



April 28, 2016

- I. Facilitator Jim Reid opened the meeting, reviewed the agenda for the evening, and asked for the committee to approve the summary of the [April 14, 2016](#) meeting. The committee approved the summary of the April 14, 2016 meeting.

**Comments on meeting summary:** The City does not need additional police because stats show crime is low. Human services should be increased. Property owners shouldn't have to be the only ones to bear the tax burden. We need to explore business and occupation tax (B & O tax).

Sara Lane addressed a change in the agenda. Recent survey results will not be reviewed due to a complaint about questions on the survey. While the City believes that the survey was in full compliance with all laws, we have decided that the best course of action is to not discuss the results until the Public Disclosure Commission completes its review.

## II. Findings and Tentative Recommendations Presentation:

There were several recommendations and questions posed at the last meeting on how some information should be presented. Staff updated several slides in response to these questions and recommendations and these were presented by Sara Lane.

- There was some clarification and discussion about the presentation. When asked if the information was helpful in clarifying the information, most of the members responded "yes". One committee member noted that they did not believe the information that was being presented.
- III. Following the presentation, Jim Reid took a poll to determine which options committee members would favor. Jim asked, given the information that has been presented thus far, by a show of hands, how many members are in favor of:
    - Alternative 3 - Raising the levy rate to \$1.60 with CPI-U escalator: Three members raised their hands and one member had emailed in this preference (four total).
    - Alternative 2 - Renewal of the levy lid lift resetting the rate to \$1.48 (renewing what was done in 2010): Four members raised their hands.
    - Alternative 1 - Setting the levy lid lift with the CPI-U inflator only: Three members raised their hands.
    - No Action – No votes for this option.
    - Two members noted they weren't ready to vote at this time.

**Jim asked the members if the members would share their rationale for their position. Following are the comments from each level:**

Alternative 3 - \$1.60

- We need to take care of everyone in Shoreline and cover human services without taxing small businesses. It is our responsibility.
- We can't depend on a B & O tax going through and at the \$1.60 level it provides additional revenue to be able to increase human services support and economic development activity.
- We tend to pass open space and park's levies; we are good at spending money. The City, in general, runs lean and does a good job of researching options for jail, health care, etc. The City does a good job



looking for cost savings and we don't see much that could be reduced to fund the additional support. It would be very difficult to go backwards.

Other comments related to this option:

- I don't see places to cut.
- With the \$1.60 option there is a \$21 million dollar surplus generated in the early years.

Alternative 2 - Renewal at \$1.48

- It's unknown that the lid lift at \$1.60 would pass and the same goes for the B & O tax. The \$1.48 option is passable. There are other things to consider and I think that B&O and economic development will provide additional revenue.
- The members who voted for \$1.60 also noted that they would also support the \$1.48 option.

Alternative 1 – CPI-U Escalator Only

- Property tax is regressive. We owe it to our fellow citizens to keep taxes low. The percentages may seem fairly flat but AV...? When you look at strategy it pencils out with just CPI-U level. Spending has increased at twice the rate of inflation. We got new parks, but maintenance isn't included. We got more police. I'm not suggesting we cut back. Spending will increase 2.8%, inflation isn't up there. Spiraling taxes are not sustainable. We need to get spending under control. Until we know exactly what we will be spending on, we can't approve an increase. I've talked to dozens of citizens and they are against the lid lift (\$1.48). I support a four year lid lift at CPI-U.
- I'm trying to understand where the lines cross. We don't want a \$21 million dollar surplus. If we just keep up with inflation we've done nothing.
- The "no action" option will put us behind with inflation.
- It's easier to sell the CPI-U option. I would likely favor more but I don't know how likely it is to pass.

Not Ready to Vote:

- I am trying to understand the information to make my decision.

Discussion continued on the varying options and there were three questions that were not answered during the discussion:

- What is the change in the percentage of people living below the poverty line since 2010?  
Response: City Council discussed human services funding at its meeting on March 14, 2016. The [staff report](#) for that discussion noted that 29% of Shoreline's population, or 14,018 people, lived at 200% of poverty in 2011-13, up from 10,267 in 2005 -06.
- What is included in CPI-U vs. what the City purchases?  
Response: Refer to this link (<http://www.bls.gov/cpi/cpifaq.htm>) for more information regarding what goods and services the CPI covers. With regard to the City's types of purchases, the CPI does not cover items such as landscaping, right-of-way, and bridge maintenance (mowing, weeding, landscaping, bridge repairs), road maintenance supplies (street signs, concrete, asphalt, rock, salt, guardrails, marking paint), criminal justice (police services, district court, public defender, prosecuting attorney, jail housing), gasoline and diesel (purchased from the Shoreline School District and King County), and recreation programs (for youth, families, and seniors typically provided by a contract instructor).



- How much is the increase to human services that City Council is considering if the levy lid lift renewal passes?

Response: City Council discussed increases to human services funding at its meeting on 3/14/2016. Staff proposed and Council supported setting the funding at .75% of General Fund Revenues in 2017 and increasing that by .05 annually until it reaches 1%. The increase is estimated to provide an additional \$1.5M of human services funding over the 10 YFSP period.

After much clarifying discussion regarding the options and the impacts of each option, Jim attempted to summarize what he heard were the general agreements of the group:

The committee generally agrees that:

- The City is operating efficiently and effectively and should continue to look for cost saving opportunities.
- The current level of service is appropriate and could be enhanced in some areas like human services and economic development.
- The levy lid lift is a legitimate option for increasing revenues to maintain or enhance service levels.
- Four members believe that the levy lid lift should be pursued with a rate at the state maximum of \$1.60; five members believe that a renewal at \$1.48 is the appropriate course of action; and three members believe that the City should seek approval to continue the CPI-U adjustments only.
- Most of the members support the consideration of a B & O tax to further enhance revenue options.

Jim will use these as the basis of a draft report that he will share with the committee for comment prior to the next meeting.

IV. Jim adjourned the meeting.

**Next meeting:** May 12, 2016 – Meeting 7

Council Chambers

