.00 |
| City Attorney | 3.00 | 3.00 | 3.00 | 0.00 |
| Administrative Services | 26.90 | 27.90 | 27.90 | 0.00 |
| Human Resources | 3.00 | 3.00 | 3.00 | 0.00 |
| Police | 0.00 | 0.00 | 0.00 | 0.00 |
| Planning & Community Development | 24.50 | 24.50 | 24.50 | 0.00 |
| Parks, Recreation & Cultural Services | 31.40 | 31.40 | 31.48 | 0.08 ^a |
| Public Works | 31.14 | 31.14 | 31.14 | 0.00 |
| Surface Water Utility | 14.90 | 14.90 | 14.90 | 0.00 |
| Wastewater Utility | 14.13 | 14.13 | 14.13 | 0.00 |
| Total FTE | 176.75 | 177.75 | 177.83 | 0.08 |

Notes:

- a. Increase of 0.075 FTE has been rounded up for the purpose of this table.

Proposed Ordinance No. 820: Establishing a Park Impact Fees Fund and Housing Trust Fund

Proposed Ordinance No. 820 (Attachment B) presents language to amend Shoreline Municipal Code Chapter 3.35 to create two new funds, "Park Impact Fees Fund" (Fund 118) to account for the collection and use of park impact fees and "Housing Trust Fund" (Fund 119) to account for funds collected for the purpose of supporting affordable housing in Shoreline.

As authorized by Revised Code of Washington (RCW) 82.02.050, the City imposed an impact fee on development activity as part of the financing to plan and provide parks and recreation facilities that are adequate to accommodate growth. Impact fees for parks, open space, and recreation facilities, commonly referred to as Park Impact Fees, were adopted through Ordinance No. 786 (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport073117-8a.pdf>). Pursuant to RCW 82.02.070 and Shoreline Municipal Code (SMC) 3.70.100 the City must establish separate impact fee account for the parks, open space, and recreation impact fees collected pursuant to SMC 3.70. Proposed Ordinance No. 820 (Attachment B) presents language to amend Shoreline Municipal Code Chapter 3.35 to create a fund to be known as the "Park Impact Fees Fund" (Fund 118) to account for the collection and use of park impact fees.

On March 26, 2018 Council discussed adoption of Ordinance No. 817 to implement an Affordable Housing Fee in Lieu program (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport032618-9b.pdf>). Council directed staff to return the Ordinance for adoption on the consent agenda on April 16, 2018. Revenues from this fee will be used to further the goal of providing additional units of affordable housing, at deeper levels of affordability than required in market-rate developments. In order to increase transparency and more easily account for and track the collection and use of these revenues, staff are recommending the creation of a separate special revenue fund for this purpose. The fund will be available to track all revenues dedicated to the purpose of affordable housing.

FINANCIAL IMPACT

Adoption of proposed Ordinance No. 820 will not have a financial impact. Adoption of proposed Ordinance No. 815 impacts expenditures and resources, as follows:

- Increases 2018 appropriations for:
 - Various operating programs in the General Fund by \$741,908
 - General Capital Fund by \$318,000
 - Operating and CIP programs in the Surface Water Utility Fund by \$437,937
 - Equipment Replacement Fund by \$2,330
- Provides revenues of \$568,425 in the General Fund, comprised of \$543,355 one-time from a grant and \$25,070 ongoing from partnerships with other agencies
- Provides for the following transfers from the:
 - General Fund of \$17,183 to the Unlimited Tax GO Bond 2006 Fund and \$118,000 to the General Capital Fund

- Street Fund of \$2,330 to the Equipment Replacement Fund
- Reduces \$17,183 of revenues in the Unlimited Tax GO Bond 2006 Fund
- Recognizes \$390,377 of revenues in the Surface Water Utility Fund, comprised of \$340,377 in Surface Water Fees in the Surface Water Utility Fund due to a correction to past accounting practice and \$50,000 one-time for a grant
- Uses available fund balance totaling \$173,483 in the General Fund, \$200,000 in the General Capital Fund, and \$47,560 in the Surface Water Utility Fund.

The net impact of Ordinance No. 815 is an increase in 2018 appropriations totaling \$1,500,175, revenues totaling \$941,579, and interfund transfers totaling \$137,513. Funding for this amendment will come from the use of \$421,043 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) | Budget Amendment (B) | Amended 2018 Budget (C) (A + B) |
|---------------------------------|--------------------------------|-----------------------------|--|
| General Fund | \$48,671,770 | \$741,908 | \$49,413,678 |
| Street Fund | 2,376,815 | 0 | 2,376,815 |
| Unlimited Tax GO Bond 2006 Fund | 1,697,925 | 0 | 1,697,925 |
| General Capital Fund | 6,711,417 | 318,000 | 7,029,417 |
| Surface Water Utility Fund | 7,159,798 | 437,937 | 7,597,735 |
| Equipment Replacement Fund | 334,514 | 2,330 | 336,844 |
| All Other Funds | 24,246,783 | 0 | 24,246,783 |
| Total | \$91,199,022 | \$1,500,175 | \$92,699,197 |

The table below summarizes the impact on available fund balance in each of the affected funds. The adjusted 2018 fund balance for the affected funds, net of 2017 carryovers, is \$2.103 million more than that projected in the 2018 budget book. After the effect of these changes, the City's 2018 adjusted fund balance is \$1.682 million more than that projected.

| Fund | Proj. 2018 Beg. Fund Balance (A) | Adj. 2018 Fund Balance (Adj. for Carryover) (B) | Total Amendment Request (C) | Total Resources Adjustment (D) | 2018 Adj. Fund Balance (Adj. for Amendment) (E) (B - C + D) | Var. from Proj. 2018 Fund Balance (F) (E - A) |
|---------------------------------|---|--|------------------------------------|---------------------------------------|--|--|
| General Fund | \$11,393,659 | \$12,777,639 | \$741,908 | \$568,425 | \$12,604,156 | \$1,210,497 |
| Street Fund | 853,662 | 996,276 | 0 | 0 | 996,276 | 142,614 |
| Unlimited Tax GO Bond 2006 Fund | 4,320 | 2,276 | 0 | 0 | 2,276 | (2,044) |
| General Capital Fund | 1,991,622 | 2,229,627 | 318,000 | 118,000 | 2,029,627 | 38,005 |
| Surface Water Utility Fund | 1,798,398 | 2,023,422 | 437,937 | 390,377 | 1,975,862 | 177,464 |
| Equipment Replacement Fund | 3,253,765 | 3,369,661 | 2,330 | 2,330 | 3,369,661 | 115,896 |
| Total | \$19,295,426 | \$21,398,900 | \$1,500,175 | \$1,079,132 | \$20,977,857 | \$1,682,431 |

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. Proposed Ordinance Nos. 815 and 820 are scheduled to be brought back to Council for adoption on April 23, 2018.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 815

Attachment B: Proposed Ordinance No. 820

ORDINANCE NO. 815

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING THE 2018 FINAL BUDGET BY INCREASING THE APPROPRIATION IN THE GENERAL FUND, GENERAL CAPITAL FUND, SURFACE WATER UTILITY FUND, AND EQUIPMENT REPLACEMENT FUND; AND 2018 BUDGETED POSITIONS AND FTE LIST OF THE 2018 FINAL BUDGET.

WHEREAS, the 2018 Final Budget was adopted by Ordinance No. 806 and subsequently amended by Ordinance Nos. 812 and 814; and

WHEREAS, additional needs that were unknown at the time the 2018 Final Budget, as amended, was adopted have occurred; 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 and, therefore, the 2018 Final Budget, as amended, needs to be amended to reflect the increases and decreases to the City's funds; and

WHEREAS, additional staff is needed within the Parks, Recreation, and Cultural Services Department; and

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 the 2018 Final Budget, as adopted by Ordinance No. 806 and amended by Ordinance Nos. 812 and 814, by increasing the appropriation for the General Fund by \$741,908; for the General Capital Fund by \$318,000; Surface Water Utility Fund by \$437,937 and for the Equipment Replacement Fund by \$2,330; and by increasing the Total Funds appropriation to \$92,699,197, as follows:

| Fund | Current Appropriation | Revised Appropriation |
|--|--------------------------|--------------------------|
| General Fund | \$48,671,770 | \$49,413,678 |
| Street Fund | 2,376,815 | |
| Code Abatement Fund | 130,000 | |
| State Drug Enforcement Forfeiture Fund | 418,140 | |
| Public Arts Fund | 195,246 | |
| Federal Drug Enforcement Forfeiture Fund | 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 | |

| Fund | Current Appropriation | Revised Appropriation |
|--------------------------------------|--------------------------|--------------------------|
| 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 | 6,711,417 | 7,029,417 |
| City Facility-Major Maintenance Fund | 153,213 | |
| Roads Capital Fund | 18,011,029 | |
| Surface Water Capital Fund | 7,159,798 | 7,597,735 |
| Wastewater Utility Fund | 2,297,901 | |
| Vehicle Operations/Maintenance Fund | 772,302 | |
| Equipment Replacement Fund | 334,514 | 336,844 |
| Unemployment Fund | 17,500 | |
| Total Funds | \$91,199,022 | \$92,699,197 |

Section 2. Amendment – City of Shoreline Regular FTE Count. The City of Shoreline hereby amends the 2018 Final Budget to increase the number of full-time equivalent employees (FTE) for the Parks, Recreation and Cultural Services Department from 31.40 to 31.48, and the total FTEs for the City from 177.75 to 177.83 FTEs. All reference to total FTEs by department and for the City within the 2018 Final Budget shall be amended to reflect this increase.

Section 3. 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 4. 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 5. 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:

Jessica Simulcik Smith
City Clerk

APPROVED AS TO FORM:

Margaret King
City Attorney

Publication Date: , 2018
Effective Date: , 2018

ORDINANCE NO. 820

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
ADDING NEW SECTIONS TO CHAPTER 3.35 FUNDS OF THE
SHORELINE MUNICIPAL CODE TO CREATE A PARK IMPACT FEES
FUND AND A HOUSING TRUST FUND.**

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington, and planning pursuant to the Growth Management Act, Chapter 36.70A RCW; and

WHEREAS, on July 31, 2017, the Shoreline City Councils adopted Ordinance No. 786 authorizing the imposition of a park impact fee on new growth and development as provided in Chapter 82.02 RCW, effective January 1, 2018; and

WHEREAS, pursuant to RCW 82.02.070, impact fee receipts are to be retained in separate interest-bearing accounts for each type of public facility for which impact fees are collected; and

WHEREAS, the City needs to establish a Park Impact Fees Fund, a special revenue fund, to account for the collection and use of park impact fees in compliance with RCW 82.02.070;

WHEREAS, in 2015 and 2016, the City adopted the 145th Street Station Subarea Plan and the 185th Street Station Subarea Plan and development regulations to implement these Subarea Plans as provided by the Growth Management Act, chapter 36.70A RCW; and

WHEREAS, two of the zoning districts for these subareas, the MUR-70 and the MUR-45, mandate the provision of affordable housing; and

WHEREAS, via SMC 20.40.235 (B)(2) and 20.40.235(E)(1), the City may allow for a payment in lieu of constructing any fractional portion of the mandatory affordable housing units; and;

WHEREAS, the City needs to establish a Housing Trust Fund, a special revenue fund, to account for the collection and use of affordable housing fee in lieu;

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

Section 1. Amendment to Shoreline Municipal Code Chapter 3.35 Funds. Chapter 3.35 Funds is amended to add two new sections as follows:

3.35.118 Park Impact Fees fund. There is created a fund to be known as the “Park Impact Fees Fund” to account for the collection and use of park impact fees.

3.35.135 Housing Trust Fund. There is created a fund to be known as the “Housing Trust Fund” to account for the collection and use of revenues to be used to support affordable housing.

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, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person 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 APRIL 23, 2018

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2018
Effective Date: , 2018