



# CITY OF LAKE FOREST PARK

## CITY COUNCIL

### AGENDA COVER SHEET

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<b>Meeting Date</b>	November 7, 2024
<b>Originating Department</b>	Finance Department
<b>Contact Person</b>	Lindsey Vaughn, Finance Director
<b>Title</b>	Ordinance 24-1297/Amending the 2023-2024 Budget

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#### Legislative History

- Budget & Finance Committee Meeting October 17, 2024
  - City Council Regular Meeting October 24, 2024
  - City Council Special Meeting November 7, 2024
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#### Attachments:

1. Ordinance 24-1297 Amending 2023-2024 Biennial Budget
  2. Ordinance 24-1298 Creating Traffic Safety Fund, Fund 002
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#### Executive Summary

Proposed Ordinance 24-1297 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:

The other side of the lost revenue transfer for the closing out of the ARPA federal funds was not entered and needs to be corrected and shown properly in the financials prior to the close of 2024.

### Traffic Safety Fund 002 \*Newly being created:

Proposed Ordinance 24-1298 creates the Traffic Safety Fund, Fund 002. The City Council made the safety decision to authorize school walk zone traffic safety cameras and cameras are now operating in one school walk zone. The funds are highly restricted by state statutes and therefore a separate sub fund of the general fund has been created to transparently show the revenues and expenditures independent of the general fund. In addition to creating the separate fund, the budget dollars need to be amended to allow revenues and expenditures to properly be allocated to stay in legal compliance.

### ARPA Fund 107:

The funds must be fully committed by the end of 2024 and spent by 2026. The City has fully allocated and will be closing out the ARPA fund.

### Capital Improvement Fund 301:

The City Council recently approved the purchase of the Rose property located at 19001 40<sup>th</sup> Place NE that neighbors 5 Acre Woods. The property is 2.43 acres and will be used for parks and open space for the community. The sale closed September 27, 2024.

### Transportation Capital Fund 302:

The Traffic Safety Fund has allocated funds to support traffic safety expenses that will be allocated and funded out of the transportation capital fund for all future safe streets, early action studies and construction improvement to enhance multimodal travel through the City.

### Sewer Utility Fund 401:

The City slightly underestimated the King County wastewater treatment charges that need to be appropriately allocated before the close of the biennial budget calendar year.

### Sewer Capital Fund 402:

The City recently adopted the contract to proceed forward with the Beach Drive Sewer Lift Station design that was not originally allocated within the current 2024 budget.

### Surface Water Utility Fund 403:

The early predicted estimates for professional services and system maintenance operations were estimated to significantly exceed the originally budgeted line items for multiple consultant expenses, and operational surface water system maintenance for inspections, cleaning and maintenance. The cost to maintain compliance of the National Pollutant Discharge Elimination System permit has significantly increased as has been discussed for multiple years from the City's Public Works Department.

### Vehicle & Equipment Replacement Fund 501:

When the City created the 502 Information Technology Fund during the last budget process, allocating the original beginning fund balance transfer of \$150,000 was not allocated as an expenditure in the

Vehicle and Equipment Replacement Fund 501 and needs to be allocated prior to the close of the fiscal year.

Information Technology Fund 502:

On the other side of the beginning fund balance transfer from the Vehicle & Equipment Replacement fund is the revenue side of the \$150,000 being transferred. That transaction created the beginning fund balance, or cash balance, of \$150,000 to start 2023.

The City has received a grant from the State and Local Cybersecurity Grant Program that needs to be amended to receipt the revenue into the Information Technology Fund and make the information technology hardware purchases. The grant also provides support to assist with the labor associated with our IT Consultant, KDH Consulting, to partner with our Information Systems Manager to complete the hardware upgrade in a timely manner with minimal interruption to the City.

See the table below:

GENERAL FUND 001				
Title	Revenue(R)/Expend.(E)	2023-2024		Total Expenditure
		Adjustment Amount	Total Revenue	
Lost Revenue Transfer from Fund 107 ARPA	R	\$ 1,332,990	\$ 1,332,990	
General Fund Revenue Adjustment Total		\$ 1,332,990	\$ 1,332,990	
General Fund Expenditure Adjustment Total		\$ -		\$ -
Total Net Change to the General Fund		\$ 1,332,990		
TRAFFIC SAFETY FUND 002: NEW				
Traffic Safety Camera Fines	R	\$ 1,044,000	\$ 1,044,000	
Investment Interest	R	\$ 10,000	\$ 10,000	
Traffic Safety Fund Revenue Adjustment Total		\$ 1,054,000	\$ 1,054,000	
Salaries - Court		\$ 150,000		\$ 150,000
Salaries - Police		\$ 200,000		\$ 200,000
Employee Benefits - Court		\$ 100,000		\$ 100,000
Employee Benefits - Police		\$ 125,000		\$ 125,000
Traffic Camera Service Fee		\$ 40,000		\$ 40,000
Traffic Calming Transfer OUT to 302		\$ 150,000		\$ 150,000
Traffic Safety Fund Expenditure Adjustment Total		\$ 765,000		\$ 765,000
Total Net Change to the Traffic Safety Fund		\$ 289,000		
CAPITAL IMPROVEMENT FUND 301				
Title		2023-2024		Total Expenditure
		Budget Amount	Total Revenue	
Capital Improvement Fund Revenue Adjustment Total		\$ -	\$ -	\$ -
Rose Property Acquisition	E	\$ 1,600,000		\$ 1,600,000
Rose Property Acquisition additional costs	E	\$ 200,000		\$ 200,000
Capital Improvement Fund Expenditure Adjustment Total		\$ 1,800,000	\$ -	\$ 1,800,000
Total Net Change to the Transportation Benefit District Fund		\$ (1,800,000)		

<b>SEWER OPERATION FUND 401</b>				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Sewer Operation Fund Revenue Adjustment Total		\$ -	\$ -	
King County Wastewater Treatment: METRO Charges	E	\$ 250,000		\$ 250,000
Sewer Operation Fund Expenditure Adjustment Total		\$ 250,000	\$ -	\$ 250,000
Total Net Change to the Sewer Operation Fund		\$ (250,000)		
<b>SEWER CAPITAL FUND 402</b>				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Sewer Capital Fund Revenue Adjustment Total		\$ -	\$ -	
Beach Drive Sewer Lift Station Design	E	\$ 250,000		\$ 250,000
Sewer Capital Fund Expenditure Adjustment Total		\$ 250,000		\$ 250,000
Total Net Change to the Sewer Capital Fund		\$ 250,000		
<b>SURFACE WATER OPERATION FUND 403</b>				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Surface Water Operations Revenue Adjustment Total		\$ -	\$ -	
Professional Services Engineering: Early 2024 yearend estimates	E	\$ 185,000		\$ 185,000
System Maintenance & Operation: Early 2024 yearend estimates	E	\$ 150,000		\$ 150,000
Surface Water Operation Fund Expenditure Adjustment Total		\$ 335,000		\$ 335,000
Total Net Change to the Surface Water Operation Fund		(335,000)		
<b>VEHICLE &amp; EQUIPMENT REPLACEMENT FUND 501</b>				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Transfer In From General Fund 001	R		\$ -	
Vehicle and Equipment Revenue Adjustment Total		\$ -	\$ -	
Transfer to IT Fund 502: Budget Beginning Fund Balance Transfer	E	\$ 150,000		\$ 150,000
Public Works Contract Fund Expenditure Adjustment Total		\$ 150,000		\$ 150,000
Total Net Change to the Vehicle & Equipment Fund		\$ (150,000)		
<b>INFORMATION TECHNOLOGY FUND 502</b>				
<u>Title</u>		<u>2023-2024</u> <u>Budget Amount</u>	<u>Total Revenue</u>	<u>Total</u> <u>Expenditure</u>
Transfer In from Vehicle & Equipment Replacement Fund 501	R	\$ 150,000	\$ 150,000	
Grant for Information Technology	R	\$ 27,237	\$ 27,237	
Transfer In from General Fund 001: Correct on 502 revenue side	R	\$ -	\$ -	
Information Technology Fund Revenue Adjustment Total		\$ 177,237	\$ 177,237	
Hardware: Information Technology	E		\$ 4,700	\$ 4,700
Professional Services: Information Technology	E		\$ 22,537	\$ 22,537
Information Technology Fund Expenditure Adjustment Total		\$ -	\$ 27,237	\$ 27,237
Total Net Change to the Information Technology Fund		\$ 150,000		

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

Fund No.	Fund Name	Actual Beginning Fund	2023-2024 Adopted/Amended		2023-2024 Proposed Budget Amendment		Projected Ending Fund
			Revenue	Expenditure	Revenue	Expenditure	
001	General Fund	7,879,903	24,056,303	25,928,853	25,389,293	25,928,853	7,340,343
002	Traffic Safety Fund	-	-	-	1,054,000	765,000	289,000
101	Street Fund	766,207	1,670,000	1,738,353	1,670,000	1,738,353	697,854
102	Council Contingency Fund	742,970	55,000	-	55,000	-	797,970
104	Transportation Benefit District	689,364	1,251,500	804,686	1,251,500	804,686	1,136,178
105	Budget Stabilization Fund	323,554	21,000	-	21,000	-	344,554
106	Strategic Opportunity Fund	756,196	2,760,000	2,109,206	2,760,000	2,109,206	1,406,990
107	ARPA Fiscal Recovery Fund	2,724,742	-	2,724,742	-	2,724,742	-
301	Capital Improvement Fund	1,833,074	1,279,500	909,000	1,279,500	2,709,000	403,574
302	Transportation Capital Fund	2,370,096	5,351,805	6,693,273	5,501,805	6,693,273	1,178,628
303	Facilities Maintenance Fund	958,019	354,500	685,500	354,500	685,500	627,019
401	Sewer Utility Fund	932,732	7,860,788	7,860,400	7,860,788	8,110,400	683,120
402	Sewer Capital Fund	2,725,903	404,000	-	404,000	250,000	2,879,903
403	Surface Water Utility Fund	1,249,247	3,523,981	3,723,153	3,523,981	4,058,153	715,075
404	Surface Water Capital Fund	1,394,820	1,010,000	2,351,000	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	1,348,669	607,799	1,348,669	757,799	1,370,134
502	Information Technology Fund	150,000	309,154	336,533	486,391	363,770	272,621

### 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 24-1297/Amending budget Ordinance 1256 and subsequent budget amendment ordinances.

Adopt Ordinance 24-1298/Creating Traffic Safety Fund, Fund 002