



Interoffice Memorandum

To: City Council
From: Shelley Coleman, Finance Director
CC: Nancy Backus, Mayor
Date: November 29, 2017
Re: Ordinance #6666 – 2017-2018 Budget Amendment #4

The City's biennial 2017-2018 budget was approved by Council as two one-year appropriations. Budget Amendments #1 and #2 amended the budget for calendar year 2017. Budget Amendment #3, which will also amend the 2017 budget, will be brought to Council for consideration on December 4, 2017.

This amendment will be the fourth budget amendment for the biennium and the first budget amendment for calendar year 2018. The purpose of this amendment is to 1) amend the 2018 budget for changes that occurred in 2017 for which there is an ongoing fiscal impact; 2) to carry forward capital project budgets that are not anticipated to be completed in 2017 and adjust other project budgets to match the 2018-2023 Capital Facilities Plan (CFP); 3) to establish budget spending authority for new programs and other expected changes in 2018; and 4) to allocate REET funds to three new street projects. Proposed amendments to the 2018 budget are as follows:

Adjustments of 2018 beginning fund balance due to 2017 budget amendments. Each approved budget amendment in 2017 (in BAs #1 and #2, and proposed BA#3) that amended the 2017 budgeted ending fund balance also affects the budgeted 2018 beginning fund balance. These adjustments, which affect most funds, increase 2018 budgeted fund balance by \$20,734,121.

Continuation of previously approved requests by Council. Items in this category were previously approved by Council in 2017 and are ongoing items that need to be included in the 2018 budget. In total, these items reduce budgeted 2018 ending fund balance by \$465,400, and include:

- Revenue adjustments that are expected to continue in 2018 (such as property and utility taxes);
- Ongoing costs associated with the new Administrative Assistant FTE added in BA#2; and
- Corrections for unbudgeted items, not included in the adopted 2018 budget.

New funding requests. This category includes project adjustments as well as new funding requests and other adjustments. In aggregate, these items increase budgeted 2018 ending fund balance by \$2,612,400.

Project adjustments include requested project expenses that were previously approved in 2017 but will require carry forward to 2018, as well as other changes to project budgets to align with the 2018-2023 Capital Facilities Plan (CFP) that is scheduled to be adopted in December. Please refer to Attachment 1 for project revenue and expense budget changes in the Arterial Street Fund (#102), Local Street Fund (#103), Arterial Street Preservation Fund (#105), Mitigation Fees Fund (#124), Parks

Construction Fund (#321), Capital Improvements Fund (#328), Local Revitalization Fund (#330), Water Utility Capital Fund (#460), Sewer Utility Capital Fund (#461), Storm Drainage Utility Capital Fund (#462), Facilities Fund (#505), and the Equipment Rental Capital Fund (#560).

This budget amendment also restores REET funding, which had been diverted to street projects, to the Tenth Green and Surrounds Rebuild project and Public Art program.

Other requests include revenue adjustments to reflect new revenue sources and increases in existing revenue streams; requests to add new staffing; requests for increased funding for existing programs, and funding requests for new projects or programs.

This budget amendment adds budget for the Auburn central parking garage and includes painting the exterior and ramp work.

In this budget amendment, three new positions are being requested:

- Economic Development Coordinator, Administration Department (1.0 FTE, \$121,400): Funding is requested to hire an Economic Development Coordinator to provide capacity to implement the strategies identified in the 10-Year Economic Development Strategic Plan.
- Maintenance Worker I-CDL, Storm Utility Fund (2.0 FTEs; \$173,500): Funding is requested to hire two additional maintenance workers to focus on inspection, cleaning, and repair of the storm drainage system based on the requirements of the Department of Ecology's National Pollution Discharge Elimination System (NPDES) permit.

Funding for street preservation projects. Based on the recommendation of the *ad hoc* committee on \$20 car tab fees, this amendment would reduce 2018 ending fund balance by \$2,212,400 by:

- Reallocating REET funds within the Capital Improvements Fund (Fund 328) by deferring certain projects (see Attachment 2), plus adding a one-time transfer of \$1,300,000 from the Cumulative Reserve Fund.
- Funding three streets projects from those funds:
 - West Valley Highway Paving \$ 350,000
 - Arterial Street Preservation Program \$ 1,200,000
 - S. 277th Street Pavement Preservation \$ 662,400
 - Balance to Fund 328 for future projects \$ 679,100

The following table summarizes the current and revised budget as a result of this amendment.

Table 1: 2017 Budget as Amended

2018 Adopted Budget	\$ 266,871,607
Budget Amendment #4 (Ord #6666)	<u>25,731,421</u>
2018 Budget as Amended	\$ 292,603,028

Attachments:

- ❖ 1. Summary of CIP changes per 2018-2023 CFP.
- ❖ 2. Recommended reallocation of REET funds and transfer from cumulative reserves for street preservation projects, per the *ad hoc* committee on \$20 car tab fees.