



# CITY OF LAKE FOREST PARK

## CITY COUNCIL

### AGENDA COVER SHEET

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<b>Meeting Date</b>	June 13, 2024
<b>Originating Department</b>	Finance Department
<b>Contact Person</b>	Lindsey Vaughn, Finance Director
<b>Title</b>	Ordinance 24-1294/Amending the 2023-2024 Budget

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#### Legislative History

- Budget & Finance Committee Meeting May 16, 2024
  - City Council Meeting June 13, 2024
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#### Attachments:

1. Ordinance 24-1294 Amending 2023-2024 Biennial Budget
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#### Executive Summary

The proposed ordinance would amend the 2023-2024 budget to reflect actual performance rather than the projected amounts used to adopt the budget. The City of Lake Forest Park develops a budget based on a set of predictions about the future. A city budget is a living document, and since it is impossible to know what will happen in the future, adjustments to the adopted budget are frequently required once the budgetary period is underway. A formal change to an adopted budget is known as a budget amendment. Budgets are adopted at the fund level, as opposed to the line-item or department level. Therefore, budget amendments are also made at the fund level.

Budget amendments do not require public hearings and do not have specific timelines associated with them. However, it is best practice to formally amend a budget before an expenditure is allocated (amend before you spend). A budget amendment must be passed before the last day of the budgetary period to become effective for that adopted fiscal period.

#### Background

The City adopts a biennial budget spanning two years. Local governments choosing to adopt biennial budgets are required by state statute to perform an in-depth review mid-way through the budget cycle to pinpoint any substantial discrepancies between the projected amounts and the actual financial

results. A mid-biennial budget adjustment should be considered if significant differences are identified. Mid-biennial budget adjustments are a time to 'true-up' the adopted budget to reflect actual performance. Budgets are living documents created with the best knowledge at the time of adoption. Budget adjustments, or amendments, are considered a normal course of action in local government.

## **Fiscal & Policy Implications**

### General Fund 001:

Multiple items are considered pass through, meaning there is a revenue and expenditure side in the budget. One pass through item is the reimbursement for Police overtime from various outside agencies, such as supporting security for sporting events at the University of Washington, to list one agency example. There are also multiple grant items such as the Police Worn Camera Grant, Police Star Chase Grant, Police WASPC traffic safety grant, the Community Development Department of Commerce Grant, and the donation from the Police Foundation to assist in the increasing costs for outfitting the new Police vehicles that were recently purchased.

The sewer and surface water utility tax becomes a revenue source for the general fund and is paid by property owners within the city limits.

The Council elected to expand the passport services by adding an additional part-time employee to more appropriately match the passport service demands, which will increase the passport revenue and the Municipal Services salaries and benefits.

On the general fund expenditure side, the jail expenses line item is the largest increase to the general fund doubling the currently adopted budget completed fiscal year 2023 at 100%. The public defender contract was increased in December of 2023 and needs to be amended for the 2024 increase. There are a handful of line items needing to be adjusted, such as travel, professional services, banking services, animal control, and new membership for the National League of Cities.

### Transportation Benefit District Fund 104:

The revenue from the additional increase to the sales tax of .01% needs to be increased to match the actual revenue being received by the City from purchases made within the City limits.

### Contingency Fund 102 and Budget Stabilization Fund 105:

The actual revenue from the increase in investment interest needs to be increased.

### Strategic Opportunity Fund 106:

The fund has additional support from the Capital Improvement Fund 301 to continue supporting the Lakefront Property Development costs. The recreation and conservation grant are funds which supported the original purchase of the property and an additional \$270,000 for future demolition work. The fund also is showing the carrying forward of the interfund loan payment back to the Sewer Capital Fund.

### ARPA Fund 107:

The funds must be fully committed by the end of 2024 and spent by 2026. The City originally intended to allocate \$200,000 of the funds towards the Surface Water Master Plan, however the actual amount was not entered into the originally adopted budget. The remainder of the funds will be allocated under the lost revenue category for ongoing services and programs.

### Capital Improvement Fund 301:

The fund is supporting the Strategic Opportunity Fund 106, which ultimately will continue funding the Lakefront Development Project.

#### Transportation Capital Fund 302:

The Safe Streets early action is being increased to support two additional engineering and equity studies in addition to making continued traffic improvements

#### Sewer Utility Fund 401:

The utility tax needs to be increased to reflect the actual amount of revenue being received from rate paying customers. The utility tax revenue becomes an expenditure that ultimately becomes a general fund revenue.

#### Surface Water 403:

The utility tax in the surface water fund also needs to be increased to reflect the actual amount of revenue being received from rate paying customers. The utility tax revenue becomes an expenditure that ultimately becomes a general fund revenue. There are some additional system maintenance and operations expenses due to NPDES permitting requirements that have caused additional expenditures in the operating fund.

#### Surface Water Capital Fund 404:

Two projects that are currently being added to the surface water capital fund are the 28<sup>th</sup> Avenue Repair and 35<sup>th</sup> Avenue Drainage projects. Both projects are projected to be designed and completed in 2024.

#### Vehicle & Equipment Replacement Fund 501:

The Police Foundation donated funds to assist in outfitting the two recently purchased Chevy Tahoes that exceeded the allocated budget.

#### Multiple Funds:

The investment interest revenue is distributed across all funds from the Budget and Finance Committee's decision to diversify the cash investments which continues to provide revenue at a rate exceeding budget projection.

Public Works Seasonal Employees was under budgeted in the original budget and needs to be more accurately represented to reflect the actual cost in the current budget. The salary and benefits for the public works seasonal employees are allocated to the general, street, sewer utility, and surface water utility funds.

A tree removal contract has been adopted by Council, but the funds need to be allocated to the general, street, and surface water utility funds.

#### Correction to Exhibit A: Amended 2024 Budgeted Positions & Salary Schedule

The Deputy City Clerk salary line in excel was entered accidentally with a plus and not a times for the 2024 cost of living adjustment (COLA). The error needs to be formally corrected.

The below table are the schedule of adjustments for the proposed budget amendment:

**GENERAL FUND 001**

Title	Revenue(R)/Expend.(E)	<u>2023-2024</u>		
		<u>Adjustment</u>	<u>Total Revenue</u>	<u>Total</u>
		<u>Amount</u>		<u>Expenditure</u>
	R		\$ -	
Police Services - Overtime reimbursement from outside agencies	R	\$ 145,000	\$ 145,000	
Police Body Worn Cameras Grant (Pass Through)	R	\$ 8,900	\$ 8,900	
Police Star Chase GPS Tracking Grant (Pass Through)	R	\$ 50,000	\$ 50,000	
Police Grant WASPC Traffic Safety	R	\$ 1,300	\$ 1,300	
Sewer Utility Tax	R	\$ 50,000	\$ 50,000	
Surface Water Utility Tax	R	\$ 40,000	\$ 40,000	
Donations Public Safety Police Foundation: Veh. Outfitting (Pass Through)		\$ 30,499	\$ 30,499	
Community Dev. Dept of Commerce	R	\$ 62,500	\$ 62,500	
Passport Revenue	R	\$ 45,000	\$ 45,000	
Investment Interest	R	\$ 110,000	\$ 110,000	
Other Source: Refundable Sound Transit Deposit	R	\$ 177,560	\$ 177,560	
General Fund Revenue Adjustment Total		\$ 720,759	\$ 720,759	
City Council - Travel	E	\$ 3,000		\$ 3,000
City Council - Professional Services	E	\$ 5,000		\$ 5,000
Executive Professional Services	E	\$ 40,000		\$ 40,000
Executive Training Travel	E	\$ 3,000		\$ 3,000
Volunteer & Staff Recognition (Retirements)	E	\$ 12,000		\$ 12,000
Municipal Services Salary for additional Passport Clerk	E	\$ 30,000		\$ 30,000
Municipal Services Benefits for additional Passport Clerk	E	\$ 10,000		\$ 10,000
Membership- National League of Cities	E	\$ 4,000		\$ 4,000
Finance Department Banking Services	E	\$ 14,000		\$ 14,000
Police Department Salaries: Reducing Limited Term +1, Leaving +2	E	\$ (100,000)		\$ (100,000)
Police Department - Overtime Salaries (Pass Through)	E	\$ 145,000		\$ 145,000
Police Department Benefits: Reducing Limited Term +1, Leaving +2	E	\$ (73,000)		\$ (73,000)
Police Equipment WASPC Grant (Pass Through)	E	\$ 1,300		\$ 1,300
Police Equipment Hardware Body Worn Cameras (Pass Through)	E	\$ 8,900		\$ 8,900
Police Equipment Hardware Star Chase (Pass Through)	E	\$ 50,000		\$ 50,000
Animal Control Services	E	\$ 15,000		\$ 15,000
Jail Expenses	E	\$ 455,000		\$ 455,000
Public Defender	E	\$ 33,000		\$ 33,000
Comm Dev. Professional Services (Grant Pass Through)	E	\$ 62,500		\$ 62,500
Developer Projects Sound Transit funded from ST Deposit	E	\$ 177,560		\$ 177,560
Parks Maintenance - Seasonals Salaries	E	\$ 15,000		\$ 15,000
Parks Maintenance - Seasonals Benefits	E	\$ 6,500		\$ 6,500
Parks Maintenance (Tree Removal Contract)	E	\$ 80,000		\$ 80,000
Facilities Seasonal Salaries	E	\$ 12,000		\$ 12,000
Facilities Seasonal Benefits	E	\$ 4,800		\$ 4,800
Transfer Out to Vehicle Fund 501 Police Foundation Outfitting Tahoes	E	\$ 30,499		\$ 30,499
General Fund Expenditure Adjustment Total		\$ 1,045,059		\$ 1,045,059
Total Net Change to the General Fund		\$ (324,300)		

STREET FUND 101				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Investment Interest	R	\$ 10,000	\$ 10,000	
		\$ 10,000	\$ 10,000	
Employee Salaries Seasonal Salaries	E	\$ 25,000		\$ 25,000
Employee Benefits Seasonal Benefits	E	\$ 10,000		\$ 10,000
Roadside Maintenance (Tree Removal Contract)	E	\$ 60,000		\$ 60,000
Street Fund Expenditure Adjustment Total		\$ 95,000		\$ 95,000
Total Net Change to the Street Fund		\$ (85,000)		
TRANSPORTATION BENEFIT DISTRICT FUND 104				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
TBD Sales Tax .01%	R	\$ 87,000	\$ 87,000	
Investment Interest	R	\$ 15,000	\$ 15,000	
Transportation Benefit District Revenue Total		\$ 102,000	\$ 102,000	
	E	\$ -		\$ -
Transportation Benefit District Expenditure Total		\$ -		\$ -
Total Net Change to the Transportation Benefit District Fund		\$ 102,000		
CONTINGENCY FUND 102				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Investment Interest	R	\$ 45,000	\$ 45,000	
Contingency Fund Revenue Adjustment Total		\$ 45,000	\$ 45,000	\$ -
BUDGET STABILIZATION FUND 105				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Investment Interest	R	\$ 19,000	\$ 19,000	
Contingency Fund Revenue Adjustment Total		\$ 19,000	\$ 19,000	\$ -
STRATEGIC OPPORTUNITY FUND 106				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Investment Interest	R	\$ 80,000	\$ 80,000	
Recreation and Conservation Grant Reimbursement	R	\$ 1,350,000	\$ 1,350,000	
Transfer In from Capital Improvement Fund (301)	R	\$ 600,000	\$ 600,000	
Strategic Opportunity Revenue Total		\$ 2,030,000	\$ 2,030,000	
Lakefront Park Property Development	E	\$ 870,000		\$ 870,000
IF Loan Sewer Capital		\$ 877,206		\$ 877,206
Strategic Opportunity Expenditure Total		\$ 1,747,206		\$ 1,747,206
Total Net Change to the Strategic Opportunity Fund		\$ 282,794		

### ARPA FUND 107

<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
	R	\$ -	\$ -	
ARPA Fund Revenue Adjustment Total		\$ -	\$ -	
Lost Revenue General Governmental Services, Municode, Pub Safety	E	\$ 1,332,993		\$ 1,332,993
ARPA Management, RCR, & Auditing Services: Tran to General Fund	E	\$ -		\$ -
Lost Rev. General Governmental Services: Surface Water Master Plan	E	\$ 200,000		\$ 200,000
Lost Revenue Surface Water Material Cover Bins	E	\$ -		\$ -
ARPA Fund Expenditure Adjustment Total		\$ 1,532,993		\$ 1,532,993
Total Net Change to the ARPA Fund		\$ (1,532,993)		

### CAPITAL IMPROVEMENT FUND 301

<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Interest Investment	R	\$ 35,000	\$ 35,000	
Capital Improvement Fund Revenue Adjustment Total		\$ 35,000	\$ 35,000	\$ -
Transfer Out to Strategic Opportunity Fund 106	E	\$ 600,000		\$ 600,000
Capital Improvement Fund Expenditure Adjustment Total		\$ 600,000	\$ -	\$ 600,000
Total Net Change to the Transportation Benefit District Fund		\$ (565,000)		

### TRANSPORTATION CAPITAL FUND 302

<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Investment Interest	R	\$ 70,000	\$ 70,000	
Transportation Capital Fund Adjustment Total		\$ 70,000	\$ 70,000	
Safe Streets - Early Action: Traffic Improvements & Studies	E	\$ 110,000		\$ 110,000
Transportation Capital Fund Revenue Adjustment Total		\$ 110,000		\$ 110,000
Total Net Change to the Transportation Capital Fund		\$ (40,000)		

### SEWER UTILITY FUND 401

<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Sewer Utility Serv Charge - Utility Tax	R	\$ 50,000	\$ 50,000	
Investment Interest	R	\$ 21,000	\$ 21,000	
Sewer Utility Fund Revenue Adjustment Total		\$ 71,000	\$ 71,000	
Employee Salaries	E	\$ 15,000		\$ 15,000
Employee Benefits	E	\$ 6,000		\$ 6,000
Sewer Utility Tax	E	\$ 50,000		\$ 50,000
Sewer Utility Fund Expenditure Adjustment Total		\$ 71,000		\$ 71,000
Total Net Change to the Sewer Utility Fund		\$ -		

### SURFACE WATER UTILITY FUND 403

<u>Title</u>		<u>2023-2024</u>		<u>Total</u>
		<u>Budget Amount</u>	<u>Total Revenue</u>	<u>Expenditure</u>
Surface Water Serv Charge- Utility Tax	R	\$ 40,000	\$ 40,000	
Transfer In from ARPA Fund for SW Master Plan Orig Budget	R	\$ 200,000	\$ 200,000	
Investment Interest	R	\$ 20,000	\$ 20,000	
		<u>\$ 260,000</u>	<u>\$ 260,000</u>	
Employee Salaries	E	\$ 35,000		\$ 35,000
Employee Benefits	E	\$ 14,000		\$ 14,000
Surface Water Maintenance (Tree Removal Contract)	E	\$ 10,000		\$ 10,000
Surface Water Utility Tax	E	\$ 40,000		\$ 40,000
System Maintenance & Operations	E	\$ 50,000		\$ 50,000
Surface Water Master Plan	E	\$ 200,000		\$ 200,000
Surface Water Utility Fund Revenue Adjustment Total		<u>\$ 349,000</u>		<u>\$ 349,000</u>
Total Net Change to the Surface Water Utility Fund		(89,000)		

### SURFACE WATER CAPITAL FUND 404

<u>Title</u>		<u>2023-2024</u>		<u>Total</u>
		<u>Budget Amount</u>	<u>Total Revenue</u>	<u>Expenditure</u>
Investment Interest	R	\$ 15,000	\$ 15,000	
Surface Water Capital Revenue Adjustment Total		<u>\$ 15,000</u>	<u>\$ 15,000</u>	
35th Ave Drainage - Design	E	\$ 136,000		\$ 136,000
35th Ave Drainage - Construction	E	\$ 424,000		\$ 424,000
28th Ave Culvert Repair Design	E	\$ 30,000		\$ 30,000
28th Ave Culvert Repair Construction	E	\$ 125,000		\$ 125,000
Surface Water Capital Fund Expenditure Adjustment Total		<u>\$ 715,000</u>		<u>\$ 715,000</u>
Total Net Change to the Surface Water Capital Fund		(700,000)		

### VEHICLE & EQUIPMENT REPLACEMENT FUND 501

<u>Title</u>		<u>2023-2024</u>		<u>Total</u>
		<u>Budget Amount</u>	<u>Total Revenue</u>	<u>Expenditure</u>
Transfer In from General Fund Police Foundation Donation	R	\$ 30,499	\$ 30,499	
Investment Interest	R	\$ 15,000	\$ 15,000	
Vehicle and Equipment Revenue Adjustment Total		<u>\$ 45,499</u>	<u>\$ 45,499</u>	
Police Vehicle Replacement: Tahoe Outfitting	E	\$ 30,499		\$ 30,499
Public Works Contract Fund Expenditure Adjustment Total		<u>\$ 30,499</u>		<u>\$ 30,499</u>
Total Net Change to the Vehicle & Equipment Fund		\$ 15,000		

Please see the table below that shows allocation changes by fund.

Fund No.	Fund Name	Actual Beginning Fund	2023-2023 Adopted/Amended		2023-2024 Proposed Budget Amendment		Projected Ending Fund
			Revenue	Expenditure	Revenue	Expenditure	
001	General Fund	7,879,903	23,335,544	24,883,794	24,056,303	25,928,853	6,007,353
101	Street Fund	766,207	1,660,000	1,643,353	1,670,000	1,738,353	697,854
102	Council Contingency Fund	742,970	10,000	-	55,000	-	797,970
104	Transportation Benefit District	689,364	1,149,500	804,686	1,251,500	804,686	1,136,178
105	Budget Stabilization Fund	323,554	2,000	-	21,000	-	344,554
106	Strategic Opportunity Fund	756,196	730,000	362,000	2,760,000	2,109,206	1,406,990
107	ARPA Fiscal Recovery Fund	2,724,742	-	1,230,000	-	2,724,742	-
301	Capital Improvement Fund	1,833,074	1,244,500	309,000	1,279,500	909,000	2,203,574
302	Transportation Capital Fund	2,370,096	5,281,805	6,583,273	5,351,805	6,693,273	1,028,628
303	Facilities Maintenance Fund	958,019	354,500	685,500	354,500	685,500	627,019
401	Sewer Utility Fund	932,732	7,789,788	7,789,400	7,860,788	7,860,400	933,120
402	Sewer Capital Fund	2,725,903	404,000	-	404,000	-	3,129,903
403	Surface Water Utility Fund	1,249,247	3,263,981	3,374,153	3,523,981	3,723,153	1,050,075
404	Surface Water Capital Fund	1,394,820	995,000	1,636,000	1,010,000	2,351,000	53,820
406	Sewer Bond Reserve	108,291	2,000	-	2,000	-	110,291
407	PW Trust Fund Repayment Fund	647,195	495,500	488,004	495,500	488,004	654,691
501	Replacement Fund	779,264	1,303,170	577,300	1,348,669	607,799	1,520,134
502	Information Technology Fund	150,000	309,154	336,533	309,154	336,533	122,621

## Alternatives

<i>Options</i>	<i>Results</i>
<ul style="list-style-type: none"> <li>Adopt budget amendment ordinance</li> </ul>	Aligning the budget to reflect additional revenues and expenditures
<ul style="list-style-type: none"> <li>Do not adopt budget amendment ordinance</li> </ul>	Keep the budget appropriations as currently adopted and not align the budget numbers to reflect the current financial allocations.

## Staff Recommendation

Adopt Ordinance 24-1294/Amending budget ordinance 23-1281.