

**City of Blaine**  
**Request for Council Action**  
**Meeting Date:** May 26, 2020

**Subject:** Ordinance 20-2946, Amending the 2020 Budget.

**Department:** Finance

**Prepared By:** \_\_\_\_\_  
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**This Action Is:**       Necessary and Routine       COVID-19 Response

This action is necessary and routine, but it is also in response to COVID-19. Council approves budget amendments at least once or twice per fiscal year. However, due to the COVID-19 pandemic, City revenues have been and will be significantly impacted. The budget needs to reflect the impacts as well as identified reductions. The ripple effects from the COVID-19 emergency, in particular the border closure, are expected to be significant. They will be felt for quite some time as there is a lag from when the impacts begin and when the City experiences them.

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**Agenda Location:**       Consent Agenda       Council Action       Unfinished Business

**Attachments:**

1. Ordinance 20-2946
2. Fund Summaries

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**Background/Summary:**

This amendment to the 2020 budget proposes changes to the General Fund (001), Lodging Tax Fund (110), and the LEOFF 1 Medical (622) Fund (Law Enforcement Fire Fighters other post-employment benefits). Changes to the Street Operating and Capital funds as well as the Enterprise Operating and Capital funds will be presented at a later date as Public Works Administration is currently evaluating operations and capital projects lists.

**General Fund-001**

An 11% decrease in annual total General Fund revenue is forecasted, which represents an \$805,000 decrease from the 2020 revenue in the approved budget. All major tax sources are expected to decrease due to COVID-19. Development revenue from construction will decrease as well.

General Fund departments have identified reductions, which total \$220,000.<sup>1</sup> The major reductions are in salaries and benefits, supplies, professional services, training, repair and maintenance, and capital. The salaries reduction includes approved furloughs as well as reducing a budgeted full-time position (including benefits) to less than half-time in the City Clerk's Office.

Additions to the General Fund expenditures include \$20,000 in personnel for recruitment of a Public Works Director and Assistant Director. The other addition is an increase of \$86,720 to the transfer out to the LEOFF 1 Medical Fund.

The City is legally mandated to pay the medical costs for four public safety retirees that fall under the State's LEOFF 1 pension system. These costs include routine medical care as well as long-term care. One of the City's LEOFF 1 retirees is currently in long-term care. The budget needs to reflect that legal obligation.

With the proposed reductions and additions, the current total reduction to General Fund expenditures from the adopted budget is \$113,000.

<sup>1</sup>Initially it was reported that the anticipated reductions in the General Fund were approximately \$250,000. With the furloughs, it was estimated to be \$300,000. The combined reductions with furloughs in the General Fund are \$220,000. The initial estimate was an error based on the approximate reductions in the General Fund and another fund.

**Lodging Tax Fund-110**

A 30% decrease in annual lodging tax revenue is currently forecasted, which represents a loss of \$75,000. This is the anticipated decrease due to the COVID-19 pandemic.

The reductions to the expenditures include the following: cancellation of event grants per Council Resolution 1807-20, approved furloughs, and defunding a less than half-time position that staffed the Welcome Center. An additional \$10,000 special event project is proposed to be cut.

An addition to the Lodging Tax Fund expenditures is \$30,000 for a contract with the Blaine Chamber of Commerce to manage the Welcome Center. Community Development Services will bring forward the contract to Council for approval.

**LEOFF 1-622**

As written above, one of the City’s LEOFF 1 retirees is currently in long-term care. The budget needs to reflect that legal liability.

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**Budget Implications:**     Current Budget     New Budget Request     Non-Budgetary

The budget amendment reflects new budget requests with combined reductions and additions. The amendment makes adjustments to the General Fund (001), Lodging Tax Fund (110), and the LEOFF 1 Medical (622) Fund (Law Enforcement Fire Fighters other post-employment benefits).

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**Recommendation:**     Waive the second reading

The City Manager and Finance Director recommend that Council waive the second reading and adopt Ordinance 20-2946, amending the 2020 Budget.

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**Reviewed By:**

City Manager \_\_\_\_\_ Finance Director \_\_\_\_\_ City Clerk \_\_\_\_\_  
(Digital Signature) (Digital Signature) (Digital Signature)

**ORDINANCE NO. 20-2946**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON,  
AMENDING THE 2020 BUDGET.**

**WHEREAS**, the 2020 Budget was passed and accepted by the Council on December 9, 2019; and

**WHEREAS**, on March 13, 2020, the Blaine City Manager issued a Proclamation of Local Emergency regarding COVID-19 and on March 16, 2020, the City Council of Blaine, Washington, adopted Resolution No. 1800-20 confirming the City Manager’s Proclamation of Local Emergency regarding COVID-19; and,

**WHEREAS**, the public health emergency regarding COVID-19 has and is anticipated to continue to cause economic impacts on businesses and citizens in Blaine and other unpredictable short and potentially long term consequences which necessitate the City to act and plan accordingly; and,

**WHEREAS**, the economic impacts are affecting the City’s revenues and therefore its budget; and,

**WHEREAS**, the Council has determined that this action is Necessary and Routine under Governor Inslee’s Proclamation No. 20-08 because:

- (1) it is Necessary because the economic impacts need to be reflected in the City’s budget, and
- (2) it is Routine because adoption of budget ordinances is routinely part of a regularly occurring action of the City of Blaine when necessary.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON, DOES ORDAIN AND AMENDS THE 2020 BUDGET AS FOLLOWS:**

**SECTION 1:**

	<b>2020 Adopted Budget</b>	<b>2020 Amended Budget</b>
<b>GENERAL FUND 001</b>	\$8,518,000	\$8,178,669

	<b>2020 Adopted Budget</b>	<b>2020 Amended Budget</b>
<b>LODGING TAX FUND 110</b>	\$370,000	\$295,000

	<b>2020 Adopted Budget</b>	<b>2020 Amended Budget</b>
<b>LEOFF 1 FUND</b>	\$63,300	\$150,020

**SECTION 2:** Should any section, clause or provision of this Ordinance be declared by the courts to be invalid or unconstitutional, the same shall not affect the validity of the Ordinance as a whole, or any part thereof, other than the part of the Ordinance declared to be invalid.

**SECTION 3:** This Ordinance shall take effect and be in force from and after its passage by the City Council and approval by the Mayor, if approved, otherwise, as provided by law and five days after the date of posting for publication.

**PASSED BY THE CITY COUNCIL OF THE CITY OF BLAINE, WASHINGTON** on the 26<sup>th</sup> day of May, 2020, and approved by the Mayor on the same day.

CITY OF BLAINE, WASHINGTON

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BONNIE ONYON, Mayor

ATTEST:

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SAMUEL CRAWFORD, City Clerk

**GENERAL FUND SUMMARY FY 2020**

	2019 Actual	2020 Approved Budget	2020 Amended Budget	Change	% Change
<b>REVENUE</b>					
Property Tax	\$ 887,165	\$ 918,000	\$ 875,000	\$ (43,000)	-5%
Sales & Use Taxes	2,173,770	2,004,000	1,679,570	(324,430)	-23%
Business & Occupation Tax		368,000	150,000	(218,000)	-59%
Utility Taxes	1,206,279	1,301,000	1,273,000	(28,000)	-2%
Leasehold Excise Tax	102,451	89,000	89,000	0	0%
<b>Total Taxes</b>	<b>\$ 4,369,665</b>	<b>\$ 4,680,000</b>	<b>\$ 4,066,570</b>	<b>\$ (613,430)</b>	<b>-13%</b>
Licenses & Permits	390,685	416,200	318,200	(98,000)	-24%
Intergovernmental	278,628	200,466	200,000	(466)	0%
Charges for Services	1,498,646	1,571,164	1,505,000	(66,164)	-4%
Fines & Forfeits	156,973	144,050	107,730	(36,320)	-25%
Miscellaneous Revenue	295,355	273,620	283,000	9,380	3%
Transfers-In	2,500	32,500	32,500	0	0%
Other Revenue	38,766				
<b>TOTAL REVENUE</b>	<b>\$ 7,031,217</b>	<b>\$ 7,318,000</b>	<b>\$ 6,513,000</b>	<b>\$ (805,000)</b>	<b>-11%</b>
<b>EXPENDITURES</b>					
Salaries & Wages	\$ 2,899,152	\$ 3,217,772	\$ 3,170,525	\$ (47,247)	-1%
Overtime	194,018	121,250	120,250	0	-1%
Personnel Benefits	1,343,747	1,491,059	1,464,368	(26,691)	-2%
Supplies	272,233	335,044	310,094	(24,950)	-7%
Professional Services	1,034,981	1,221,494	1,185,994	(35,500)	-3%
Communication	107,740	139,770	137,570	(2,200)	-2%
Training	78,038	148,185	118,635	(29,550)	-20%
Advertising	26,077	17,300	15,800	(1,500)	-9%
Rentals	61,648	74,156	73,631	(525)	-1%
Insurance	143,002	137,000	137,000	0	0%
Utilities	127,319	119,400	119,400	0	0%
Repairs & Maintenance	74,194	101,150	88,550	(12,600)	-12%
Other Services & Charges	37,901	50,560	45,350	(5,210)	-10%
Interfund Loan Repayments	50,000				
Capital	54,241	75,000	61,920	(13,080)	-17%
Debt Service	35,510	25,482	25,482	0	0%
Transfers Out	128,762	83,085	169,805	86,720	104%
Pass-Through (Whatcom County EMS)	51,292	50,000	50,000	0	0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,719,855</b>	<b>\$ 7,407,707</b>	<b>\$ 7,294,374</b>	<b>(113,333)</b>	<b>-2%</b>
Revenue Less Expenditures	311,362	(89,707)	(781,374)		
<b>FUND BALANCE JANUARY 1</b>	<b>1,354,307</b>	<b>1,200,000</b>	<b>1,665,669</b>	<b>465,669</b>	<b>39%</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 1,665,669</b>	<b>\$ 1,110,293</b>	<b>\$ 884,295</b>	<b>\$ (225,998)</b>	<b>-20%</b>
<b>Target Balance</b>	<b>559,988</b>	<b>617,309</b>	<b>607,865</b>		
<b>Total Revenue &amp; Beginning Fund Balance</b>	<b>\$ 8,385,524</b>	<b>\$ 8,518,000</b>	<b>\$ 8,178,669</b>	<b>(339,331)</b>	<b>-4%</b>
<b>Total Expenditures &amp; Ending Fund Balance</b>	<b>\$ 8,385,524</b>	<b>\$ 8,518,000</b>	<b>\$ 8,178,669</b>	<b>(339,331)</b>	<b>-4%</b>

**LODGING TAX FUND SUMMARY FY 2020**

	2019 Actual	2020 Approved Budget	2020 Amended Budget	Change	% Change
<b>REVENUE</b>					
Lodging Tax	\$ 250,629	\$ 250,000	\$ 175,000	(\$75,000)	-30%
Interest Earnings	2,875	-	-	0	0%
<b>TOTAL REVENUE</b>	<b>\$ 253,505</b>	<b>\$ 250,000</b>	<b>\$ 175,000</b>	<b>(75,000)</b>	<b>-30%</b>
<b>EXPENDITURES</b>					
<b>Welcome Center</b>					
Salaries & Wages	\$ 67,343	\$ 63,530	\$ 52,895	(\$10,635)	-17%
Personnel Benefits	26,046	19,679	19,679	0	0%
Supplies	1,321	2,000	2,000	0	0%
Professional Services	-	1,000	31,000	30,000	3000%
Communication	1,674	2,000	2,000	0	0%
Training	258	500	500	0	0%
Rentals & Leases	34,047	30,000	30,000	0	0%
Utilities	3,416	3,500	3,500	0	0%
Repairs & Maintenance	1,191	1,500	1,500	0	0%
Other Services & Charges	587	500	500	0	0%
<b>Total Welcome Center</b>	<b>135,884</b>	<b>124,209</b>	<b>143,574</b>	<b>19,365</b>	<b>16%</b>
<b>Event Grants</b>					
Plover	35,000	35,000	-	(35,000)	-100%
International Sculpture Exhibit	7,000	7,500	7,500	0	0%
Hands Across the Border	2,500	2,500	2,500	0	0%
Old Fashion July 4th	18,000	18,000	-	(18,000)	-100%
Drayton Harbor Music Festival	8,600	10,000	-	(10,000)	-100%
Drayton Harbor Days	1,082	1,700	-	(1,700)	-100%
Wings Over Water	5,967	9,000	9,000	0	0%
Bellingham Whatcom Tourism	5,000	11,000	11,000	0	0%
Roctoberfest	6,000	5,000	5,000	0	0%
Peace Arch Park International Concert Series	1,000	1,000	1,000	0	0%
Blaine Chamber Event Coordinator	20,000	20,000	20,000	0	0%
Blaine Athletic Booster Club	815	-	-	0	0%
<b>Total Event Grants</b>	<b>110,965</b>	<b>120,700</b>	<b>56,000</b>	<b>(64,700)</b>	<b>-54%</b>
<b>Projects</b>					
Special Events Projects	-	10,000	-	(10,000)	-100%
Tourism Plan Update	9,601	-	-	0	0%
Salish Sea Trail Grant	4,000	-	-	0	0%
<b>Total Projects</b>	<b>13,601</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>	<b>-100%</b>
<b>Marketing</b>					
Office Supplies	70	100	100	0	0%
Operations	688	-	-	0	0%
Advertising	7,995	10,000	10,000	0	0%
Marketing of Plover Charters	591	1,000	1,000	0	0%
Promotion for Blaine Birding	2,358	2,000	2,000	0	0%
Brochures	778	2,500	2,500	0	0%
Miscellaneous	232	-	-	0	0%
<b>Total Marketing</b>	<b>12,711</b>	<b>15,600</b>	<b>15,600</b>	<b>0</b>	<b>0%</b>
Transfer Out to Lodging Tax Reserve	25,000	25,000	25,000	0	0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 298,160</b>	<b>\$ 295,509</b>	<b>\$ 240,174</b>	<b>(55,335)</b>	<b>-19%</b>
Revenue Less Expenditures	(44,656)	(45,509)	(65,174)		
<b>FUND BALANCE JANUARY 1</b>	<b>165,119</b>	<b>120,000</b>	<b>120,000</b>	<b>0</b>	<b>0%</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 120,464</b>	<b>\$ 74,491</b>	<b>\$ 54,826</b>	<b>(19,665)</b>	<b>-26%</b>
<b>Total Revenue &amp; Beginning Fund Balance</b>	<b>\$ 418,624</b>	<b>\$ 370,000</b>	<b>\$ 295,000</b>	<b>(75,000)</b>	<b>-20%</b>
<b>Total Expenditures &amp; Ending Fund Balance</b>	<b>\$ 418,624</b>	<b>\$ 370,000</b>	<b>\$ 295,000</b>	<b>(75,000)</b>	<b>-20%</b>

**LEOFF 1 FUND SUMMARY FY 2020**

	<b>2019 Actual</b>	<b>2020 Approved Budget</b>	<b>2020 Amended Budget</b>	<b>Change</b>	<b>% Change</b>
<b>REVENUE</b>					
Interest Income	412	300	300	-	0%
Tranfers-In (General Fund)	25,000	40,000	126,720	86,720	217%
<b>TOTAL REVENUE</b>	<b>\$ 25,412</b>	<b>\$ 40,300</b>	<b>\$ 127,020</b>	<b>\$ 86,720</b>	<b>215%</b>
<b>EXPENDITURES</b>					
Personnel Benefits	29,721	60,000	150,000	90,000	150%
<b>TOTAL EXPENDITURES</b>	<b>\$ 29,721</b>	<b>\$ 60,000</b>	<b>\$ 150,000</b>	<b>90,000</b>	<b>150%</b>
Revenue Less Expenditures	(4,309)	(19,700)	(22,980)		
<b>FUND BALANCE JANUARY 1</b>	<b>27,562</b>	<b>23,000</b>	<b>23,000</b>	<b>-</b>	<b>0%</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 23,252</b>	<b>\$ 3,300</b>	<b>\$ 20</b>	<b>\$ (3,280)</b>	<b>-99%</b>
<b>Total Revenue &amp; Beginning Fund Balance</b>	<b>\$ 52,973</b>	<b>\$ 63,300</b>	<b>\$ 150,020</b>	<b>86,720</b>	<b>137%</b>
<b>Total Expenditures &amp; Ending Fund Balance</b>	<b>\$ 52,973</b>	<b>\$ 63,300</b>	<b>\$ 150,020</b>	<b>86,720</b>	<b>137%</b>