

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Transmittal of 2005 Proposed Budget
DEPARTMENT: City Manager's Office
PRESENTED BY: Steve Burkett, City Manager

PROBLEM/ISSUE STATEMENT: The City Manager is required to submit the 2005 proposed budget to the City Council no later than November 1, 2004. The proposed budget is currently under development and will be completed and transmitted to the City Council on October 27. The purpose of this presentation will be to introduce the budget document to the Council, provide the policy background concerning its development, highlight key budget issues and changes from the previous year, propose a budget review process and schedule, and to answer any questions you may have at this time.

FINANCIAL IMPACT: The 2005 Proposed Budget totals \$77,395,975. The following table is a summary of the proposed budget by fund:

	2005 Proposed Budget			2004 Current		
	Beginning			Ending	Budget	04 - '05
Fund	Fund Balance	Revenue	Expenditures	Fund Balance	Expenditures	% Change
Operating Funds:						
General Fund	9,311,273	25,523,818	30,198,736	4,636,355	25,811,781	17.0%
General Reserve	1,952,271	154,193	0	2,106,464	0	n/a
Streets	478,828	2,279,955	2,279,955	478,828	2,535,008	-10.1%
Surface Water Management	2,788,320	2,554,692	2,382,105	2,960,907	1,941,243	22.7%
Development Services	397,308	0	0	397,308	1,765,851	-100.0%
Code Abatement	3,613	162,500	100,000	66,113	100,000	0.0%
Asset Seizure	16,679	23,500	23,000	17,179	23,000	0.0%
Sub-Total Operating Funds	14,948,292	30,698,658	34,983,796	10,663,154	32,176,883	8.7%
Internal Service Funds:						
Equipment Replacement	1,102,541	290,879	189,636	1,203,784	180,050	5.3%
Public Art Fund	206,938	349,603	0	556,541	0	n/a
Unemployment	47,130	11,250	10,000	48,380	10,000	0.0%
Vehicle Operations & Maintenance	45,289	72,074	71,824	45,539	55,300	29.9%
Sub-Total Internal Service Funds	1,401,898	723,806	271,460	1,854,244	245,350	10.6%
Capital Funds:						
Arterial Streets	14,397	353,358	353,358	14,397	348,546	1.4%
General Capital	6,694,271	15,707,500	15,199,693	7,202,078	15,456,034	-1.7%
City Facility-Maijor Maintenance Fund	0	244,000	124,000	120,000	0	n/a
Roads Capital	11,942,364	20,240,239	24,038,893	8,143,710	14,771,686	62.7%
Surface Water Capital	3,498,837	763,973	2,424,775	1,838,035	2,525,979	-4.0%
Sub-Total Capital Funds	22,149,869	37,309,070	42,140,719	17,318,220	33,102,245	27.3%
Total City Budget	38,500,058	68,731,534	77,395,975	29,835,617	65,524,478	18.1%

The City's operating fund expenditures total \$34,983,796 for 2005 and this represents 45% of the total budget. The City's 2005 capital expenditures total \$42,140,719, which represents the majority of the remaining 55% of the City's proposed expenditures. Total

2005 projected expenditures represent a 18.1% increase from those budgeted in 2004. Operating expenditures are projected to increase by 8.7% (\$2.8 million) and capital expenditures are projected to increase by 27.3% (\$9.0 million). The overall increase in projected 2005 operating fund expenditures is due to the inclusion of approximately \$4.4 million of one-time expenditures. If not for these one-time expenditures, the 2005 operating budget would have decreased by 5% when compared to the 2004 budget. The capital fund expenditures are projected to increase primarily as a result of the Aurora Corridor Improvement and Interurban Trail Pedestrian Crossing projects. The proposed 2005 budget is balanced and includes adequate reserve levels to meet all adopted budget policies.

The 2005 proposed budget recommends moving the development services activity from a separate special revenue fund to the general fund. This is primarily a result of these services being partially funded through direct fees and partially funded through general revenues. Development fees have traditionally recovered direct costs, but have not recovered indirect costs of support services or general support such as providing development and permit information prior to any application for permits. For this reason, the budget table shows a 17% increase in the general fund and a 100% decrease in the Development Services fund. The General Fund 2005 budget would have reflected a 6% decrease if the development services activities and the one-time expenditures would not have been included in the 2005 proposed budget.

The proposed schedule for budget review includes:

Budget Public Hearing & Department Presentations	November 1
Budget Review Workshop	November 1
Public Hearing on Revenue Sources & Property Tax	November 8
Budget Review Workshop	November 15
Adoption of 2005 Budget & 2005 Property Tax Levy	November 22

RECOMMENDATION

This item is for discussion purposes only. Council discussion regarding the proposed process to review and adopt the Proposed 2005 City Budget and any key questions or issues that Council may wish staff to address as part of that process is desired.

Approved By:

City Manager

