



**TO:** T.C. Broadnax, City Manager  
**FROM:** Tadd Wille, Budget Officer, Finance  
Andy Cherullo, Director of Finance  
**COPY:** City Council and City Clerk  
**SUBJECT:** 2014 Budget Amendments  
**DATE:** July 29, 2014

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**SUMMARY:**

An Ordinance amending 2013-2014 Biennial Budget based on actual revenues and expenditures for the first 18 months of the biennium (January 2013 through June 2014).

**BACKGROUND:**

**Public Works - General Fund**

With the financial close of 2013, actual revenues exceeded planned revenues for the year by \$1,893,720. City staff recommends the utilization of a portion of these revenues for several needed projects and unanticipated costs.

Two projects are recommended to be funded to help prepare for the US Open in 2015. Staff recommends street maintenance, welcome signage, and replacement/installation of traffic control and street signage along South 56<sup>th</sup> Street (I-5 to South Orchard) for a total unfunded cost of \$490,300. In addition, sidewalk installation and landscaping is recommended along South 13th Street from Pacific Avenue to Commerce Street for a total unfunded cost of \$63,050.

Also, staff recommends providing \$54,000 in funding for material costs in 2014 to expand school zones near 11 elementary, middle and high schools. The school zones would be expanded to include up to 300 feet each side of active playground or school use, in addition to the 300 feet each side of a school crosswalk. This work would require City crews to relocate existing solar and hard-wired warning beacons and signs.

Finally, \$328,000 in funding is recommended to be appropriated for unanticipated costs related to street lighting wire thefts that have taken place in 2014 as well as \$165,000 in unanticipated engineering costs for design and soil testing of an Eastside PCB (Polychlorinated Biphenyls) clean-up project.

Recommended General Fund budget adjustments for Public Works in 2014 total \$1,100,350. Funding for recommended projects will be transferred from the General Fund to the Street Fund and the Transportation Capital & Engineering Fund. Remaining unallocated revenues totaling \$793,370 are recommended to be contributed to General Fund Reserves.

**Office of Environmental Policy – General Fund**

The Office of Environmental Policy in the City Manager’s Office has received several grants and contributions in 2014. Grants and contributions include \$126,910 for commute trip reduction (CTR) and residential trip reductions, \$20,852 for Bike Month, and \$28,034 in other miscellaneous grants and contributions.

Recommended General Fund adjustments for the Office of Environmental Policy in 2014 total \$175,796.



**Public Works - Street Fund, Transportation Capital & Engineering Fund**

The Streets Fund was recently established in 2014 to allow tracking of street operational costs separately from capital costs. As a result of the financial closeout of 2013 and the transition from a single fund in 2013 to two funds in 2014, a carryover appropriation of approximately \$999,463 from the Transportation Capital & Engineering Fund to the Street Fund is requested.

As described in the Public Works General Fund portion of this memorandum, a transfer from the General Fund to pay for the additional costs referenced would be made to the Street Fund in the amount of \$550,300 and a transfer to the Transportation Capital & Engineering Fund would be made in the amount of \$550,050, for a total of \$1,100,350.

Recommended Public Works budget adjustments (including transfers from the General Fund and carry over funding) in the Street Fund in 2014 total \$1,549,763 and adjustments in the Transportation Capital & Engineering Fund total -\$449,413. (Please see attached Exhibits A & B for more detail)

**Planning and Development Services (PDS) - Permit Services Fund**

Due to the continued increase in development activities, the Planning and Development Services Department has collected over \$900,000 more in revenues through June 2014 than originally anticipated. PDS would like to use a portion of the additional revenues to enhance current business operations and adjust staffing levels accordingly. Staff recommends that \$705,000 of the favorable unplanned revenues be authorized for utilization.

**Fire Department - TFD Special Revenue Fund**

The Fire Department received several grants in 2014. The grants include \$3,502,836 in Port Security Grants and grant matches for the purchase of a 50 foot fireboat and for port security training and equipment. Staff also requests the 2014 appropriation of \$1,552,760 from a Staffing for Adequate Fire & Emergency Response (SAFER) grant award that will be used to fund the personnel costs of 20 firefighters for two years. This grant began on April 1, 2014 and the grant award was previously approved by City Council but not appropriated. Finally, staff recommends the appropriation of other miscellaneous grant awards and matching funds totaling \$587,000.

Recommended TFD Special Revenue Fund adjustments in 2014 total \$5,642,596.

**ISSUE:**

As the biennium progresses, changes to the budget are necessary to account for variances in revenue projections, appropriation of unanticipated grant funds, and unforeseen expenditures. The purpose of this ordinance is to make adjustments for the ongoing needs of the City.

**ALTERNATIVES:**

City Council could choose not to appropriate the requested adjustments. This would most likely mean the loss of some of the grant funding. Also, without the suggested adjustments, City staff will lack the resources necessary to complete the recommended projects.



**RECOMMENDATION:**

It is recommended that the Biennial Budget be amended as set forth in Exhibit "A" and explained in narrative form in Exhibit "B".