

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Action on Ordinance No. 974 – Amending the 2021-2022 Biennial Budget - Ordinance No. 970
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Staff have identified operating programs and capital projects that require additional budget allocation, as well as changes to position classifications on the salary table. These needs were not known or were in development in July 2022 at the time the 2021-2022 budget amendment review was conducted and the budget amendment modification was adopted by the City Council through Ordinance No. 970.

Staff is requesting that the 2021-2022 biennial budget be amended to provide resources for these programs and projects. Proposed Ordinance No. 974 (Attachment A) provides for this amendment. Tonight, Council is scheduled to act on proposed Ordinance No. 974.

FINANCIAL IMPACT:

Proposed Ordinance No. 974 would impact expenditures and resources, as follows:

- Increases appropriations for operating and capital expenditures by \$2.750 million;
- Increases appropriations for debt expenditures by \$0.232 million;
- Increases appropriations for transfers-out by \$2.675 million;
- Provides revenues totaling \$2.065 million;
- Provides transfers-in totaling \$2.675 million; and
- Uses available 2021 general fund ending fund balance totaling \$1.820 million.

The net impact of proposed Ordinance No. 974 (Attachment A) is an increase in 2021-2022 biennial appropriations totaling \$5.657 million and resources totaling \$4.740 million. The tables in Attachment B list the programs and impacts resulting from this amendment.

The City Council approved Ordinance No. 922, which allocated a portion of the 2020 unobligated ending fund balance towards expenditures carried over from the 2019-2020 biennial budget, Ordinance No. 923 for other budget amendments, Ordinance No. 945 for the mid-biennial budget modifications, and Ordinance No. 954 and 970 for other budget amendments. The remaining General Fund 2021-2022 unobligated fund balance

is projected to be \$17.028 million, including proposed use to fund amendments as discussed in this report.

Intended Use of General Fund Reserves	Projections Including Ord. No. 970 & 974
2021 General Fund Ending Fund Balance	\$38.431M
2022 Year End Estimates:	
+ Revenue	\$49.802M
+ Transfers In	\$2.028M
- Expenditures	\$47.664M
- Transfers Out	\$6.360M
=Provision/(Use) of FB	(\$2.194M)
Less Provision/(Use) of FB Ord. No. 970 (Aug Amendment)	(\$1.504M)
Less Proposed Provision/(Use) of FB Ord. No. 974 (Nov Amendment)	(\$1.198M)
Less Required General Fund Operating Reserve:	
Cash Flow Reserve	\$3.000M
Budget (Operating) Contingency	\$.871M
Insurance Reserve	\$.255M
Less Designated for Park Bonds	\$3.400M
Less Designated for City Maintenance Facility	\$8.982M
Unassigned and Undesignated Beginning Fund Balance	\$17.028M

RECOMMENDATION

Staff recommends that City Council adopt Ordinance No. 974, amending the 2021-2022 Biennial Budget.

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

BACKGROUND

Staff have identified operating programs and capital projects that require additional funding. These needs were unknown at the time the 2021-2022 the mid-biennial budget modification was adopted by the City Council through Ordinance No. 945 in November 2021 and the February or July 2022 budget amendments adopted through Ordinance No. 954 and 970.

DISCUSSION

At this time, staff is requesting, through proposed Ordinance No. 974 (Attachment A), that the 2021-2022 Biennial Budget be amended to provide the resources necessary to deliver the following projects/programs:

Amendments Impacting the General Fund

American Rescue Plan Act (ARPA) (\$300,000)

ARPA was signed into law by President Biden on March 11, 2021, and is a \$1.9 trillion economic stimulus bill. Within the ARPA, the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) provides \$350 billion for states, municipalities, counties, tribes, and territories. The City was awarded \$7,533,842 and received the funds in two tranches. The first tranche was received in August 2021 and the second was received in August 2022. The City utilized these funds to support the City's 2021 Police Contract. This allowed a reallocation of General Fund dollars, made available by ARPA funds, that are being used to fund Council approved funding recommendations through Ordinance No. 945 and Ordinance No. 954. This amendment would transfer \$300,000 of funds made available by ARPA funding to qualified infrastructure investments for wastewater coordination for the 145th interchange project as directed by Council.

Light Rail Stations (\$432,236)

The services provided by the Light Rail Stations budget to Sound Transit in support of the permitting and construction of the Lynnwood Link Extension (LLE) is in significant part dependent on the specific permit submittals, inspection requests, and issues that arise needing City staff or consultants to support or undertake the work required. The cost of providing these services to Sound Transit and their contractors for the LLE Project has been higher than originally estimated when the 2021-2022 Biennial budget was set due to greater workload and thus more staff and consultant hours. As such, an amendment to the Light Rail Stations 2022 expenditure and revenue budget in the amount of \$432,236 is necessary. The remaining balance in the current maximum reimbursement amount in Agreement No. 8629 will ensure sufficient revenue through the end of the year for this adjustment.

Facilities Electricity (\$20,000)

The Facilities Program includes the budget for electricity for City Hall, Police Station, and the North Maintenance Facility. Facilities has monitored electricity expenditures and identified that expenditures have been historically exceeding the program budget. This amendment adds appropriation for the 2021-2022 budget to match year end estimates. The proposed 2023-2024 budget includes additional budget to support these increased costs to ensure that we have sufficient funding in the future.

Revenue Stabilization Fund (\$1,205,584)

The Revenue Stabilization Fund was created in late 2007 as an outcome of the revised reserve policy adopted by the City Council earlier in 2007. The Revenue Stabilization Fund accumulates a reserve equal to thirty percent (30%) of annual economically sensitive revenues within the City's operating budget to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods. Investment interest from these funds will be allocated to the General Fund. Due to an increase in economically sensitive revenues an increase of \$1,205,584 is needed to meet the City's financial policies target and these funds will be transferred from the General Fund to the Revenue Stabilization Fund.

Unemployment Fund (\$120,019)

The unemployment fund expenditure appropriation is being adjusted to account for actual unemployment claims paid in 2021-2022. While this is a normal process, the amount paid for unemployment in 2021-2022 is higher than usual in part due to terminations surrounding the COVID Vaccination Mandate.

Debt Service Fund (\$231,990)

Due to accounting correction, one additional month of interest expense will be recognized in 2022 for a total of 13 months and therefore will be over budget by \$229,890, see Attachment B for details. However, this will not occur again, as 2023 will reflect 12 months of interest.

Vehicles and Equipment

Vehicle Operations and Maintenance (\$30,000)

The Vehicle Operations and Maintenance Program provides budget funding for the safe and efficient operation of the City's Fleet Program. Due to higher fuel, repairs and maintenance costs, a budget adjustment is needed to maintain the City's Fleet and ensure that biennial expenditures do not exceed the biennial budget. The total requested amendment amount of \$30,000 for fuel and repairs and maintenance anticipates that the fund will also fully expend the annual contingency that is budgeted within this fund. As new electric vehicles and equipment are purchased and placed into operation in the future, the Fleet Program will reduce fuel costs.

Pickup Bed & Tommy Lift Gate Upfitting for PW Street Ops (\$57,016)

The Streets/Surface Water maintenance section acquired pickup vehicle #179 in 2017. The vehicle came with a standard pickup body. This model of pickup, and newer pickup vehicles, have a higher profile cargo bed than pickup trucks manufactured earlier. Because of the bed height, loading and unloading heavy tools, equipment, and supplies, like generators, pumps, plate compactors, pressure washers and etcetera, from the bed of the vehicle from the side or through the tailgate is difficult and can create body strains and potential staff injuries. To alleviate this problem a low-profile flatbed configuration with a lift gate is proposed. With the reconfigured bed, staff will be able to load and unload heavy tools, equipment, and supplies without risk of injury. This amendment funds this modification.

Public Works Grounds Maintenance Pickup Upfitting (\$10,000)

Fleet Services collaborated with Public Works Grounds Maintenance to schedule and complete upfitting work on five 2019 pickups. The upfitting work allows employees to safely store and transport tools and equipment to various job sites. The work is estimated to cost \$10,000. Since the purchase of the pickups in 2019, Public Works Grounds Maintenance employees have had time to identify their specific upfitting needs.

Grants

King County Best Starts for Kids Grant (\$437,484)

The City of Shoreline received a \$375,000 grant from King County (Best Starts for Youth) to continue funding the Youth Outreach Leadership and Opportunities (YOLO) program from August 2022 through June 2025, in partnership with the Center for Human Services. The funding for the mental health professional will be supplemented by \$54,481 of ARPA Youth-dedicated funding and \$8,003 of funds from the prior Best Starts for Youth grant.

Amendments Impacting the General Capital Fund

Parks Expansion Property Purchases (\$1,250,000)

The City recently acquired the parcel at 14534 10th Avenue NE in Shoreline at Paramount Open Space Park. The purchase of this property was approved by Council on September 19, 2022. The Paramount Open Space parcel, which is in the 145th Street Light Rail Station Subarea, will allow for the preservation of existing trees, planting of new trees, expansion of wetlands, and improvements to streams. Fifty percent (50%) of the purchase will be funded by a King County Conservation Futures Tax (CFT) grant and Park Impact Fees (PIF) will fund the remaining 50% of the acquisition, plus any additional demolition and related costs.

Amendments Impacting the Wastewater Utility Fund

Wastewater Repairs and Maintenance (\$392,668)

There were several unanticipated emergency wastewater pipe repairs in 2022, therefore we need an increase of appropriations of \$392,668. These repairs cost more because of the inflationary economy we are now experiencing.

Wastewater Contribution to City Maintenance Facility (\$316,422)

To date, general fund contributions have covered the portion of Phase 1 City Maintenance Facility (CMF) expenses that the wastewater utility is responsible for. Now that the Ronald Wastewater District is fully assumed, the transfer for the utility's share of the project costs should be completed. This amendment makes the adjustment.

FINANCIAL IMPACT

Proposed Ordinance No. 974 would impact expenditures and resources, as follows:

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RECOMMENDATION

Staff recommends that City Council adopt Ordinance No. 974, amending the 2021-2022 Biennial Budget.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 974

Attachment B: 2021-2022 Budget Amendment Summary of Impacts

ORDINANCE NO. 974**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
AMENDING THE 2021-2022 FINAL BIENNIAL BUDGET.**

WHEREAS, the 2021-2022 Final Biennial Budget was adopted by Ordinance No. 903 and subsequently amended by Ordinance Nos. 922, 923, 945, 954, and 970; and

WHEREAS, additional needs that were unknown at the time the 2021-2022 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 2021-2022 Final Biennial 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 2021-2022 Final Biennial Budget 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 2021-2022 Final Biennial Budget, as adopted by Ordinance No. 903 and amended by Ordinance Nos. 922, 923, 945, 954 and 970;

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

Section 1. Amendment – 2021-2022 Final Budget. The City hereby amends the 2021-2022 Final Biennial Budget, as amended, by increasing or decreasing appropriations, and the budget sets forth totals of estimated revenues and estimated expenditures of each separate fund, and the aggregate totals for all such funds as summarized, as follows:

Fund	Current Appropriation	Revised Appropriation
General Fund	\$109,344,298	\$111,663,386
Shoreline Secure Storage Fund	2,743,258	2,743,258
Revenue Stabilization Fund	0	1,000
Street Fund	4,272,964	4,272,964
Code Abatement Fund	200,000	200,000
State Drug Enforcement Forfeiture Fund	36,486	36,486
Public Arts Fund	161,505	161,505
Federal Drug Enforcement Forfeiture Fund	26,000	26,000
Transportation Impact Fees Fund	4,861,071	4,861,071
Park Impact Fees Fund	1,282,809	2,032,809
2006/2016 UTGO Bond Fund	1,135,144	1,135,144

Fund	Current Appropriation	Revised Appropriation
2009/2019 LTGO Bond Fund	2,202,688	2,243,173
2013 LTGO Bond Fund	516,520	523,012
2020 LTGO Bond Fund	34,360,000	34,360,000
Sidewalk LTGO Bond Fund	1,799,100	1,831,519
VLF Revenue Bond Fund	552,573	564,882
2022 Parks LTGO Bond Fund	865,090	1,005,375
General Capital Fund	32,218,369	33,470,869
General Capital Fund-Parks Bond	10,517,182	10,657,467
City Facility-Major Maintenance Fund	1,555,925	1,555,925
Roads Capital Fund	58,264,095	58,276,404
Sidewalk Expansion Fund	11,957,995	11,957,995
Surface Water Utility Fund	27,841,192	27,864,998
Wastewater Utility Fund	45,122,213	45,831,303
Vehicle Operations/Maintenance Fund	597,464	627,464
Equipment Replacement Fund	789,630	856,646
Unemployment Fund	35,000	155,019
Total Funds	\$353,258,571	\$358,915,674

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. Publication and Effective Date. A summary of this Ordinance consisting of its title shall be published in the official newspaper of the City. This Ordinance shall take effect and be in full force five days after publication.

PASSED BY THE CITY COUNCIL ON NOVEMBER 21, 2022.

Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2022
Effective Date: , 2022

2021-2022 Budget Amendment (Ord. No. 974) Summary of Impacts on 2022 Plan (Attachment B)

CATEGORY							
Fund	FTE					Use of Fund	
Department/Program	Change	Revenues	Transfers In	Expenditures	Transfers Out	Balance	
2021-2022 CIP: GENERAL CAPITAL FUND		\$1,250,000	\$752,500	\$1,250,000	\$752,500	\$2,500	
Parks Expansion Property Purchase -Paramount Open Space		\$1,250,000	\$752,500	\$1,250,000	\$752,500	\$2,500	
General Capital Fund		\$500,000	\$750,000	\$1,250,000	\$2,500	\$2,500	
Park Impact Fees Fund		\$750,000			\$750,000	\$0	
Public Arts Fund			\$2,500			\$0	
AMERICAN RESCUE PLAN ACT (ARPA)			\$300,000	\$54,481	\$300,000	\$354,481	
King County Best Starts Youth Grant-ARPA Funding				\$54,481		\$54,481	
General Fund				\$54,481		\$54,481	
ARPA: Qualifying Infrastructure Investments - Wastewater 145th Interchange Coord			\$300,000		\$300,000	\$300,000	
General Fund					\$300,000	\$300,000	
Wastewater Utility Fund			\$300,000			\$0	
City Maintenance Facility Project			\$0		\$0	\$0	
WW CMF Contribution			\$0		\$0	\$0	
General Capital Fund			\$0			\$0	
General Fund					(\$316,422)	\$0	
Wastewater Utility Fund					\$316,422	\$0	
Debt Service			\$199,571	\$231,990	\$199,571	\$46,977	
2022 Parks UTGO Bond			\$140,285	\$140,285	\$140,285	\$0	
General Capital Fund-Parks Bon					\$140,285	\$0	
2022 Parks LTGO Bond			\$140,285	\$140,285		\$0	
LTGO Bond 2009/2019			\$40,485	\$40,485	\$40,485	\$40,485	
General Fund					\$40,485	\$40,485	
2009/2019 LTGO Bond Fund			\$40,485	\$40,485		\$0	
Limited Tax GO Bond 2013			\$6,492	\$6,492	\$6,492	\$6,492	
General Fund					\$6,492	\$6,492	
2013 LTGO Bond Fund			\$6,492	\$6,492		\$0	
Sidewalk LTGO Bond Admin				\$32,419		\$0	
Sidewalk LTGO Bond Fund				\$32,419		\$0	
VF Revenue LTGO Bond			\$12,309	\$12,309	\$12,309	\$0	
TBD Fund					\$12,309	\$0	

2021-2022 Budget Amendment (Ord. No. 974) Summary of Impacts on 2022 Plan (Attachment B)

CATEGORY		FTE	Use of Fund				
Fund	Department/Program	Change	Revenues	Transfers In	Expenditures	Transfers Out	Balance
	VLF Revenue Bond Fund			\$12,309	\$12,309		\$0
	EMERGING ISSUES IMPACTING THE GENERAL FUND			\$1,422,619	\$238,035	\$1,422,619	\$1,442,619
	GF Transfer to Revenue Stabilization Fund			\$1,205,584	\$1,000	\$1,205,584	\$1,205,584
	General Fund					\$1,205,584	\$1,205,584
	Revenue Stabilization Fund			\$1,205,584	\$1,000		\$0
	Street Ops & Fleet Service VEH 179: Adding Low Profile Bed			\$57,016	\$57,016	\$57,016	\$57,016
	Equipment Replacement Fund			\$57,016	\$57,016		\$0
	General Fund					\$34,210	\$34,210
	Surface Water Utility Fund					\$22,806	\$22,806
	The upfitting on several Public Works Grounds Maintenance pickups			\$10,000	\$10,000	\$10,000	\$10,000
	Equipment Replacement Fund			\$10,000	\$10,000		\$0
	General Fund					\$9,000	\$9,000
	Surface Water Utility Fund					\$1,000	\$1,000
	Facilities -Electricity				\$20,000		\$20,000
	General Fund				\$20,000		\$20,000
	Vehicle O&M			\$30,000	\$30,000	\$30,000	\$30,000
	General Fund					\$30,000	\$30,000
	Vehicle O&M Fund			\$30,000	\$30,000		\$0
	Unemployment Expense Increase			\$120,019	\$120,019	\$120,019	\$120,019
	General Fund					\$120,019	\$120,019
	Unemployment Fund			\$120,019	\$120,019		\$0
	EMERGING ISSUES IMPACTING THE WASTEWATER UTILITY				\$392,668		\$392,668
	Wastewater Repairs & Maintenance				\$392,668		\$392,668
	Wastewater Utility Fund				\$392,668		\$392,668
	GRANTS		\$383,003		\$383,003		\$0
	King County Best Starts Youth Grant		\$383,003		\$383,003		\$0
	General Fund		\$383,003		\$383,003		\$0
	LIGHT RAIL STATIONS		\$432,236		\$432,236		\$0
	Light Rail Stations-Additional Budget		\$432,236		\$432,236		\$0

2021-2022 Budget Amendment (Ord. No. 974) Summary of Impacts on 2022 Plan (Attachment B)

CATEGORY							Use of Fund
Fund	FTE	Revenues	Transfers In	Expenditures	Transfers Out	Balance	
Department/Program	Change						
General Fund		\$432,236		\$432,236		\$0	
Grand Total		\$2,065,239	\$2,674,690	\$2,982,413	\$2,674,690	\$2,239,245	