

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing on the Proposed 2002 Budget
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT: The City is required to hold a public hearing to allow input and comments from the public before the annual budget is adopted. The 2002 proposed budget was originally presented to your Council on October 22, 2001, followed by detailed departmental presentations on November 6 and 13, 2001. Another budget workshop was held on November 19 to discuss potential changes to the proposed budget. Opportunities for public input have occurred at all of these budget workshops. This formal public hearing is held to allow citizens another opportunity to comment on the 2002 Proposed Budget before its scheduled adoption on December 10.

FINANCIAL IMPACT: The 2002 Proposed Budget totals \$48,608,525. The following table is a summary of the proposed budget by fund:

Fund	2002 Proposed Budget			2001 Amended		
	Beginning Fund Balance	Revenue	Expenditures	Ending Fund Balance	Budget Expenditures	01 - '02 % Change
Operating Funds:						
General Fund	5,332,420	25,213,287	26,588,084	3,957,623	26,398,933	0.7%
General Reserve	1,421,766	257,550	0	1,679,316	0	n/a
Streets	670,082	2,873,727	3,161,431	382,377	3,855,006	-18.0%
Surface Water Management	2,001,076	2,167,907	2,248,130	1,920,853	3,244,376	-30.7%
Development Services	638,595	1,893,346	1,912,731	619,210	1,773,380	7.9%
Equipment Replacement	518,409	195,043	275,000	438,452	275,000	0.0%
Vehicle Operations & Maintenance	91,767	70,567	70,000	92,334	70,000	0.0%
Unemployment	82,319	10,753	8,259	84,813	8,259	0.0%
Code Abatement	102,632	104,000	100,000	106,632	100,000	0.0%
Asset Seizure	16,302	23,855	25,000	15,157	0	n/a
Sub-Total Operating Funds	10,875,368	32,810,035	34,388,635	9,296,768	35,722,954	-3.7%
Capital Funds:						
Arterial Streets	8,222	360,821	369,042	0	455,955	-19.1%
General Capital	2,425,382	1,899,425	2,120,278	2,204,529	6,644,630	-68.1%
Roads Capital	12,206,065	8,129,926	9,440,569	10,895,422	16,338,076	-42.2%
Surface Water Capital	1,623,209	1,509,496	2,290,000	842,705	4,818,100	-52.5%
Sub-Total Capital Funds	16,262,878	11,899,668	14,219,890	13,942,656	28,256,761	-49.4%
Total City Budget	27,138,246	44,709,702	48,608,525	23,239,424	63,979,715	-24.1%

This includes changes from the original budget presented on October 22, 2001, in the amount of \$18,202. The City's operating funds expenditures total \$34,388,635 for 2002 and this represents 71% of the total budget. This represents an increase of \$18,202 over the original proposed budget. The City's 2002 capital expenditures total \$14,219,890, which are the remaining 29% of the City's proposed expenditures.

Total 2002 projected expenditures represent a 24.1% decrease from those budgeted in 2001. The overall decrease in projected operating fund expenditures is 3.7%, while the capital fund expenditures are projected to decrease by 49.4%. The proposed 2002 budget is balanced and includes adequate reserve levels to meet all adopted budget policies.

RECOMMENDATION

Conduct the public hearing to receive citizen input on the 2002 budget.

Approved By: City Manager HTB City Attorney N/A

INTRODUCTION

The proposed 2002 budget was originally presented to your Council on October 22, 2001. Departmental presentations were made on November 5, 2001 and subsequent budget workshops were held on November 13 and 19, 2001 to discuss potential changes to the proposed budget. While the public has had an opportunity to speak at each of these Council meetings, tonight's public hearing will allow the public another chance to provide input to the Council before the scheduled adoption of the 2002 budget on December 10, 2001. This public hearing is in compliance with RCW 35.33.071.

BACKGROUND

The original 2002 proposed budget that was presented to your Council on October 22, 2001, totaled \$ 48,590,322, including \$34,370,433 for the operating funds and \$14,219,890 for the capital funds. The original proposed budget was a decrease from the 2001 budget of \$15.4 million, or 23.8%, including a decrease of \$1.4 million in the operating funds and a \$14 million decrease in the capital funds.

The 2002 proposed budget is based upon conservative revenue estimates including only a two-percent growth in sales tax and a 1.75% increase in property tax (1% levy increase and 0.75% new construction). These two revenues comprise 26% of the total City budget and 39% of the General Fund budget.

The key service level changes in the 2002 proposed budget include:

- ◆ Moving the road overlay and sidewalk improvement programs from the Street Operating budget into the City's Capital Improvement Program.
- ◆ An increase of \$502,000 in the City's public safety costs (\$455,000 in police services and \$47,360 in jail services).
- ◆ A \$420,000 increase in City personnel costs.
- ◆ Funding in the amount of \$273,000 for new ongoing programs and/or service enhancements.
- ◆ Allocation of \$856,000 for one-time expenditures to support increased street maintenance, review of the City's permitting system, development of a watershed basin plan, implementation of a right-of-way management program, and communication enhancements.
- ◆ An increase of \$187,000 for the maintenance of capital projects including improvements at Shoreview and Paramount Parks, the renovated pool, the City gateway at 175th and I-5, and initial improvements to the Interurban Trail.
- ◆ A reduction of nearly \$1 million in Surface Water expenditures as a result of a \$600,000 decrease in surface water capital funding and debt service costs.

On October 22, your Council adopted an increase in benefits received by members of the Council. Councilmembers elected after October 22, 2001 will receive 60% of the City health benefit. For 2002, this will increase the General Fund expenditures by \$18,202, bringing the total 2002 Proposed Budget to \$48,608,525.

SUMMARY

The 2002 Proposed Budget maintains a focus on a strong long-term financial position by taking into account the City's fiscal constraints and maintaining adequate reserves. The budget is based upon conservative revenue projections with modest service level changes. Staff will continue to monitor the local, state and national economies to determine any related impacts to the City's financial condition. Adequate resources have been provided to maintain and improve the City's parks, roads, and drainage systems, thereby protecting the City's capital investments.

RECOMMENDATION

Conduct the public hearing to receive citizen input on the Proposed 2002 Budget.