

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing Ordinance No. 904 - Amending the 2019-2020 Biennial Budget (Ordinance Nos. 841, 852, 854, 855, 861, 872, 883 & 886)
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget and Tax Manager
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 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 point in each biennium. Staff is requesting that the 2019-2020 biennial budget be amended to provide funding for these programs and projects. Proposed Ordinance No. 904 (Attachment A) provides for this amendment.

Tonight, Council is scheduled to discuss proposed Ordinance No. 904. This Ordinance is scheduled to be brought back to Council on November 16, 2020 for adoption.

RESOURCE/FINANCIAL IMPACT:

Adoption of proposed Ordinance No. 904 impacts appropriations, as adopted through Ordinance No. 886, and resources, as follows:

- Amends 2019-2020 biennium appropriations for operating and capital expenditures totaling \$1,552,131, as follows:
 - Various programs in the General Fund by +\$373,161
 - Sidewalk Limited Tax General Obligation Bond Fund by +\$898,926
 - Purchase of equipment in the Equipment Replacement Fund by \$52,394
 - Unemployment Costs in the Unemployment Fund by \$227,650
- Amends 2019-2020 biennium appropriations for transfers out totaling \$1,420,618, as follows:
 - General Fund to the:
 - Street Fund by +\$242,226
 - Equipment Replacement Fund by +\$24,273
 - Unemployment Fund by +\$227,650
 - Park Impact Fees Fund to the General Capital Fund by \$926,469
- Amends revenues totaling \$6,089,090, as follows:
 - +\$354,752 in the General Fund
 - +\$148,631 in the Park Impact Fees Fund
 - +\$5,311,338 in the Sidewalk Limited Tax General Obligation Bond Fund
 - +\$274,369 in the General Capital Fund

- Amends transfers in totaling \$1,420,618, as follows:
 - Street Fund from the General Fund by +\$242,226
 - General Capital Fund from the Park Impact Fees Fund by +\$926,469
 - Equipment Replacement Fund from the General Fund by +\$24,273
 - Unemployment Fund from the General Fund by +\$227,650
- Uses available fund balance, as follows:
 - General Fund: \$512,558
 - Park Impact Fees Fund: \$777,838
 - Equipment Replacement Fund: \$28,121
- Provides fund balance, as follows:
 - Street Fund: \$242,226
 - Sidewalk Limited Tax General Obligation Bond Fund: \$4,412,412
 - General Capital Fund: \$1,200,838

The net impact of proposed Ordinance No. 904 across all funds is an increase in 2019-2020 appropriations totaling \$2,972,749, revenues totaling \$6,089,090, interfund transfers totaling \$1,420,618, and provision of fund balance totaling \$4,536,959.

The following table summarizes the impact of this budget amendment and the resulting 2019-2020 appropriation for each of the affected funds.

Fund	2019-2020 Current Budget (A)	Budget Amendment (B)	Amended 2019-2020 Budget (C) (A + B)
General Fund	\$102,764,578	\$867,310	\$103,631,888
Street Fund	4,203,214	0	4,203,214
Park Impact Fees Fund	175,000	926,469	1,101,469
Sidewalk LTGO Bond Fund	0	898,926	898,926
General Capital Fund	33,175,972	0	33,175,972
Equipment Replacement Fund	1,344,501	52,394	1,396,895
Unemployment Fund	35,000	227,650	262,650
All Other Funds	78,720,254	0	78,720,254
Total	\$220,418,519	\$2,972,749	\$223,391,268

RECOMMENDATION

No action is required by the City Council regarding Ordinance No. 904, which amends the 2019-2020 Biennial Budget. This meeting will provide an opportunity for the City Council to ask specific questions and provide staff direction. Proposed Ordinance No. 904 is scheduled to be brought back to Council for adoption on November 16, 2020.

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

INTRODUCTION

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 point in each biennium. Staff is requesting that the 2019-2020 biennial budget be amended to provide funding for these programs and projects. Proposed Ordinance No. 904 (Attachment A) provides for this amendment.

DISCUSSION

Amendments Impacting Multiple Funds:

General Fund Subsidy of Street Fund: The General Fund subsidy to Street Fund is directly impacted by reductions in Fuel Tax Collections. This amendment increases the General Fund Transfer to the Street Fund to cover anticipated reductions in the 2020 Fuel Tax Collections as a result of COVID-19 economic impacts.

Fund	Dept / Program	Project / Item	Appropriation	Resources
General Fund				
	General Fund Admin Key	Transfer to Fund 101 for Additional General Fund Subsidy	\$242,226	\$0
Total General Fund			\$242,226	\$0
Street Fund				
	Street Fund Admin Key	Transfer from Fund 001 for Additional General Fund Subsidy	\$0	\$242,226
Total Street Fund			\$0	\$242,226

Resources for PROS Plan Acquisitions and Site Clearing: Council adopted two measures implementing PROS Plan acquisition/development priorities in 2020. In June of 2020, Council directed staff to acquire the property located at 14528 10th Avenue N (Culp/Gribschaw) for park purposes. In September of 2020, Council directed staff to acquire the property located at 709 N 150th Street in the Westminster Triangle neighborhood for park purposes under threat of condemnation. The 2019-2020 budget was previously amended in May to reflect accurate accounting for Parks, Recreation and Open Space (PROS) Plan implementation purchases. Acquisition of the Westminster Triangle property is estimated to cost \$620,000 to be paid for with Park Impact Fees. Abatement and demolition of a structure on the site is estimated to total an additional \$32,100 and is to be paid with Park Impact Fees. Acquisition of the Culp/Gribschaw property totaled \$548,738 to be paid for with \$274,369 from the Conservation Futures Tax (CFT) grant and \$274,369 of Park Impact Fees.

The PROS Plan Implementation project in the General Capital Fund has sufficient appropriation authority to purchase these properties. However, the 2019-2020 Biennial Budget does not include the transfer out from the Park Impact Fee Fund to the General Capital Fund nor does it include the revenue from the CFT grant necessary to pay for the appropriations. Therefore, this amendment will appropriate the transfer out of \$926,469 from the Park Impact Fee Fund, funded with \$777,838 of fund balance available at the end of 2019 and \$148,631 of revenue collected in 2020, to the PROS

Plan Acquisitions project in the General Capital Fund. It will also recognize \$274,369 of revenue from the CFT grant for the PROS Plan Acquisitions project.

Fund	Dept / Program	Project / Item	Appropriation	Resources
Park Impact Fees Fund				
	Park Impact Fees Admin Key	Transfer to Fund 301 for PROS Plan Acquisitions (SAI7)	\$926,469	\$148,631
Total Park Impact Fees Fund			\$926,469	\$148,631
General Capital Fund				
	PROS Plan Acquisitions (SAI7)	Transfer from Fund 118 for PROS Plan Acquisitions (SAI7)	\$0	\$926,469
	PROS Plan Acquisitions (SAI7)	Conservation Futures Tax Grant	\$0	\$274,369
Total General Capital Fund			\$0	\$1,200,838

Replacement of Traffic Services Pickup: The budget amendment includes the replacement of an existing pickup in the Traffic Services Program. The existing 2012 Chevrolet Colorado 4WD pickup was originally scheduled to be replaced in 2021. While it was included in the upcoming 2021-2022 Proposed Budget request, due to mechanical issues with the pickup, the Parks, Fleet and Facilities Division is requesting to replace it in the 2019-2020 Budget. The proposed replacement pickup is identified as a 2020 Ford F250 4WD pickup at an estimated cost of \$52,394.

The Traffic Services Program utilizes the pickup for essential work activities such as field inspections of traffic signs, equipment, project improvements, traffic volumes and towing traffic speed radar trailers to various locations throughout the City. In addition, Traffic Services is requesting to expand their services in the 2021-2022 Budget by performing in-house durable pavement and thermoplastic markings, maintenance and installation versus contracting out this service. This new in-house service is expected to improve maintenance response time, efficiency and resources. In order to support this work, the larger vehicle is needed. As a result, existing replacement reserves are not adequate to cover the additional cost requiring a transfer from General Fund. However, cost savings from bringing this work in house over the biennium are anticipated to fully cover the additional start-up costs and ongoing savings are estimated at \$30,000 per year. Additional equipment needed to support this new work will not be acquired until 2021.

The Vehicle replacement fund has collected \$28,121 towards the replacement for this vehicle. The amendment for this purchase includes a transfer of \$24,273 from the General Fund to subsidize the purchase as well as an increase to the Vehicle Replacement Fund of \$52,394 for the purchase. In addition, Parks, Fleet and Facilities Division estimates \$1,500 for annual repairs and maintenance once the pickup is placed into City operations.

Fund	Dept / Program	Project / Item	Appropriation	Resources
General Fund				
	Public Works / Traffic Services	Transfer to Fund 503 for Replacement of Traffic Services Pickup	\$24,273	\$0
Total General Fund			\$24,273	\$0
Equipment Replacement Fund				
	Equipment Replacement	Transfer from Fund 001 for Replacement of Traffic Services Pickup	\$0	\$24,273
	Equipment Replacement	Equipment Acquisition: Replacement of Traffic Services Pickup	\$52,394	\$0
Total Street Fund			\$52,394	\$24,273

General Fund Transfer to Unemployment Fund: This amendment provides for the estimated amount of unemployment costs due to COVID-19 and the closure of the Shoreline Pool. The amendment ensures that the Unemployment Fund has adequate appropriation. Transfer from the General Fund to the Unemployment Fund will occur as costs are incurred.

Fund	Dept / Program	Project / Item	Appropriation	Resources
General Fund				
	General Fund Admin Key	General Fund Transfer to Fund 505	\$227,650	\$0
Total General Fund			\$227,650	\$0
Unemployment Fund				
	Unemployment Fund Admin Key	General Fund Transfer to Fund 505	\$0	\$227,650
	Unemployment Fund / Unemployment Fund Operations	Additional Unemployment Due to COVID-19 & Pool Closure	\$227,650	\$0
Total Unemployment Fund			\$227,650	\$227,650

General Fund:

Property Management and Maintenance Services: In June of 2020, Council directed staff to acquire property located at 14528 10th Avenue N (Culp/Gribschaw) for park purposes. Staff estimates it will be several years before the adjacent parcel becomes available, which is necessary for the intended expansion of the Paramount Open Space park. In the interim, staff proposes to contract with a property management services provider to maintain the residence as a revenue generating leased property. This revenue will total an estimated \$5,000 in 2020. Costs for property management and maintenance of this leased residential property as well as vacant commercial land owned by the City located at 1206 N 185th Street and 19806 Aurora Avenue N are estimated to total \$23,409 for 2020. This amendment recognizes the additional revenue generated by the lease and appropriations to fund the maintenance services.

Fund	Dept / Program	Project / Item	Appropriation	Resources
General Fund				
	City Manager's Office / Property Management	Property Management and Maintenance Services	\$23,409	\$5,000
Total General Fund			\$23,409	\$5,000

Light Rail Stations: This amendment adds appropriation for the Project Coordinator position and increased FTE of Admin Assistant position, extends GIS Extra Help duration to December 31, 2020, increases and expands consultant services to cover expedited permit reviews and concurrent inspections/deferred submittals, and COVID salary premiums. As all costs are passed on to Sound Transit for reimbursement, revenue and expenses are increased equally.

Fund	Dept / Program	Project / Item	Appropriation	Resources
General Fund				
	City Manager's Office / Light Rail Stations	Light Rail Stations	\$349,752	\$349,752
Total General Fund			\$349,752	\$349,752

Sidewalk Limited Tax General Obligation Bond Fund:

Debt Service Supported by Transportation Benefit District Sales Tax: This amendment recognizes the revenue generated by the 0.2% TBD Sales Tax Revenue passed by voters in 2018 and associated debt service payments for debt supported by the revenue stream. The revenue amendment recognizes the full amount of revenue for the biennium. The expenditure reflects only the initial debt service payment to be made in 2020. Fund Balance in this fund will be dedicated to repayment of debt to support the sidewalk expansion project for the next twenty years.

Fund	Dept / Program	Project / Item	Appropriation	Resources
General Fund				
	Administrative Services / Sidewalk Limited Tax General Obligation Bond	Transportation Benefit District Sales Tax	\$0	\$4,105,000
	Administrative Services / Sidewalk Limited Tax General Obligation Bond	Interest Earnings	\$0	\$5,500
	Administrative Services / Sidewalk Limited Tax General Obligation Bond	Debt Service Principal	\$470,000	\$0
	Administrative Services / Sidewalk Limited Tax General Obligation Bond	Debt Service Interest	\$428,926	\$0
Total General Fund			\$898,926	\$4,110,500

ALTERNATIVES ANALYZED

Alternative 1: Take no action

If the City Council chooses to not approve proposed Ordinance No. 904, either the expenditures or projects discussed in this staff report will not be completed without adversely impacting existing 2019-2020 Biennial Budget appropriations. In the case of

transfers between funds and capital projects, there would not be sufficient budget authority to complete the transfers/projects. Staff would need to reevaluate the transfers/projects and determine which could be moved forward.

Alternative 2: Approve Ordinance No. 904 (Recommended)

Approval of proposed Ordinance No. 904 will provide the budget authority and avoid adversely impacting existing 2019-2020 Biennial Budget's appropriations. In addition, this amendment will result in accurately reflecting the anticipated expenditures in the City's funds.

RESOURCE/FINANCIAL IMPACT

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RECOMMENDATION

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ATTACHMENTS

Attachment A: Proposed Ordinance No. 904

ORDINANCE NO. 904

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
AMENDING THE 2019-2020 FINAL BIENNIAL BUDGET.**

WHEREAS, the 2019-2020 Final Biennial Budget was adopted by Ordinance No. 841 and subsequently amended by Ordinance Nos. 852, 854, 855, 861, 872, 883 and 886; and

WHEREAS, additional needs that were unknown at the time the 2019-2020 Final Biennial 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 2019-2020 Final Budget, as amended, needs to be amended to reflect the increases and decreases to the City’s funds; and

WHEREAS, the City Council finds that the proposed adjustments to the Biennial Budget for 2019-2020 reflect revenues and expenditures that are intended to ensure the provision of vital municipal services at acceptable levels; and

WHEREAS, with this Ordinance, the City intends to amend the 2019-2020 Final Budget, as adopted by Ordinance No. 841 and amended by Ordinance Nos. 852, 854, 855, 861, 872, 883 and 886;

**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 by increasing or decreasing appropriations, as follows:

Fund	Current Appropriation	Revised Appropriation
General Fund	\$102,764,578	\$103,631,888
Shoreline Secure Storage Fund	3,000,000	3,000,000
Street Fund	4,203,214	4,203,214
Code Abatement Fund	200,000	200,000
State Drug Enforcement Forfeiture Fund	46,718	46,718
Public Arts Fund	272,217	272,217
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	486,000	486,000
Park Impact Fees Fund	175,000	1,101,469
Revenue Stabilization Fund	0	0
Unltd Tax GO Bond 2006	3,389,937	3,389,937

Fund	Current Appropriation	Revised Appropriation
Limited Tax GO Bond 2009	3,320,072	3,320,072
Limited Tax GO Bond 2020	382,666	382,666
Limited Tax GO Bond 2013	519,771	519,771
Sidewalk Limited Tax GO Bond Fund	0	<u>898,926</u>
General Capital Fund	33,175,972	33,175,972
City Facility-Major Maintenance Fund	703,936	703,936
Roads Capital Fund	39,507,706	39,507,706
Surface Water Utility Fund	19,936,886	19,936,886
Wastewater Utility Fund	5,822,128	5,822,128
Vehicle Operations/Maintenance Fund	1,106,217	1,106,217
Equipment Replacement Fund	1,344,501	<u>1,396,895</u>
Unemployment Fund	35,000	<u>262,650</u>
Total Funds	\$220,418,519	<u>\$223,391,268</u>

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 NOVEMBER 16, 2020.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Publication Date: , 2020
Effective Date: , 2020