

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

<b>AGENDA TITLE:</b>	Discussing Ordinance No. 861 - 2019-2020 Biennial Budget Amendment Amending Ordinance No. 855 for Phase 1 Improvements of the City Maintenance Facility
<b>DEPARTMENT:</b>	Administrative Services
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Rick Kirkwood, Budget and Tax Manager
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

On April 22, 2019, staff provided an update on the Distributed City Maintenance Facility (CMF) Analysis completed by TCF Architecture to the City Council, including completed conceptual design alternatives and cost estimates. Staff sought, and the City Council provided direction, regarding moving forward on Phase 1 of the CMF improvements and developing a budget amendment to appropriate funds in the General Fund and Surface Water Utility Fund to provide contributions to the General Capital Fund necessary to fund the Phase 1 improvements. Further, on May 20, 2019, staff asked for authorization to purchase a modular building to be placed at the North Maintenance Facility (NMF) site as part of the CMF Phase 1 “early work”.

The amended 2019-2020 Capital Improvement Program (CIP) includes appropriations for the CMF project totaling \$391,789. The project is estimated to cost \$30.587 million (in 2020 dollars); however, an increase of the 2019-2020 budget for the CMF project to \$1,746,614 is necessary to ensure Phase 1 improvements expected to be completed in this biennium will not have an adverse impact on other projects in the General Capital Fund.

The 2019-2020 Biennial Budget reflects the designation of \$4.0 million of the General Fund’s fund balance for the CMF project by the end of the biennium; however, no use of this fund balance for this project has been appropriated. Within the Surface Water Utility Fund, deferral of the 25<sup>th</sup> Avenue NE Flood Reduction Improvement project is needed based on the CMF project schedule, which makes capital funding available for the Surface Water Utility’s share of the Phase 1 improvements. A portion of the General Fund’s fund balance will cover the Street Fund’s contribution as well as the Wastewater Utility’s share of the Phase 1 improvements until reimbursement can be accomplished upon assumption of the Ronald Wastewater District. Therefore, staff proposes amending the 2019-2020 Biennial Budget by increasing appropriations to provide transfers to the General Capital Fund from the General Fund, in the amount of \$1,112,254, and Surface Water Utility Fund, in the amount of \$242,571, and increasing appropriations in the General Capital Fund by \$1,354,825.

Proposed Ordinance No. 861 provides for this amendment and is presented tonight for the City Council's review and discussion. Proposed Ordinance No. 861 is scheduled to be brought back to the City Council for adoption on June 17, 2019.

**FINANCIAL IMPACT:**

Adoption of proposed Ordinance No. 861 impacts expenditures and resources, as follows:

- Increases 2019-2020 biennium appropriations for capital expenditures, as follows:
  - City Maintenance Facility project in the General Capital Fund by \$1,354,825, thereby increasing the 2019-2020 project budget to \$1,746,614
- Increases 2019-2020 biennium appropriations for transfers out, as follows:
  - General Fund of \$1,112,254 to the General Capital Fund
  - Surface Water Utility Fund of \$242,571 to the General Capital Fund
- Provides transfers in, as follows:
  - General Capital Fund of \$1,354,825 from the General Fund (\$1,112,254) and Surface Water Utility Fund (\$242,571)
- Uses available fund balance totaling \$1,112,254 in the General Fund and \$242,571 in the Surface Water Utility Fund

The net impact of proposed Ordinance No. 861 is an increase in 2019-2020 biennium appropriations totaling \$2,709,650 comprised of expenditure appropriations totaling \$1,354,825 and interfund transfers totaling \$1,354,825.

**RECOMMENDATION**

No action is required by the City Council. This meeting will provide an opportunity for the City Council to review proposed Ordinance No. 861 and provide staff direction. If the City Council does not have any concerns, staff will schedule adoption of proposed Ordinance No. 861 on June 17, 2019.

Approved By:            City Manager            City Attorney

## BACKGROUND

On April 22, 2019, staff provided an update on the Distributed City Maintenance Facility (CMF) Analysis completed by TCF Architecture to the City Council, including completed conceptual design alternatives and cost estimates. The staff report for this Council discussion is available at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport042219-9b.pdf>.

Further, on May 20, 2019, staff asked for authorization to purchase a modular building to be placed at the North Maintenance Facility (NMF) site as part of the CMF Phase 1 “early work”. That staff report noted the current budget is not sufficient to cover the cost of the facilities for the Grounds Maintenance crew use at the NMF site. The staff report is available for this Council discussion at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2019/staffreport052019-7e.pdf>.

The amended 2019-2020 Capital Improvement Program (CIP) includes appropriations for the CMF project totaling \$391,789. The anticipated expenditures and revenues to support phasing of the CMF project are shown in the table below:

### ***Estimated Expenditures and Resources (may not foot due to rounding)***

Project Work Item	Estimated Amounts (\$ in Thousands)				
	Phase 1			Future Phases*	Total
	2019	2020	2021		
<b>Expenditures</b>					
Staff Time	\$54	\$45	\$45	\$135	<b>\$279</b>
Distributed Facilities Study	\$40				<b>\$40</b>
NMF Site – Early work	\$716				<b>\$716</b>
NMF Site – 25 <sup>th</sup> Ave NE Frontage				\$440	<b>\$440</b>
NMF Site – Ballinger Wy Frontage				\$812	<b>\$812</b>
NMF Site – Design		\$116		\$348	<b>\$464</b>
NMF Site – Construction				\$3,936	<b>\$3,936</b>
Brightwater Site – Design	\$188	\$188			<b>\$376</b>
Brightwater Site – Construction			\$3,169		<b>\$3,169</b>
Hamlin Yard – Design		\$400		\$1,225	<b>\$1,625</b>
Hamlin Yard – Temp. Relocation				\$1,000	<b>\$1,000</b>
Hamlin Yard – All Park Frontage				\$2,730	<b>\$2,730</b>
Hamlin Yard – Construction				\$15,000	<b>\$15,000</b>
<b>Total Expenditures</b>	<b>\$998</b>	<b>\$749</b>	<b>\$3,214</b>	<b>\$25,626</b>	<b>\$30,587</b>
<b>Resources</b>					
2019-2024 CIP Budget	\$358	\$33	\$0	\$0	\$392
Unprogrammed Funding	\$640	\$715	\$3,214	\$25,626	\$30,195
<b>Total Revenues</b>	<b>\$998</b>	<b>\$749</b>	<b>\$3,214</b>	<b>\$25,626</b>	<b>\$30,587</b>

\* Phase 1 2021 costs and Future Phases costs are estimated in 2020 dollars and will require escalation for future budgeting.

Estimated expenditures listed in the above table were created using preliminary design information developed in late 2018 and escalated to 2020 dollars. As the project progresses, refined cost estimates will be presented in future CIP updates and appropriated in future biennial budgets.

Funding source allocations were estimated by fund whose operations have maintenance activities served by the Phase 1 and overall CMF improvements. The seven key City user groups are: Streets Operations, Grounds Maintenance, Parks Operations, Surface Water and Wastewater maintenance crews, as well as Police and Facilities/Fleet. Staff finalized the allocation methodology and determined the appropriate mix of funding sources. The estimated Phase 1 improvement costs by fund and year are shown in the table below:

***Estimated Phase 1 Improvement Costs by Fund and Year***

<b>Fund</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
General Fund	\$462,273	\$330,994	\$983,532	<b>\$1,776,799</b>
Street Fund	\$376,671	\$295,235	\$1,166,095	<b>\$1,838,001</b>
Surface Water Fund	\$139,903	\$102,668	\$987,388	<b>\$1,229,959</b>
Wastewater Fund	\$19,267	\$19,603	\$77,140	<b>\$116,010</b>
<b>Total</b>	<b>\$998,114</b>	<b>\$748,500</b>	<b>\$3,214,155</b>	<b>\$4,960,769</b>

The 2019-2020 Biennial Budget reflects the designation of \$4.0 million of the General Fund's fund balance for the CMF project by the end of the biennium; however, no use of this fund balance for this project has been appropriated. Within the Surface Water Utility Fund, construction funding for daylighting and floodplain storage work is currently programmed under the 25<sup>th</sup> Avenue NE Flood Reduction Improvement project as a 2023 expenditure; however, deferral is needed based on the CMF project schedule, which makes capital funding available for the Surface Water Utility's share of the Phase 1 improvements. A portion of the General Fund's fund balance will cover the Street Fund's contribution as well as the Wastewater Utility's share of the Phase 1 improvements until reimbursement can be accomplished upon assumption of the Ronald Wastewater District.

An update of the six-year CIP will be presented later this year reflecting the \$3.2 million budget necessary to complete the balance of Phase 1 improvements in 2021, which will be programmed with adoption of the 2021-2022 Biennial Budget. The City has applied for a \$500,000 state capital budget request to partially fund 2020-2021 design and construction of improvements at the Brightwater site. This funding is listed in the final state capital budget. Timing and means for obtaining this funding have not yet been determined but is currently assumed to be applicable to 2021 project expenditures.

Expenditures for future phases are estimated to total \$25.6 million (2020 dollars) to finish design and construction of the CMF improvements. Final design of the North Maintenance Facility (NMF) site will be tentatively scheduled in the CIP in the 2021-2022 biennium and construction in the 2023-2024 biennium with Hamlin Yard improvements following that effort, which is outside of the current six-year CIP.

## **DISCUSSION**

As was noted above, the amended 2019-2020 CIP includes appropriations for the CMF project totaling \$391,789. An increase of the 2019-2020 budget for the CMF project to \$1,746,614 is necessary to ensure Phase 1 improvements expected to be completed in this biennium will not have an adverse impact on other projects in the General Capital Fund.

Staff proposes amending the 2019-2020 Biennial Budget by increasing appropriations to provide transfers to the General Capital Fund from the General Fund, in the amount of \$1,112,254, and Surface Water Utility Fund, in the amount of \$242,571 and increasing appropriations in the General Capital Fund by \$1,354,825. Proposed Ordinance No. 861 provides for this amendment and is presented tonight for the City Council's review and discussion. Proposed Ordinance No. 861 is scheduled to be brought back to the City Council for adoption on June 17, 2019.

## **ALTERNATIVES ANALYZED**

### **Alternative 1: Take no action**

If the City Council chooses to not approve proposed Ordinance No. 861, there would not be sufficient budget authority to complete Phase 1 improvements for the City Maintenance Facility project, including facilities for the Grounds Maintenance crew use, within the proposed schedule without impacting other projects in the General Capital Fund.

### **Alternative 2: Approve Ordinance No. 861 (Recommended)**

Approval of proposed Ordinance No. 861 will provide the budget authority to cover the cost of the Phase 1 improvements for the City Maintenance Facility project within the proposed schedule and without impacting other projects in the General Capital Fund.

## **FINANCIAL IMPACT**

Adoption of proposed Ordinance No. 861 impacts expenditures and resources, as follows:

- Increases 2019-2020 biennium appropriations for capital expenditures, as follows:
  - City Maintenance Facility project in the General Capital Fund by \$1,354,825, thereby increasing the 2019-2020 project budget to \$1,746,614.
- Increases 2019-2020 biennium appropriations for transfers out, as follows:
  - General Fund of \$1,112,254 to the General Capital Fund
  - Surface Water Utility Fund of \$242,571 to the General Capital Fund
- Provides transfers in, as follows:
  - General Capital Fund of \$1,354,825 from the General Fund (\$1,112,254) and Surface Water Utility Fund (\$242,571)
- Uses available fund balance totaling \$1,112,254 in the General Fund and \$242,571 in the Surface Water Utility Fund

The net impact of proposed Ordinance No. 861 is an increase in 2019-2020 biennium appropriations totaling \$2,709,650 comprised of expenditure appropriations totaling \$1,354,825 and interfund transfers totaling \$1,354,825.

### **RECOMMENDATION**

No action is required by the City Council. This meeting will provide an opportunity for the City Council to review proposed Ordinance No. 861 and provide staff direction. If the City Council does not have any concerns, staff will schedule adoption of proposed Ordinance No. 861 on June 17, 2019.

### **ATTACHMENTS**

Attachment A: Proposed Ordinance No. 861

**ORDINANCE NO. 861**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING THE 2019-2020 FINAL BUDGET BY INCREASING APPROPRIATIONS IN THE GENERAL FUND, GENERAL CAPITAL FUND, AND SURFACE WATER UTILITY FUND.**

WHEREAS, the 2019-2020 Final Budget was adopted by Ordinance No. 841 and subsequently amended by Ordinance Nos. 852, 854 and 855; and

WHEREAS, on April 22, 2019, the City Council discussed various scenarios for the City Maintenance Facility and determined that Scenario A provides the best long-term, holistic approach for the project; and

WHEREAS, on May 20, 2019, the City Council authorized the purchase of a modular building to be placed at the North Maintenance Facility site as part of the City Maintenance Facility Phase 1 “early work”; and

WHEREAS, an increase of the 2019-2020 budget for the City Maintenance Facility project is necessary to ensure Phase 1 improvements expected to be completed in this biennium will not have an adverse impact on other projects in the General Capital Fund; and

WHEREAS, funding source allocations were estimated by fund whose operations have maintenance activities served by the Phase 1 and overall City Maintenance Facility improvements, including Streets Operations, Grounds Maintenance, Parks Operations, Surface Water and Wastewater maintenance cres, as well as Police and Facilities/Fleet; and,

WHEREAS, a portion of the General Fund’s fund balance will cover the Street Fund’s contribution as well as the Wastewater Utility’s share of the Phase 1 improvements until reimbursement can be accomplished upon assumption of the Ronald Wastewater District; 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 2019-2020 Final Budget, as amended, needs to be amended to reflect the increases and decreases to the City’s funds;

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

**Section 1. Amendment – 2019-2020 Final Budget.** The City hereby amends the 2019-2020 Final Budget, as adopted by Ordinance No. 841 and amended by Ordinance Nos. 852, 854, and 855 by increasing the appropriation for the General Fund by \$1,112,254; for the General Capital Fund by \$1,354,825; and for the Surface Water Utility Fund by \$242,571; and by increasing the Total Funds appropriation to \$209,744,780, as follows:

Fund	Current Appropriation	Revised Appropriation
General Fund	\$97,852,409	<b>\$98,964,663</b>
Street Fund	3,975,505	3,975,505
Code Abatement Fund	200,000	200,000
State Drug Enforcement Forfeiture Fund	46,718	46,718
Public Arts Fund	268,717	268,717
Federal Drug Enforcement Forfeiture Fund	26,000	26,000
Property Tax Equalization Fund	0	0
Federal Criminal Forfeiture Fund	0	0
Transportation Impact Fees Fund	162,000	162,000
Park Impact Fees Fund	175,000	175,000
Revenue Stabilization Fund	0	0
Unltd Tax GO Bond 2006	3,389,937	3,389,937
Limited Tax GO Bond 2009	3,320,072	3,320,072
Limited Tax GO Bond 2018	1,660,400	1,660,400
Limited Tax GO Bond 2013	519,771	519,771
General Capital Fund	<b>33,321,386</b>	<b>34,676,211</b>
City Facility-Major Maintenance Fund	288,936	288,936
Roads Capital Fund	35,116,539	35,116,539
Surface Water Capital Fund	<b>19,734,665</b>	<b>19,977,236</b>
Wastewater Utility Fund	4,931,699	4,931,699
Vehicle Operations/Maintenance Fund	1,088,547	1,088,547
Equipment Replacement Fund	921,829	921,829
Unemployment Fund	35,000	35,000
Total Funds	<b>\$207,035,130</b>	<b>\$209,744,780</b>

**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 JUNE 17, 2019**

\_\_\_\_\_  
Mayor Will Hall

**ATTEST:**

**APPROVED AS TO FORM:**

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

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

Publication Date: \_\_\_\_\_, 2019  
Effective Date: \_\_\_\_\_, 2019