



Interoffice Memorandum

To: City Council
From: Jamie Thomas, Finance Director
CC: Nancy Backus, Mayor
Date: November 5, 2019
Re: Ordinance #6751 – 2019-2020 Budget Amendment #5

The City's biennial 2019-2020 budget was approved by Council as two one-year appropriations. Budget Amendments #1, #2, and #3 amended the budget for calendar year 2019. Budget Amendment #4, which will also amend the 2019 budget, will be brought to Council for consideration on November 25, 2019.

This amendment will be the fifth budget amendment for the biennium and the first budget amendment for calendar year 2020. The purpose of this amendment is to 1) realign significant revenue sources; 2) adopt the continuation of previously approved requests by council; 3) adjust capital project budgets to match the 2020-2025 Capital Facilities Plan (CFP); 4) add budget authority for new programs and other expected changes in 2020; and 5) adjust projected 2020 beginning fund balance.

Realign Significant Revenue Sources. With new legislation and policies adopted throughout 2019, and three quarters of revenue collection data for 2019, there is an opportunity to fine-tune revenue projections for 2020. Total general fund revenue adjustment increases totaled \$1,425,000 and include:

- Property tax to reflect actual levy amount (\$100,000)
- Business license fees to reflect increases (\$200,000)
- Streamlined sales tax mitigation increase due to legislative extension through 2021 (\$925,000)
- Certain developer fees and permits due to fee schedule increases (\$200,000)

Adopt the continuation of previously approved requests by Council. Amend the 2020 budget for changes adopted in 2019 for which there is an ongoing fiscal impact in 2020. Items in this category were previously approved by Council in 2019. In total, these items decreases budgeted 2020 ending fund balance by a net of \$7,900, and include:

- Ongoing costs associated with the continuation of two new school resource officers, authorized in 2018 and 2019 budget amendments (net fund balance decrease of \$39,300);
- Impacts of the Police collective bargaining agreement, which was negotiated in 2019 (net fund balance decrease \$790,300);
- Adjust SCORE owner agency cost based on adopted SCORE budget (fund balance increase \$400,000); and
- Reduction of LEOFF1 benefit costs to better reflect historical actuals (fund balance increase \$421,700).

Adjust capital project budgets. Represent changes to project budgets to align with the updated 2020-2025 Capital Facilities Plan (CFP) that is scheduled to be adopted in December, excluding unspent capital project budgets from 2019 that are automatically carried forward into 2020 due to the adoption of multi-year capital budgeting, as authorized in Ordinance No. 6682 (June 2018).

Significant project adjustments included in this budget amendment include:

- (Fund 102) Updated budget for F St. SE Non-Motorized Improvements project, funded by new federal grant and traffic impact fees (\$3,250,000)
- (Fund 102) Updated budget for Auburn Way South Improvements project, funded by new federal grant and traffic impact fees (\$1,500,000)
- (Fund 460) Move budget from 2021 to 2020 to accelerate the Lea Hill AC Main replacement project, partially funded by bond proceeds (\$2,778,000)
- (Fund 460) Move budget from 2022 to 2020 to accelerate the Academy Pump Station pump replacement project, partially funded by bond proceeds (\$2,196,000)
- (Fund 465) Increase budget for Airport Runway project, largely funded by state and federal grants (\$3,124,900)
- Miscellaneous Project delays, deferrals, and deletions - see Attachment 1 (\$1,512,900)
- Reallocate funding for water utility system capital projects from working capital to bond funding - see Attachment 1 (\$1,176,400)

Add budget authority for new programs and other expected changes in 2020. These include revenue adjustments to reflect new revenue sources revenue streams; requests for increased funding for existing programs, and funding requests for new projects or programs. New requests include:

- Replace 24 golf carts, fully funded through equipment replacement (\$103,800)
- Marketing for Auburn Adventure Film Festival (\$30,000)
- Establish 2020 SKHPP budget, offset mostly through partnerships with other agencies (net \$12,400)

Adjustments of 2020 beginning fund balance due to 2019 budget amendments. Each approved budget amendment in 2019 (in BAs #1, #2, #3, and proposed BA#4) that amended the 2019 budgeted ending fund balance also affects the budgeted 2020 beginning fund balance. These adjustments, which affect most funds, increase 2020 budgeted fund balance by \$9,012,155.

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

Table 1: 2020 Budget as Amended

2020 Adopted Budget	\$ 297,361,591
Budget Amendment #5 (Ord #6751)	<u>31,783,475</u>
2020 Budget as Amended	\$ 329,145,066

Attachments:

- ❖ Ordinance # 6751
- ❖ Schedule "A" – Summary of 2020 Budget Adjustments by Fund
- ❖ Schedule "B" – 2020 Appropriations by Fund
- ❖ Attachment 1 – Summary of 2020 CIP Changes per 2020-2025 CFP