



City of Arlington Council Agenda Bill

Item:
WS #1
Attachment
A

| | |
|---|---|
| COUNCIL MEETING DATE: | |
| December 12, 2016 | |
| SUBJECT: | |
| 2016 Budget Amendments | |
| ATTACHMENTS: | |
| Ordinance 2016 - XXX and Exhibit "A" | |
| DEPARTMENT OF ORIGIN | |
| Finance Department, Kristin Garcia - Finance Director | |
| EXPENDITURES REQUESTED: | \$2,781,789 |
| BUDGET CATEGORY: | Fund breakdown attached |
| LEGAL REVIEW: |  |
| DESCRIPTION: | |
| <p>Each year budget amendments are proposed to reflect unforeseen expenditures that have occurred since the original budget was adopted. A total of \$2,781,789 in budget amendments are being proposed for council approval.</p> <p>For the 2016 budget, 44% percent of the amendments are for inter-fund transfers to reserve funds or for cash flow purposes pending grant reimbursement. 19% of the amendments are for loan payments, with the majority being the loan repayment for the EMS Fund. 5% of the amendments are for expenditures which are offset by grant awards and the remaining 32% is due to unexpected expenditure activity, the majority of which is offset by an increase in revenues or paid for by previously accumulated capital reserve funds.</p> <p>The proposed budget amendments represent 5.5% of the city's total budget with only 1.7% of that amount representing unexpected expenditure activity, which means the city is managing its budget very well.</p> | |
| HISTORY: | |
| Council has been aware of the expenditure activity and has reviewed and approved the expenditures throughout 2016. | |
| ALTERNATIVES | |
| State law requires budget amendments be approved prior to the end of the fiscal year. If the budget amendments are not approved by year end, the City will be out of compliance with state law. | |
| RECOMMENDED MOTION: | |
| Workshop; discussion only. At the December 19, 2016 meeting the motion will read; "I move to adopt Ordinance No. 2016-XXX, amending the 2016 budget per attached Exhibit "A". | |

ORDINANCE NO. 2016—XXX

AN ORDINANCE AMENDING THE 2016 ANNUAL BUDGET OF THE CITY OF ARLINGTON BY PROVIDING SUPPLEMENT THERETO; PROVIDING TRANSFER AND ADJUSTMENT AUTHORITY AND DECLARING AN EMERGENCY

WHEREAS, staff has identified the need to make certain revisions to the 2016 Annual Budget that were not foreseen when Ordinance No. 2015-027 was adopted on November 2nd, 2015, and

WHEREAS, this ordinance was introduced with proper notice and citizens given the opportunity to comment, and

WHEREAS, because this will require increasing the appropriation level in one or more funds, an amendment is needed, NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ARLINGTON WASHINGTON AS FOLLOWS;

Section 1. Pursuant to RCW 35A.33.090, an emergency is declared to exist and the 2016 Budget is hereby amended to provide for adjustments to expenditures, and by providing authority for any necessary transfers of money within or between funds as indicated in the “Changes” column on the attached Exhibit “A”.

Section 2. That the attached is a summary of the amended budget for the year 2016 for the City of Arlington and that copies of the detailed amended budget are available to any interested taxpayer at the Finance Department, City Hall, Arlington, Washington.

Section 3. This ordinance shall be in full force and effect after its passage, and publication according to law.

Passed by the City Council and APPROVED by the Mayor this 19th day of December, 2016.

CITY OF ARLINGTON

Barbara Tolbert, Mayor

ATTEST:

Kristin Banfield, City Clerk

APPROVED AS TO FORM:

Steven J. Peiffle, City Attorney

2016 BUDGET AMENDMENTS - EXHIBIT "A"

| FUND | 2016 Adopted Expenses | Changes | Total Amended Budget | Description |
|------------------------------|-----------------------|---------|----------------------|---|
| 001 - GENERAL FUND | 14,582,866 | 379,785 | 14,962,651 | \$300,000 for additional contribution to the mandatory reserve fund. \$50,000 for ABC grant award. \$29,785 for capital outlay as part of Wildland Fire equipment reimbursement. |
| 108 - EMS | 2,831,056 | 512,446 | 3,343,502 | \$495,346 of principal loan repayment and \$2,100 in loan interest. \$15,000 in medical supplies due to call volume/activity. |
| 303 - REET 1 | 381,800 | 218,130 | 599,930 | \$7,251 for the 800 MHZ annual maintenance payment which was more than budget. This was an item brought to council's attention during the February financial report. The fee is based on population, geographical area and calls for service. We budgeted too low based on the continued increases in calls for service. Budget was increased for 2017. \$210,879 transfer to park improvement for cash flow purposes pending reimbursement for work on the Quake Field project. The transfer will only occur if the reimbursement is not received by year end. |
| 405 - WATER IMPROVEMENT FUND | 2,084,570 | 100,000 | 2,184,570 | Increase capital expenses due to higher bids than budgeted on water main replacement project. The project was approved by council on June 6, 2016. |
| 411 - W/S BOND RESERVE | - | 36,716 | 36,716 | \$36,716 is for a portion of the principal payment due on the 2007 W/S bonds. Fund 411 was created to be in compliance with bond covenants that required a certain amount of funds to be held in reserve to make debt payments on the 2007 W/S bonds and the DOE bonds (for waste water treatment plant upgrade). The 2007 W/S bonds are nearing maturity so these reserves are being used to make principal payments, as the reserves were set aside for this purpose. The full bond payments were budgeted in the operations fund, Fund 401 but we did not budget to use a portion of the reserves. The bonds will be paid in full in 2017 and the respective principal and interest payments were budgeted in this fund next year. |

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|-----------------------------|-------------------|------------------|-------------------|--|
| 503 - EQUIPMENT REPLACEMENT | 689,804 | 852,810 | 1,542,614 | \$43,000 for police vehicle L-97 purchased by grant from the Stillaguamish Tribe. \$710,163 for final payment on the two fire apparatus that were approved in 2015. We budgeted for the entire purchase to occur in 2015 but the timing of delivery and final payment did not occur until 2016. \$99,647 for engine replacement on new cab and chassis on Aid-47. The vehicle's engine failed before it was scheduled for replacement. Money was available in the EMS equipment replacement fund but was not budgeted. |
| 504 - PW FACILITIES M&O | 1,275,552 | 71,402 | 1,346,954 | \$22,557 for unexpected repairs to HVAC system in the finance office and water heater repair at the fire station. \$21,045 for utilities - truing up budget to reflect actual costs. Historically it appears this line item has been underbudgeted. An evaluation is currently be done on usage to make sure actual costs seem appropriate. \$25,000 for grant related expenses for Terrace Park curbing project. \$2,800 for unexpected replacement of oven at Fire Station 46. |
| SUBTOTAL OPERATIONS | 21,845,648 | 2,171,289 | 24,016,937 | |
| 104 - PROGRAM DEVELOPMENT | 31,800 | 210,500 | 242,300 | \$167,500 to transfer to general program development fund to be in compliance with rules associated with revenues in "special revenue funds". \$43,000 for transfer of Stillaguamish Tribe grant donation to police department equipment replacement fund (for the purchase of vehicle L-97). |
| 401 - WATER/SEWER FUND | 4,634,296 | 400,000 | 5,034,296 | Additional transfer into capital reserve fund for future projects - Lift Station 11 and Island Crossing Sewer. |
| SUBTOTAL TRANSFERS | 4,666,096 | 610,500 | 5,276,596 | |
| TOTAL ALL FUNDS | 26,511,744 | 2,781,789 | 29,293,533 | |