

MEMO TO: City Council

FROM: John Marchione, Mayor

DATE: March 4, 2014

SUBJECT: **ORDINANCE: Establish a Real Property Fund and Authorize Expenditures from the Newly Created Fund**

ORDINANCE: 2013-2014 Budget Adjustment

I. RECOMMENDED ACTION:

Adopt two ordinances creating a Real Property Fund and amending the City budget to provide for appropriations in the newly created fund.

II. DEPARTMENT CONTACTS:

Michael E. Bailey, Finance and I.S. Director	425-556-2160
Malisa Files, Deputy Director	425-556-2166

III. DESCRIPTION:

On occasion the City has surplus real property. This can result for a variety of reasons including projects where it was necessary to acquire a larger tract of property than was specifically needed and property that served a city purpose at one time but no longer do so. When the City Council deems such property to be surplus to city needs it can be disposed of following the requirements of state law. The attached real property ordinance will provide guidance to City staff on how to manage the proceeds when disposal of surplus real property occurs.

The ordinance provides that:

- A careful review should occur prior to recommending property is surplus to the city's needs;
- Any encumbrances on surplus real property should be investigated and provided for in the management of the disposition an sale,
 - This would include encumbrances related to an original funding source that would restrict the use of sale proceeds, such as a grant or use of utility revenues in the initial acquisition
- Proceeds from the sale of surplus property is to be deposited into the newly created Real Property Fund

- Resources in the Real Property Fund may be used as provided for by the City Council in its adopted budget, and may include:
 - managing surplus property in a way that maximizes the value of the property to the City,
 - consulting services to advise the City and assist with the management of its real properties,
 - acquisition of replacement property, or
 - transfer to a capital fund as directed by City Council.

The budget adjustment ordinance will establish a budget of \$50,000, a portion of which will come from the sale of remnant property related to the NE 166th project.

IV. IMPACT:

This action would direct unencumbered proceeds from the sale of real property to a fund where they can be managed and utilized in accordance with an adopted budget.

The proposed ordinance would recognize a budget of \$50,000 for consulting, management services and disposition of real property, and increase the City's 2013-2014 Budget from \$604,599,596 to \$604,649,596.

V. ALTERNATIVES:

The Council could continue to manage the various issues related to the management and sale of real property on a case-by-case basis in other funds of the city.

VI. TIME CONSTRAINTS:

None

VII. LIST OF ATTACHMENTS:

- A. Real Property Ordinance
- B. 2013-2014 Budget Adjustment Ordinance

Mike E. Bailey, Finance Director _____
Date

Approved for Council Agenda _____
John Marchione, Mayor _____
Date

ATTACHMENT A

CODE

**REDMOND CITY COUNCIL
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, ADOPTING RMC 3.94, REAL PROPERTY FUND, AND AUTHORIZING EXPENDITURES FROM THE NEWLY CREATED FUND

WHEREAS, the city of Redmond, Washington occasionally has the need to manage and dispose of real property owned by the city but that is surplus to the city's needs; and

WHEREAS, there is no adopted procedure or mechanism to provide for the best outcomes of the uses of such property; and

WHEREAS, a management fund would enable the city to become more strategic in the utilization of these important community resources.

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

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the city code.

Section 2. Adoption of Chapter. RMC 3.94, Real Property Fund, is hereby adopted to read as follows:

Chapter 3.74

REAL PROPERTY FUND

Sections:

- 3.94.010 Fund created.**
- 3.94.020 Purpose.**
- 3.94.030 Limitation on disposition of real property**
- 3.94.040 Expenditures authorized.**
- 3.94.050 Unexpended funds.**

3.94.010 Fund created.

(A) A fund to be known as the "Real Property Fund" is hereby created as a sub-fund of the city's general fund. The real property fund shall be specifically provided for in the city's budget but shall be combined with the city's general fund for official reporting purposes.

3.94.020 Purpose.

The purpose of the real property fund shall be to manage and dispose of real property owned by the city but that is surplus to the city's needs.

3.94.030 Limitation on disposition of real property.

(A) City real property shall only be deemed surplus and available for sale if an investigation has determined that there is no anticipated city purpose for retaining the property. Proceeds from the sale of real property shall only be deposited into the newly

created fund if they are not otherwise encumbered by an original funding source such as a grant or utility revenue.

3.94.040 Expenditures authorized.

(A) Expenditures from the fund shall be authorized in the budget for the following purposes:

(1) Expenses related to managing surplus property in a way that maximizes the value of the property to the city,

(2) Consulting services and/or staff time to advise the city and assist with the management of its real properties,

(3) Acquisition of replacement property, or

(4) Transfer to a capital fund as directed by City Council.

3.94.050 Unexpended funds.

(A) Any unexpended funds remaining in the Real Property Fund at the end of any fiscal year shall remain in said fund and shall not lapse; but shall be carried forward from year to year until expended or transferred for the purposes set forth in Section 4.

Section 3. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such

invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 4. Effective date. This ordinance shall become effective five days after its publication, or publication of a summary thereof, in the city's official newspaper, or as otherwise provided by law.

ADOPTED by the Redmond City Council this _____ day of _____, 2014.

CITY OF REDMOND

JOHN MARCHIONE, MAYOR

ATTEST:

MICHELLE M. HART, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

JAMES HANEY, CITY ATTORNEY

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.

NON-CODE

ATTACHMENT B

**CITY OF REDMOND
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, AMENDING ORDINANCE NO. 2676, AS AMENDED BY ORDINANCE NO. 2686, 2714 and 2725 BY MAKING ADJUSTMENTS TO THE CITY'S BUDGET, IN EXHIBIT 1

WHEREAS, the Finance Director has identified the need to make certain revisions to the 2013-2014 biennial City budget; and

WHEREAS, the City Council has reviewed the proposed adjustments to the budget and has determined that they should be made.

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

Section 1. Ordinance No. 2676 adopting the 2013-2014 biennial budget, passed by the City Council on December 4, 2012, and as amended by Ordinance No. 2686, Ordinance No. 2714, and Ordinance No. 2725, is hereby amended to recognize revenues and expenditures in the newly created Real Property Fund.

Section 2. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of any other section, sentence, clause, or phrase of this ordinance.

Section 3. Effective date. This ordinance shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

ADOPTED by the Redmond City Council this ____ day of _____, 2014.

CITY OF REDMOND

JOHN MARCHIONE, MAYOR

ATTEST:

MICHELLE M. HART, MMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

By: _____

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO.: _____

EXHIBIT 1
Summary of 2013-2014 Budget Adjustments

Fund Number	Fund Name	2013-2014 Adopted Budget (Ord 2676)	Amendment 1 to Budget (Ord 2686)	Amendment 2 to Budget (Ord 2714)	Amendment 3 to Budget (Ord 2725)	Amendment 4 to Budget (Ord _)	Revised 2013-2014 Budget
100	General Fund	\$ 159,397,119		\$ (964,785)	351,116		\$ 158,783,450
011	Arts Activity	581,981	105,801		50,000		737,782
012	Parks Maintenance and Operations	3,260,317	425,841				3,686,158
013	Special Events	875,855	(87,072)		3,252		792,035
019	Human Services	1,572,373	141,121		88,332		1,801,826
020	Fire Equipment Reserves	4,980,455	191,690				5,172,145
021	Operating Reserves	8,062,368	(129,583)				7,932,785
027	Capital Equipment Reserve	4,450,947	655,549				5,106,496
030	Business Tax	9,348,677	(956,871)				8,391,806
035	Fire Levy Fund	7,417,919	(99,308)				7,318,611
036	Police Levy Fund	8,634,689	200,091				8,834,780
037	Parks Levy Fund	1,111,528	19,686				1,131,214
	Real Property Fund	0				50,000	50,000
095	Parks CIP Maintenance	1,969,906	104,586		144,000		2,218,492
096	Transportation CIP Maintenance	7,041,984	(171,071)		646,413		7,517,326
099	General Government CIP Maintenance	12,596,634	101,187				12,697,821
110	Recreation Activity	5,784,333	(32,161)				5,752,172
115	Development Review				1,350,427		1,350,427
117	Cable Access	1,519,262	509				1,519,771
118	Operating Grants	3,640,010	(30,980)				3,609,030
122	Advanced Life Support	13,495,004	(524,157)				12,970,847
124	Aid Car Donation	467,109	(22,648)				444,461
125	Real Estate Excise Tax	6,792,525	1,105,107				7,897,632
126	Drug Enforcement	96,071	(47,932)				48,139
131	Hotel Motel Tax	965,818	16,910				982,728
140	Solid Waste and Recycling	1,727,633	58,907				1,786,540
230	Excess Levy	285,815	1,997				287,812
233	Debt Service	7,093,785	29,922				7,123,707
314	Council CIP	280,247	-				280,247
315	Parks CIP	9,568,616	1,039,984				10,608,600
316	Transportation CIP	50,709,493	(3,044,157)		300,000		47,965,336
317	Fire CIP	2,300,000					2,300,000
318	Police CIP	150,958					150,958
319	General Government CIP	6,092,902	156,871				6,249,773
401	Water/Wastewater Operations	73,693,275	3,741,699	(964,785)	115,842		76,586,031
402	Novelty Hill Water/Wastewater Op	13,362,350	340,708				13,703,058
403	Water CIP	9,595,892	181,718				9,777,610
404	Wastewater CIP	9,136,068	1,912,073				11,048,141
405	Stormwater Management Op	28,545,447	435,823				28,981,270
406	Stormwater Management CIP	41,191,763	12,473,715				53,665,478
407	Novelty Hill Water CIP	6,345,079	(66,402)				6,278,677
408	Novelty Hill Wastewater CIP	6,457,963	233,888				6,691,851
501	Fleet Maintenance	7,674,821	1,301,539				8,976,360
510	Insurance Claims and Reserves	2,604,817	(39,132)				2,565,685
511	Medical Self Insurance	28,935,281	1,796,884				30,732,165
512	Worker's Compensation Insurance	2,522,533	(265,144)				2,257,389
520	Information Technology	9,290,830	594,144				9,884,974
	Total	\$ 581,628,452	\$ 21,851,332	\$ (1,929,570)	\$ 3,049,382	\$ 50,000	\$ 604,649,596

Notes: Ordinance #2676 establishing the 2013-2014 budget was approved by Council on December 4, 2012.
 Ordinance #2686 adjusted the budget for beginning fund balances and house keeping changes on May 7, 2013.
 Ordinance #2714 repealing the utility tax on water effective December 3, 2013.
 Ordinance #2725 adjusted the budget to recognize 1.0 FTE in Fire and house keeping changes on December 3, 2013