City Of Woodland
City Council Meeting Agenda Summary Sheet

Agenda Item: Adopt FINAL READING of Ordinance No. 1287 – 2014 Final Budget	**Agenda Item #:** (H) Action
	For Agenda of: ~~11/18/2013~~ ~~12/02/2013~~ ~~12/09/2013~~ 12/16/2013
	Department: Clerk-Treasurer
	Date Submitted: 11/15/2013

Cost of Item: _____

Amount Budgeted: _____

Unexpended Balance: _____

BARS #:

Description:

Department Supervisor Approval: *Mari E. Ripp, Clerk-Treasurer / s /*

Committee Recommendation: Budget workshops held 10/14, 10/28 , 11/12, 11/18, 11/25, 12/2, 12/9

Agenda Item Supporting Narrative (list attachments, supporting documents):

Ordinance No. 1287 and Exhibit A

001 – General Fund Summary of Expenditures

2014 Proposed Final Budget

Summary Statement/Department Recommendation:

The Council met in Workshops on October 14, 28 and November 12, 18, 25 and December 2, 9, 2013 and heard department presentations on the 2014 proposed budget. A Public Hearing was held on 11/18/2013 and FIRST READING of Ordinance No. 1287 was passed on December 9, 2013 (v.5 dated 12/2/2013).

This 2014 budget was prepared on a very conservative level and is similar to the 2013 budget. It does not have any contingencies in any departments and staff has done its best to cut costs at every corner. Administration will continue on the policy path that if an emergency arises in 2014, or if expenditures occur that were not predicted, the department would come back to the council for a revision to the expenditures and a recommended revenue source.

The proposed 2014 budget is $17,628,289 for all funds.

This includes revenue and some new enhancements of:

- Property Tax levy $2.2221 per 1,000 is estimated at a 101% for 2014. The 2013 rate was $2.441/1,000 which is -0.21979 decrease or -$43.84 on a house valued at $200,000. This is expected to generate $50,317 in new collections ($22,010 new construction) on a total estimated Assessed Value of $581,031,199 for $1,291,146 total collected. A portion of the Property taxes are allocated to the CCFR contract for fire services, General Fund, Street, Parks

and for the final debt payment for the PWTF loan for the Light Industrial Area (Fund 224).

- 6.5% Public Utility Tax on Water, Sewer, Garbage, Recycling which supports Fire Department and CCFR contract with estimated revenue of $209,365.
- 2012 adopted the 0.1% Public Safety Sales Tax (dedicated for the repayment of the new police station facility bond) in Fund 319,
- Maintaining current 6% public utility tax (electric, natural gas, telephone, cellular, pager)
- And other fees and charges with slight increases.
- There continues to be adjustments in revenues from the Liquor Excise and Profits which is due to Initiative 1183
- Also requires foregoing transfer of $108,800 from Sales tax (10%) per policy to Fund 301 General Reserves to be used for General Fund operations.
- The council Finance Policy is to have a target of 3 months operating expenses in the fund balance / reserves which is approximately $1,000,000 for the General Fund. There has been an increase towards this goal and the 2014 estimated ending fund balance is $668,116 (2012 was $424,743; 2013 estimated EFB $645,621).

For the Utility funds, there is a scheduled rate increase of 7%. This is used for operating expenditures in those funds as well as the projects for the Ranney Well Project and Public Works Trust Fund loan, and other public works projects and operations.

The water, sewer, garbage and recycling 6.5% public utility tax is estimated to have revenues of $209,365 which is to be used for the General Fund to continue to support the Contract with Clark County Fire & Rescue for Fire and Emergency Services. The revenue is used for Public Safety (Fire and/or Police) to maintain current services for coverage and response times. CCFR operates and maintains all fire department related equipment that is owned by the City and pays for the use of the related buildings. Fire Department related expenses are paid for directly by Clark County Fire and Rescue. The City would compensate CCFR at a rate of $1.50/1,000 of assessed value and it is estimated to be $881,200 for 2014.

The 2014 budget has General Fund expenditures of $4,631,620 which includes a $60,000 transfer out from estimated commercial card room revenue to the General Reserve 301 fund. It will be allocated for public safety use after it is received. The 301 General Reserve is not contributing an additional amount to the 001 General Fund in 2014.

Fund 421 Water Utility Reserve will be contributing $50,000 to the Ranney Well Project.

For Police the 2014 budget is $1,588,529 of which includes 9 officers and the Chief, Police Clerk and Evidence Services Clerk. Personnel costs for Police are the majority of their expenses. The WPOA/Police Officer contract is currently being bargained. One replacement vehicle is budgeted.

The budget maintains service in Judicial/Court, Finance, City Clerk, Legal Services, General Facilities, Planning and General Government Interagency services. The personnel costs are under negotiations for the Teamsters Public Works and Clerical divisions. The budget proposed maintains current staffing except for slight cuts to seasonal parks employee(s).

Recommend approval of FIRST READING of Ordinance No. 1287 for $17,628,289.

Options for budget adoption and ramifications of NOT adopting the above budget:

Some have asked what are options and ramifications for a revised budget or if the council does not pass the above budget?

The council may adopt the proposed budget, or make changes to it prior to adoption or it could adopt it and amend it at any meeting in 2014. However, staff would need direction on the proposed amendment and time to prepare the budget amendment ordinance and related documents. Not adopting a budget would result in an audit finding by the State Auditor and they would immediately visit the city administration to inquire why it wasn't adopted. A finding could affect future loan and grant opportunities. It would also have an adverse affect on the bond rating that was for the Public Safety Sales Tax Bonds (2012 & 2013) for the new Police Station and other Capital Improvements. It would be a reportable item to our bond holders. Most importantly, the city would not be able to operate without a budget and the doors would close. If no budget is passed before the fiscal year begins, the city will, legally, be unable to make any expenditures at all. Practically, essential police and fire department functions and some city clerk treasurer functions, at least, would need to be provided and the city would be spending illegally. We advise the council to pass something! The budget can be amended in the coming year.

Also included below are references from the RCW's and other budget preparation excerpts from MRSC Budget Suggestions and training:

1. **Does the proposed preliminary budget that the chief administrative officer (CAO) has to give to city council under RCW 35.33.135 and RCW 35A.33.135 have to be balanced?**

   We don't think so, although some city councilmembers might argue otherwise (and some CAOs wouldn't want to give the council something that wasn't balanced). If the city is strictly following the dates in the budget calendar, the CAO does not have time to balance the budget between the time he or she gets the proposed preliminary budget from the clerk (the first business day in October) and the first Monday in October when the proposed preliminary budget is to go to the council. As a practical matter, the CAO will have to give the council what he or she gets from the clerk. What the CAO would get from the clerk would most likely be revenue estimates and department requests, not a balanced budget document. The balancing gets done during the remainder of October and the preliminary budget is filed with the clerk no later than November 1. Note that cities can always start the budget process earlier than the dates given in the budget calendar.

   For more information on these statutes, see the material we have excerpted from Budget Suggestions for 1996.

2. **Do cities and counties need to have public hearings on the preliminary budget?**

We believe that cities must have such hearings. RCW 35.33.057, RCW 35.34.090(2), RCW 35A.33.055, and RCW 35A.34.090(2) all provide:

Prior to the final hearing on the budget, the legislative body or a committee thereof shall schedule hearings on the budget or parts thereof, and may require the presence of department heads to give information regarding estimates and programs.

Because the statutes themselves make no reference to notice, it is likely that less cumbersome notice requirements are necessary for the preliminary budget hearings than for the final budget hearing. (Recall that for the latter, the statutes require that the clerk publish a notice of the final hearing during each of the first two weeks of November.) RCW 35.22.288, RCW 35.23.221, RCW 35.27.300, and RCW 35A.12.160 require the council to "establish a procedure for notifying the public of upcoming hearings."

If a city council holds workshops at which citizens may comment and ask questions, it is likely that these workshops would satisfy the hearings requirement for the preliminary budget.

3. **Do we need to have a hearing on revenue sources and possible property tax increases for the budget?**

Yes. In 1995, language was added to RCW 84.55.120 that provided that a all taxing districts must hold a hearing on revenues and discuss any property tax increase. This hearing must be held even if your taxing district does not plan to increase property taxes.

If the only proposed increase in tax revenue will come from new construction and increases in state-assessed utility revenue, this increase should be discussed at the hearing.

4. **What are the consequences of not adopting the budget by December 31?**

Your jurisdiction is likely to get an audit finding.

State law requires that cities adopt a budget in its final form and content "prior to the beginning of the fiscal year" or "fiscal biennium." RCW 35.33.075, RCW 35.34.120, RCW 35A.33.075, RCW 35A.34.120. There is no similar language in the county budget statutes, but RCW 36.40.071 states that the final budget hearing must begin no later than the first Monday in December and RCW 36.40.070 provides that the hearing last no more than five days, after which the budget is adopted. In practice, the State Auditor's Office is happy if it is passed by December 31.

If no budget is passed before the fiscal year or biennium begins, the city or county will, legally, be unable to make any expenditures at all. Practically, essential police and fire department functions, at least, would need to be provided and the city or county would be spending illegally. We advise cities and counties to pass something. The budget can be amended in the coming year.

5. **Will not adopting the budget by December 31st have any other ramifications?**

Your jurisdiction's bond rating could be affected. The council should be aware that bond rating agencies are looking at many factors. This includes stability of the city, financial history and future, what and how much does the city have in it's reserves, does the city have policies and procedures in place, how will the debt be repaid and from what sources, who are the elected

officials and is there stability in the administrative team and employees, what is the audit history of the city, and many other factors.

6. **When are budget amendments required and by what vote must they be passed?**

Cities

Budget amendments are required for cities only when the appropriation level in a fund is being changed. The statutes give four different examples.

1. RCW 35.33.081, RCW 35.34.140, RCW 35A.33.140, and RCW 35A.34.140 discuss "non-debatable" emergencies, such as natural disasters and wars, and say that the council may approve expenditures incident to these events with the vote of a majority of the entire council plus one, without notice or a hearing.
2. RCW 35.33.091, RCW 35.34.150, RCW 35A.33.090, and RCW 35A.34.150 all deal with "emergencies" of a lesser sort. The city finds it needs or wants to make some expenditures that were not foreseen at the time the budget was adopted. Because this will require increasing the appropriation level in one or more funds, an amendment is needed. The statutes stipulate that the budget-amending ordinance must be introduced five days before being voted on, that citizens must be heard, and that the vote be by a majority of the entire council plus one.
3. RCW 35.33.121(4), RCW 35.34.200(1)(d), RCW 35A.33.120(4), and RCW 35A.34.200(1)(d) discuss the situation where a city receives more revenue during the year than anticipated in the budget. If the city council chooses, it may spend the money during the year. However, since the appropriation level in a fund is being changed, a budget amendment is required. Only a simple majority vote is needed, presumably because spending unanticipated revenue requires less scrutiny than, for example, spending reserves under RCW 35.33.091, RCW 35.34.150, RCW 35A.33.090, or RCW 35A.34.150.
   Note that a city need not pass a budget amendment to recognize unanticipated revenue unless it wishes to spend it during the current year. If "ignored," it will simply "drop down" into ending fund balance and will be available for appropriation in the next year.
4. If a council wishes to decrease the appropriation levels in any fund during the year, it may do so by a vote of a majority of the entire council plus one. It is not completely clear why this level of approval is required, but since a council sometimes reduces the appropriation level in one fund and transfers it to another fund, perhaps the legislature thought this higher level of approval to be necessary. See final paragraph in RCW 35.33.121 and RCW 35A.33.120; and RCW 35.34.200(3) and RCW 35A.34.200(3).

RCW 35.33.121(5) and RCW 35.34.200(2) address the situation where the appropriation level in the fund is not changed. They state:

Transfers between individual appropriations within any one fund may be made during the current fiscal year by order of the city's or town's chief administrative officer subject to such regulations, if any, as may be imposed by the city or town legislative body. Notwithstanding the provisions of RCW 43.09.210 or of any statute to the contrary, transfers, as herein authorized, may be made within the same fund regardless of the various offices, departments or divisions of the city or town which may be affected.

There is similar language in RCW 35A.33.120(5) and RCW 35A.34.200(2). Except when restricted from doing so by the council, the chief administrative officer may make transfers within a fund

without a budget amendment.

ORDINANCE NO. 1287

AN ORDINANCE OF THE CITY OF WOODLAND, WASHINGTON ADOPTING THE BUDGET OF THE CITY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014 AND PROVIDING FOR THE APPROPRIATION OF FUNDS INTO SUCH ACCOUNTS AS MORE PARTICULARLY SET FORTH HEREIN.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WOODLAND DO ORDAIN AS FOLLOWS:

Section 1. That the Mayor of the City of Woodland completed and placed on file with the City Clerk-Treasurer a preliminary budget, including estimates of revenues and expenditures for operations of the City for the fiscal year beginning January 1, 2014 and ending December 31, 2014.

Section 2. That the City Council has made such adjustments and changes to said preliminary budget as it deems necessary or proper at the time.

Section 3. That the City advertised and properly held the statutory public hearing on the budget.

Section 4. That the preliminary budget, as presented on October 1, 2013 to the City Council, and is now on file in the office of the City Clerk-Treasurer, is hereby revised and adopted by reference, and incorporated herein as is set forth, in full, in this ordinance.

Section 5. That the attached Exhibit A is a summary of the totals of estimated revenues and appropriations for each separate fund and the aggregate totals for all funds combined. More detailed information concerning estimated resources and appropriated expenditures for each separate fund are available for review at the office of the City Clerk-Treasurer.

Section 6. That the City Clerk-Treasurer is directed to transmit a copy of the budget hereby adopted to the State Auditor's Office, Division of Municipal Research, and to the Association of Washington Cities.

Section 7. If any provision of this ordinance, or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provisions to other persons or circumstances is not affected.

Section 8. This ordinance shall take effect and be in full force five (5) days after publication of the attached summary and exhibit A, which is hereby approved.

PASSED BY THE CITY COUNCIL this 16th day of December, 2013.

_____
Grover B. Laseke, Mayor

Attest:

_____
Mari E. Ripp, Clerk-Treasurer

Approved as to form:

_____
William Eling, City Attorney

Published: December 25, 2013
Effective: January 1, 2014

SUMMARY OF ORDINANCE NO. 1287

OF THE CITY OF WOODLAND, WASHINGTON

On December 16, 2013 the City Council of the City of Woodland, Washington, approved Ordinance No. 1287 the main point of which may be summarized by its title as follows:

AN ORDINANCE OF THE CITY OF WOODLAND, WASHINGTON ADOPTING THE BUDGET OF THE CITY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014 AND PROVIDING FOR THE APPROPRIATION OF FUNDS INTO SUCH ACCOUNTS AS MORE PARTICULARLY SET FORTH HEREIN.

(See Exhibit A, attached.)

The full text of this ordinance will be mailed upon request.

APPROVED by the City Council at their meeting of December 16, 2013.

_____

Mari E. Ripp, Clerk-Treasurer

Published: December 25, 2013
Effective: January 1, 2014

Estimated Revenue Summary 2012-2014 / CT V.5_20131202

EXHIBIT A -- 2014 Preliminary Budget

FUND	DESCRIPTION	12/2/2013 FIRST READING Revenue	12/2/213 FIRST READING Expenditure	
001	Current Expense	$4,671,563	$4,631,620	39,943
002	Petty Cash/Change	$950	$950	0
003	Advance Travel	$2,000	$2,000	0
101	Park	$126,898	$126,898	0
102	Library	$3,465	$3,465	0
104	Street	$1,129,672	$1,129,672	0
105	Document Recording Fee	$7,238	$7,238	0
107	Hotel/Motel Tax	$43,998	$43,998	0
108	Criminal Justice	$19,180	$19,180	0
224	94 PWTF Loans	$121,886	$121,886	0
225	CLID #94-01/94-02	$0	$0	0
300	Park Acquisition/Impvmt	$9,992	$9,992	0
301	CPR: General	$858,166	$858,166	0
303	Fire Dept Reserve	$58,477	$58,477	0
304	Equipment Acq'n Reserve	$57,140	$57,140	0
312	Public Works Shop	$92,473	$92,473	0
316	SR503 Improvements	$0	$0	0
319	Public Safety Facility	$1,516,113	$1,516,113	0
320	TIB Sidewalk Project-CLOSE???	$0	$0	0
321	Horseshoe Lake Park Trail	$100,073	$100,073	0
323	Schurman & Guild Rd Project-CLOSE??	$0	$0	0
324	Scott Avenue Reconnection Project	$2,050,000	$2,050,000	0
325	TIB SR503/Scott Intersection	$320,049	$320,049	0
326	South Woodland Safe Route to Schools	$300,000	$300,000	0
350	Impact Fees-School	$30,000	$30,000	0
351	Impact Fees-Fire	$67,355	$67,355	0
352	Impact Fees-Park	$102,854	$102,854	0
353	Impact Fees-Transportation	$5,000	$5,000	0
401	Water	$1,207,801	$1,207,801	0
402	Sewer	$2,275,207	$2,275,207	0
403	Garbage	$662,875	$662,875	(0)
408	Water Pumping Treatment	$1,062,075	$1,062,075	0
411	Water/Sewer Refurb Project-CLOSE	$0	$0	0
412	Utility Deposits	$101,715	$101,715	0
421	CPR: Utilities-Water	$185,902	$185,902	0
422	CPR: Utilities-Sewer	$320,256	$320,256	0
426	CERB Loan - Water	$34,150	$34,150	0
427	CERB Loan - Sewer	$83,766	$83,766	0
				0
	TOTAL	**$17,628,289**	**$17,588,346**	39,943
		$17,628,289	$17,588,346	39,943

- Excess to EFB - to Bldg Dept

Estimated Exp'd Summary by Department --- 2012-2014/CT V.5_20131202

		Budget 2012	Actual 2012	Budget 2013	Actual 9/30/2013	Proposed 2014	Increase (Decrease) 2013 to 2014	% Increase (Decrease)
001 511	Legislative/Publ Svcs	$40,047	$41,914	$46,547	$36,042	$49,301	$2,754	5.9%
001 512	Judicial	$122,400	$113,199	$129,600	$81,306	$125,300	($4,300)	-3.3%
001 513	Executive-Mayor	$26,965	$27,216	$46,900	$33,046	$44,556	($2,344)	-5.0%
001 514	Finance/Admin/Clerk	$496,400	$445,818	$567,489	$438,816	$622,210	$54,721	9.6%
001 515	Legal Services	$92,496	$89,391	$92,496	$70,628	$92,496	$0	0.0%
001 516	Personnel	$8,750	$7,264	$11,100	$6,771	$11,450	$350	3.2%
001 518	General Facilities	$416,714	$363,466	$373,815	$246,785	$366,415	($7,400)	-2.0%
001 558	Planning	$125,419	$120,389	$125,437	$92,720	$130,608	$5,171	4.1%
001 559	Building	$70,842	$79,333	$93,094	$59,866	$107,237	$14,143	15.2%
001 010	General Government	$39,606	$39,749	$41,844	$31,721	$44,992	$3,148	7.5%
001 020 521	Police	$1,475,552	$1,504,056	$1,601,101	$1,117,690	$1,588,529	($12,572)	-0.8%
001 030 522	Fire	$800,054	$727,126	$879,518	$948,638	$1,035,300	$155,782	17.7%
001 025 524	Code Enforcement	$22,154	$18,611	$24,268	$14,539	$27,291	$3,023	12.5%
	Subtotal Departments	**$3,737,399**	**$3,577,530**	**$4,033,209**	**$3,178,570**	**$4,245,685**	**$212,476**	5.3%
001 040 58X	Non-Expenditures	$126,000	$85,909	$85,940	$60,144	$86,555	$615	0.7%
001 050 594	Capital Outlay-Various Dept (001)	$146,331	$146,751	$69,500	$81,791	$45,500	($24,000)	-34.5%
001 050 597	Operating Transfers	$462,484	$342,810	$348,439	$146,278	$221,980	($126,459)	-36.3%
001 051 596	Capital Leases-Copiers (001)	$6,020	$5,339	$6,600	$4,022	$6,900	$300	4.5%
001 05X 599	Council Contingency	$0	$0	$0	$0	$0	$0	0.0%
001 508	Ending Fund Balance	$13,435	$19,008	$178,928	$0	$25,000	($153,928)	-86.0%
	GRAND TOTAL 001 General Fund	**$4,491,669**	**$4,177,347**	**$4,722,616**	**$3,470,805**	**$4,631,620**	**($90,996)**	**-1.9%**
					$3,470,805	$4,631,620		

Changes to 2014 Proposed Budget 12/2/2013

REVENUE:

Fund	Description	11/5/2013	12/2/2013	Inc/(Decr)
General				
001	Begin Fund Balance (BFB)	78,928	248,730	169,802
				0
				0
Hotel/Motel				
107	Hotel/Motel Tax	26,500	28,700	2,200
		26,500	**28,700**	**2,200**
Street				
104	Begin Fund Balance (BFB)	196,895	243,214	46,319
	Contbn to 323 Schur/Guild	121,207	0	(121,207)
		318,102	**243,214**	**(74,888)**

EXPENDITURE:

Fund	Description	11/5/2013	12/2/2013	Inc/(Decr)
Planning				
001 558	Salaries	74,598	74,646	48
Building	Benefits	34,614	39,565	4,951
001 559	Salaries	70,467	70,516	49
	Benefits	24,887	28,871	3,984
		204,566	**213,598**	**9,032**
Hotel/Motel				
107	Tourism	37,435	41,475	4,040
107	Ending Fund Balance (EFB)	4,363	2523	(1,840)
		41,798	**43,998**	**2,200**
Park				0
101	101 to 001 General	24,141	26,458	2,317
101	Ending Fund Balance (EFB)	12,697	1,280	(11,417)
101	Salaries	45,000	48,000	3,000
101	Benefits	17,000	18,000	1,000
101	C/O: Park	900	0	(900)
101	Operating Supplies/R&M	16,000	22,000	6,000
		115,738	**115,738**	**0**
Street				
104	Salaries	165,000	173,000	8,000
104	Benefits	88,000	91,500	3,500
104	Ending Fund Balance (EFB)	262,063	143,090	(118,973)
104	C/O: Street	8,900	8,000	(900)
104	Operating Transfer	41,372	74,857	33,485
		565,335	**490,447**	**(74,888)**
Water				
401	Ending Fund Balance (EFB)	10,487	59,401	48,914
401	Salaries	285,000	292,800	7,800
401	Benefits	157,000	160,500	3,500
401	Operating Transfer	209,197	148,983	(60,214)
		661,684	**661,684**	**0**
Sewer				
402	Ending Fund Balance (EFB)	346,527	391,751	45,224
402	Salaries	325,000	332,800	7,800
402	Benefits	175,000	178,500	3,500
402	Operating Transfer	296,728	200,313	(96,415)
402	2014 PWTF Interest	0	39,891	39,891
		1,143,255	**1,143,255**	**0**

Summary of other fund changes:

Public Works Shop				
312	BFB, EFB and Construction	5,105	92,473	87,368
SR503 Widening				
316	Close out fund	44,892	0	(44,892)
Schurman/Guild Road				
323	BFB	127,207	0	(127,207)
	Contbn to 104	127,207	0	(127,207)
TIB/SR503/Scott Intersection				
325		190,049	320,049	130,000
Park Impact Fees				
352		65,608	102,854	37,246
Utility Reserve: Water				
421	BFB, EFB	60,439	185,902	125,463
Utility Reserve: Sewer				
422	BFB, EFB	294,340	320,256	25,916