

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Discussing Ordinance No. 834 - Amending the 2018 Budget
DEPARTMENT: Administrative Services
PRESENTED BY: Sara Lane, Administrative Services Director
Rick Kirkwood, Budget Supervisor
ACTION: ☐ Ordinance ☐ Resolution ☐ Motion
 ☒ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

The City is proceeding with plans to acquire properties to implement the adopted Parks, Recreation and Open Space (PROS) Plan. Staff is requesting that the 2018 budget be amended to provide appropriations for the interim funding strategy proposed through Ordinance No. 829, which discussed with the City Council on July 23, 2018 and adopted on August 6, 2018.

Proposed Ordinance No. 834 (Attachment A) provides for this amendment. Council will discuss proposed Ordinance No. 834 tonight, and the proposed ordinance is scheduled to be brought back to Council for adoption on September 10, 2018.

FINANCIAL IMPACT:

Proposed Ordinance No. 834 impacts the 2018 Budget, as follows:

- Increases 2018 appropriations in the General Capital Fund by \$24,800,000 for the purchase of properties necessary to support the property acquisition for the future Community- Aquatics Center as part of the PROS Plan.
- Increases 2018 appropriation in the Limited Tax GO BAN 2018 Fund by \$200,000 to cover the costs to issue the notes.
- Provides for:
 - Receipt of bond proceeds estimated at \$24,800,000 in the Limited Tax GO BAN 2018,
 - Receipt of bond proceeds of up to \$200,000 in the Limited Tax GO BAN 2018 Fund; and
 - Revenues of up to \$265,000 into the General Capital Fund for income generated by the properties purchased.

No debt service or interest payments will be required in 2018. The budget for future debt service will be incorporated into the 2019-2020 budget process. The net impact of proposed Ordinance No. 834 is an increase in 2018 expenditure appropriations totaling \$25,000,000, and revenues totaling \$25,265,000. Funding for this amendment will come from the sale of Bond Anticipation Notes and revenue from purchased properties.

Fund	2018 Current Budget (A)	Budget Amendment (B)	Amended 2018 Budget (C) (A + B)
General Fund	\$49,413,678	\$0	\$49,413,678
Limited Tax GO BAN 2018	0	200,000	200,000
General Capital Fund	7,029,417	24,800,000	31,829,417
All Other Funds	36,256,102	0	36,256,102
Total	\$92,699,197	\$25,000,000	\$117,699,197

RECOMMENDATION

No action is required tonight on this item; it is for discussion purposes only. Staff recommends that the City Council adopt proposed Ordinance No. 834 amending the 2018 budget when this item is brought back to Council for adoption on September 10, 2018.

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

BACKGROUND

The City is proceeding with plans to acquire properties to implement the adopted Parks, Recreation and Open Space (PROS) Plan. Staff reviewed with the City Council on July 23 and August 6, 2018, an interim funding strategy pending issuance of long term bonds as well as a draft Bond Anticipation Note Authorization Ordinance (Ordinance No. 829) authorizing issuance of bond anticipation notes. The staff report for the August 6, 2018 adoption of Ordinance No. 829 can be found at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport080618-7c.pdf>.

The Bond Anticipation Note Authorization (Ordinance No. 829) authorizes the issuance of one or more series of limited tax general obligation bond anticipation notes (Notes) in a principal amount of not to exceed \$25.0 million to pay costs of the projects and costs to issue the Notes. The Notes of each series will have a maximum 3-year maturity with a true interest cost not to exceed 3.25%. The administrative costs to issue the Notes are estimated to range from \$125,000 to \$190,000, depending on the method of sale/issuance. Staff anticipates that there will be income produced from several of the properties once acquired. This income can be used to pay for the interest expense on the Notes. Additionally, staff's analysis reveals that the General Fund is well positioned to support interest expense on the Notes until retirement from a long-term financing anticipated to be accomplished by 2021, should the income be inadequate. In that event, future appropriations in the General Fund may be increased to provide for a transfer.

Staff is now requesting that the 2018 budget be amended to provide appropriations for the interim funding strategy proposed through Ordinance No. 829. Proposed Ordinance No. 834 (Attachment A) provides for this amendment.

DISCUSSION

The detail of the proposed budget amendments is as follows:

General Capital Fund:

Aquatic-Community Center:

Revenues	Transfers In	Expenditures	Transfers Out	FTE Count Change
\$25,065,000	\$0	\$24,800,000	\$0	---

The 2018 appropriation for this program will increase by \$24,800,000 to support acquisition of properties for the proposed Aquatics-Community Center. This will be supported by proceeds from the sale of limited tax general obligation bond anticipation notes (Notes) authorized by the Bond Anticipation Note Authorization (Ordinance No. 829).

Revenues:

- General Capital Fund revenues will be increased by up to \$25,065,000 from proceeds from the sale of the bonds and revenue generated by the purchased properties. The amount of revenue generated will be determined based upon the timing of the purchase. In future year's revenue necessary to support debt service on the bonds will be transferred to the Limited Tax GO BAN 2018 fund. If the property generates revenue in excess of debt service that revenue will be available to support the cost of the Aquatic-Community Center.

Limited Tax GO BAN 2018:

Limited Tax GO BAN 2018 Administration:

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

The 2018 appropriation for this program will increase by a total of \$200,000 to support the costs to issue the Notes. While costs are not anticipated to exceed \$190,000 additional appropriation is requested to ensure adequate appropriation exists.

Revenues:

- Limited Tax GO BAN 2018 Fund revenues in will be increased by \$200,000 from the proceeds from the sale of the Note(s).

FINANCIAL IMPACT

Proposed Ordinance No. 834 impacts the 2018 Budget, as follows:

- Increases 2018 appropriations in the General Capital Fund by \$24,800,000 for the purchase of properties necessary to support the property acquisition for the future Community- Aquatics Center as part of the PROS Plan.
- Increases 2018 appropriations in the Limited Tax GO BAN 2018 Fund by \$200,000 to cover the costs to issue the Notes.
- Provides for:
 - Receipt of bond proceeds estimated at \$24,800,000 in the Limited Tax GO BAN 2018,
 - Receipt of bond proceeds of up to \$200,000 in the Limited Tax GO BAN 2018 Fund; and
 - Revenues of up to \$265,000 into the General Capital Fund for income generated by the properties purchased.

No debt service or interest payments will be required in 2018. The budget for future debt service will be incorporated into the 2019-2020 budget process. The net impact of proposed Ordinance No. 834 is an increase in 2018 expenditure appropriations totaling \$25,000,000, and revenues totaling \$25,265,000. Funding for this amendment will come from the sale of Bond Anticipation Notes and revenue from purchased properties totaling \$25,265,000.

Fund	2018 Current Budget (A)	Budget Amendment (B)	Amended 2018 Budget (C) (A + B)
General Fund	\$49,413,678	\$0	\$49,413,678
Limited Tax GO BAN 2018	0	200,000	200,000
General Capital Fund	7,029,417	24,800,000	31,829,417
All Other Funds	36,256,102	0	36,256,102
Total	\$92,699,197	\$25,000,000	\$117,699,197

RECOMMENDATION

No action is required tonight on this item; it is for discussion purposes only. Staff recommends that the City Council adopt proposed Ordinance No. 834 amending the 2018 budget when this item is brought back to Council for adoption on September 10, 2018.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 834

ORDINANCE NO. 834**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
AMENDING THE 2018 FINAL BUDGET BY INCREASING THE
APPROPRIATION IN THE GENERAL CAPITAL FUND.**

WHEREAS, the 2018 Final Budget for the City of Shoreline was adopted by Ordinance No. 806 and subsequently amended by Ordinance Nos. 812, 814, 815 and 826 (collectively, “2018 Budget”); 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

**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 Budget by increasing the appropriation for the General Capital Fund by \$24,800,000; and the Limited Tax GO BAN 2018 Fund by \$200,000 thereby increasing the Total Funds appropriation to \$117,699,197, as follows:

Fund	Current Appropriation	Revised Appropriation
General Fund	\$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	
Unltd Tax GO Bond 2006	1,697,925	
Limited Tax GO Bond 2009	1,661,417	
Limited Tax GO BAN 2018	0	200,000
Limited Tax GO Bond 2013	260,635	
General Capital Fund	7,029,417	31,829,417

Fund	Current Appropriation	Revised Appropriation
City Facility-Major Maintenance Fund	153,213	
Roads Capital Fund	18,011,029	
Surface Water Capital Fund	7,597,735	
Wastewater Utility Fund	2,297,901	
Vehicle Operations/Maintenance Fund	772,302	
Equipment Replacement Fund	336,844	
Unemployment Fund	17,500	
Total Funds	\$92,699,197	\$117,699,197

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 SEPTEMBER 10, 2018

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Publication Date: _____, 2018
Effective Date: _____, 2018