

CITY OF SHORELINE CURRENTS

October 2003 Vol. 5 No. 5

SPECIAL 2004 BUDGET ISSUE

City Council 2004 Budget Schedule

City Council meetings are held in the Mt. Rainier Room of the Shoreline Conference Center, 18560 First Ave. N. For more information, call the Agenda Line at (206) 546-2190. See page 8 of this newsletter for locations where you can read the full budget document.

Monday, Nov. 3 at 6:30 p.m.
Budget Review Workshop

Monday, Nov. 10 at 8:00 p.m.
Public Hearing on Revenue
Sources & Property Tax

Monday, Nov. 17 at 6:30 p.m.
Budget Review Workshop

Monday, Nov. 24 at 7:30 p.m.
Adoption of 2004 Budget &
2004 Property Tax Levy

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City of Shoreline continues conservative approach to maintain healthy finances

Despite the lagging economy and stagnant revenues, the City of Shoreline is in sound financial condition. It has been able to maintain financial reserves and its service levels to the community.

While preparing the 2004 Proposed Budget, it was my goal to continue to ensure that the 2004 allocation of City resources support the Community Vision, Values and Critical Success Factors, and 2003-2004 Council Work Plan (see page 3).

On Oct. 20, I presented the 2004 Proposed Budget totaling \$58.3 million to the City Council. This balanced budget was achieved without reducing service levels even though the City's property tax rate continues to decline. While the local economy has been significantly impacted by the recession and its lingering effects, the City of Shoreline has managed to hold steady despite nearly stagnant revenue growth and the same increased costs that many of you are experiencing at home and at work.

This is primarily a result of the long-term financial focus and

conservative budget practices that the City Council has adopted. Although we have been able to maintain and, in some cases, even improve service levels, our long-range forecasts indicate that this may become more challenging in the future, as revenue growth is anticipated to be below the projected inflation levels for the next several years.

One of the negative impacts that the City and you are also experiencing is skyrocketing health care costs. We were faced with an estimated increase of 25% in our health benefit premiums. City staff responded by developing a recommendation that significantly reduces the City's future costs for health benefits. As a result of these changes, the City's 2004 cost increase for health benefits for current employees will be less than 8%.

We have also seen a major decrease in the level of our invest-

[See City's Future page 2](#)



Steve Burkett
Shoreline
City Manager

The City's future: Maintaining a healthy financial position in a slow economy [from page 1](#)

ment earnings. While the amount of money invested has increased, investment returns have declined by nearly 75% since 2000 as interest rates have plunged. I know that many of you have also seen your investments affected in the same way.

Despite these impacts, the City has been able to maintain a healthy General Fund reserve bal-

ance during the recession. The City Council's policy of maintaining a minimum reserve of 10% of operating revenues has provided a cushion against unforeseen emergencies. It is estimated that at the end of 2004, the General Fund reserves will equal over 30% of the operating revenues.

The City Council has also said that resources greater than

budget estimates (reserves) will be considered "one-time" resources and will not be used to fund ongoing services. This means the City doesn't start new programs and create new staff positions for services it is not sure it can afford into the future. The City's employee ratio remains low compared with other local cities (see chart at left) while the level of satisfaction with City services remains high.

These types of prudent policies and conservative financial planning put the City in its current healthy condition and keep our per capita tax collections lower than many other local cities (see chart on page 4).

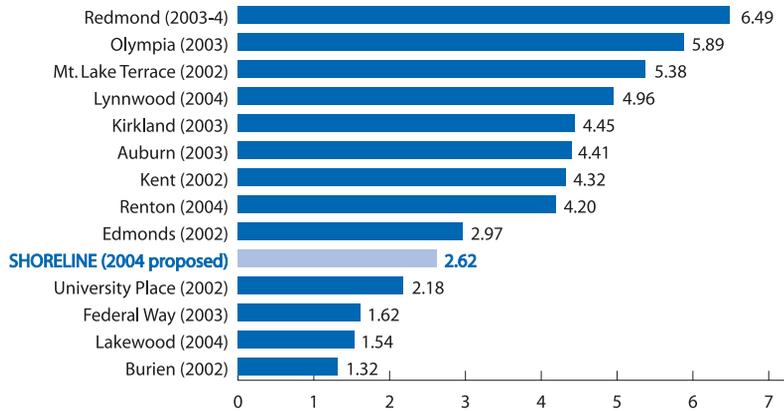
But according to projections, the coming years may require tougher choices.

The City will continue to look for ways to provide optimum services at minimum cost (see the story on the next page). But beyond 2004, the City Council and Shoreline residents may have to make hard decisions about what services the City provides, at what levels those services are provided and how we as a community pay for them.

I am very confident, given our conservative financial approach, adequate reserves and the promising regional economic indications, that we will be able to develop a long-term financial strategic plan that will support our City vision of continuing to make Shoreline the best place to live, learn, work and play.

Comparing employees per capita

One of the ways to measure a city's efficiency is to look at how many staff members a city has per 1,000 residents. With 138 full-time equivalent employees and a population of nearly 53,000, the City of Shoreline has 2.62 employees per 1,000 residents, well below average for comparative local cities.



This chart does not include police, fire, utility or special program personnel.

Capital Improvement Program

The Capital Improvement Program (CIP) is a multi-year plan for large projects needed to restore, improve and expand publicly-owned assets. These include roads, sidewalks, trails, drainage, parks and buildings. The 2004 – 2009 CIP was adopted by the City Council in July and identified a total of 42 projects, many of which

will fulfill Council goals.

Several CIP projects will be completed during 2003 including: sidewalk improvements on NE 175th Street and 1st Avenue NE ; a signal on 15th Avenue NE at NE 165th Street; parking and frontage improvements at Paramount

[See Capital page 7](#)

The City of Shoreline is doing more with less

With stagnant revenue growth, the City has placed a high priority on providing the same or greater level of service without spending additional funds. The City Council and staff are always looking for ways to save and stretch City money.

"The City is in an excellent financial position for the economic period that we've just gone through and are currently experiencing," Shoreline Mayor Scott Jepsen said at a September City Council meeting during a budget discussion.

Mayor Jepsen credited the City's healthy financial position to good planning and conservative projections, and encouraged staff to continue to plan conservatively and explore creative solutions to future challenges.

Below are a few examples of these efforts that are included in the 2004 Proposed Budget.

- An employee group helped develop a new benefits policy with an estimated savings of approximately \$160,000 for 2004. Grants from the Association of Washington Cities focusing on employee wellness should also help to keep down the cost of the City's medical insurance premiums.

- The City has reduced the cost of jail services in 2004 by \$105,000. An interlocal agreement was developed with other cities to create cost effective alternatives to jail, develop a market for exchanging jail bed days with others in the region, and examine options for providing jail services

beyond 2010.

- By changing the method used by the City to pay for canine services, the Police department will save nearly \$100,000 annually.

- Public Works is increasing the level of right-of-way maintenance using cost savings from the janitorial services contract. Grass will be cut and removed from the right-of-way along with brush, debris and other vegetation three times in 2004 instead of twice as in past years.

- Public Works has also reduced the cost of electricity for the City's traffic signals by completing the LED Replacement project – saving an estimated \$25,000 in electric charges and maintenance costs in future years.

- The Parks, Recreation and Cultural Services Department is able to use additional revenues from successful recreation programs to fund an additional 200 hours of extra help.

- Capital budget funding is being re-directed from outside contracts to add two new staff to support various capital projects. A new capital projects manager will assist with the Aurora Corridor and Interurban Trail projects and a project assistant will help with grant reimbursement and tracking.

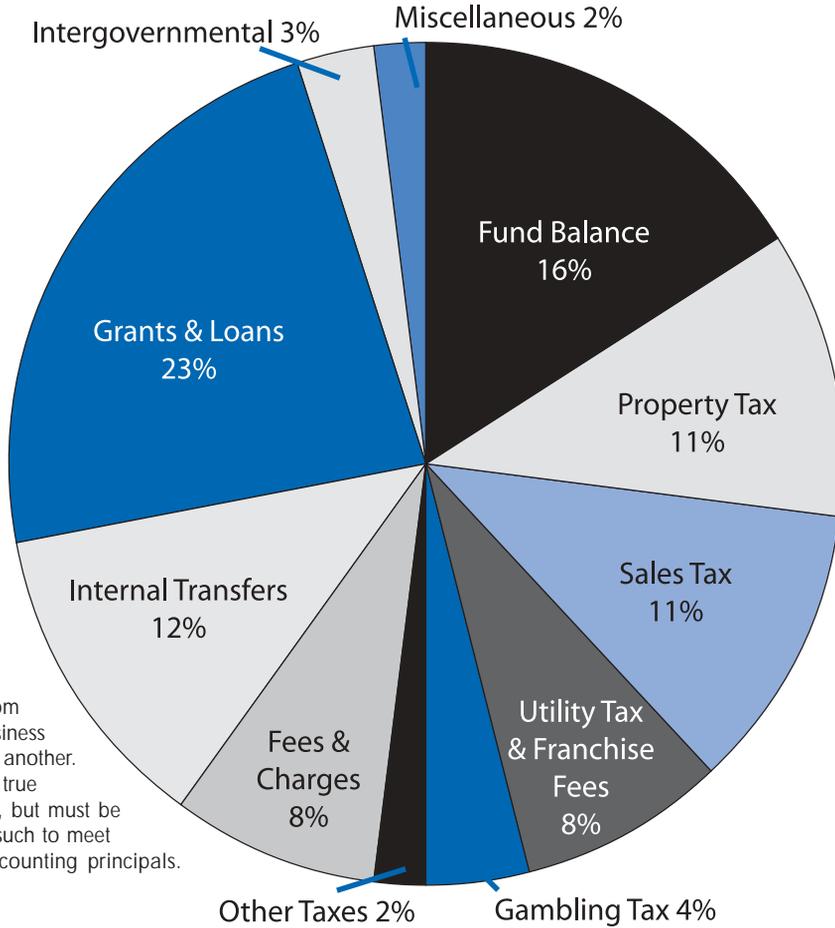
- The Police department has been awarded a grant from the Federal Emergency Management Agency (FEMA) to help fund a hazard mitigation analysis project.

- By shifting resources within the City Manager and City Attorney budgets, funding was found for a new full-time administrative assistant for the City Attorney's Office.

2003-2004 Council Work Plan

1. Work toward completing the Aurora Corridor and Interurban Trail projects
2. Enhance our program for safe and friendly streets
3. Update elements of the Comprehensive Plan including environmental, surface water, transportation and parks and open space
4. Improve storm drainage system at Ronald Bog and 3rd Avenue NW
5. Review and act upon the Bond Advisory Committee recommendations
6. Implement an active economic improvement plan
7. Implement the City Hall project
8. Implement Gateway Master Plan to enhance community identity
9. Support and pursue King County's proposed improvements to the solid waste transfer station

Where Shoreline's revenue comes from



Note: Internal Transfers are monies that are moved internally from one City business enterprise to another. They are not true expenditures, but must be reported as such to meet accepted accounting principals.

In 2004, the City of Shoreline projects it will receive \$49.7 million in revenue from a variety of sources. Approximately 44% of that comes from taxes. The largest sources are property, sales and utility tax.

Shoreline property tax

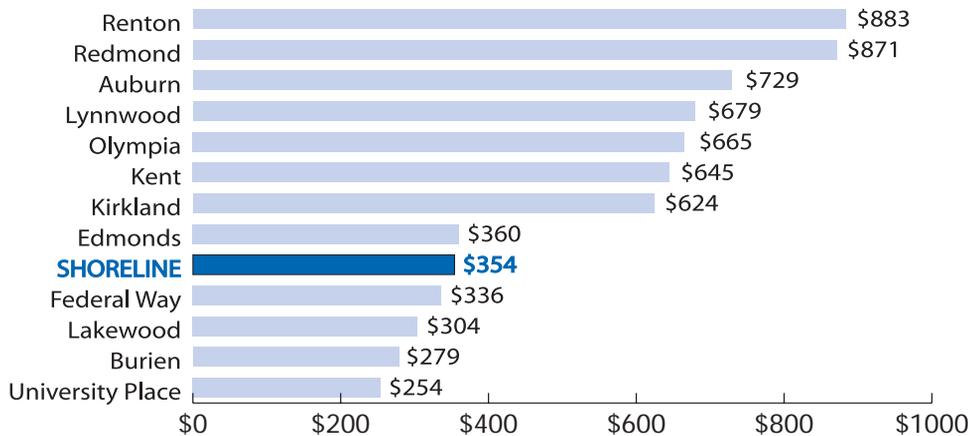
Property tax revenue for 2004 is budgeted at \$6,686,088 and represents 29.7% of the General Fund operating revenues. The 2003 budgeted property tax is \$6,567,756 and represented 29.7% of the adopted General Fund operating revenues. This \$118,332 increase over the 2003 tax is a result of new construction and a one-percent recommended levy increase. The one-percent levy increase is the maximum annual growth allowed since passage of Initiative 747. I-747 requires voter approval for any property tax levy increases in excess of one-percent.

The tax levy rate for 2004 is estimated at \$1.30 per \$1,000 valuation, a reduction from the 2003 rate of nearly 3.8%. The 2003 levy rate was 5% less than the 2002 rate. The primary reason for the decrease in rate is that the assessed value of property in the

[See Property Tax page 5](#)

Comparing Shoreline tax collections

One way to compare cities is by the amount of tax collected per capita. To determine this figure, the total tax collected is divided by the number of residents. In 2001, the City of Shoreline collected \$354 per capita from property tax, sales tax, utility tax, utility franchise fees and gambling tax.



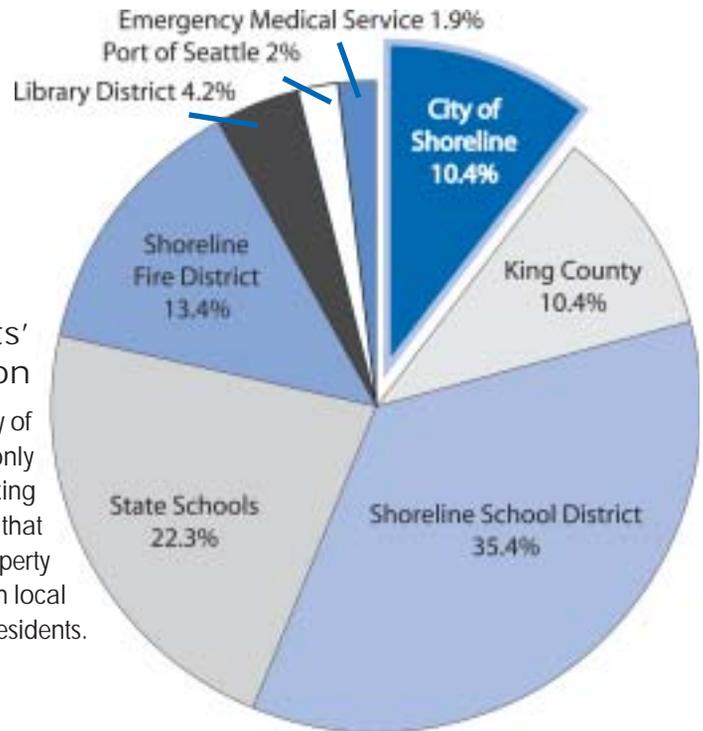
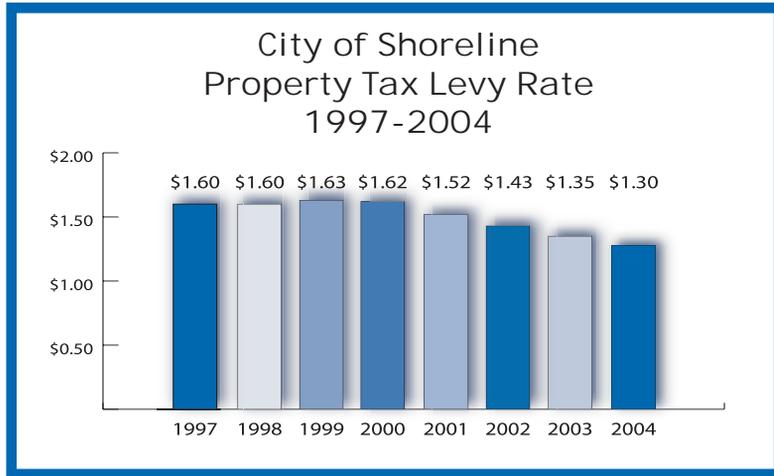
City of Shoreline property taxes [from page 4](#)

City has increased.

The assessed valuation for 2004 is estimated to be 5.7% more than the current level. The value for new construction for 2004 is estimated at \$35 million. The 2004 Proposed Budget includes the increases from the 1% levy increase, new construction and previous years' refunds.

For future years, we are projecting a 1.6% annual increase in property tax revenue. This increase includes the one-percent growth limit imposed by Initiative 747 and projected new construction value of \$35 million annually.

The charts on these pages provide a breakdown of City of Shoreline property taxes and a historical perspective of the City's property tax rate.



Shoreline residents' 2003 property tax allocation

The City of Shoreline is only one of the taxing agencies that collect property taxes from local residents.

Impact of property tax on typical City of Shoreline homeowner

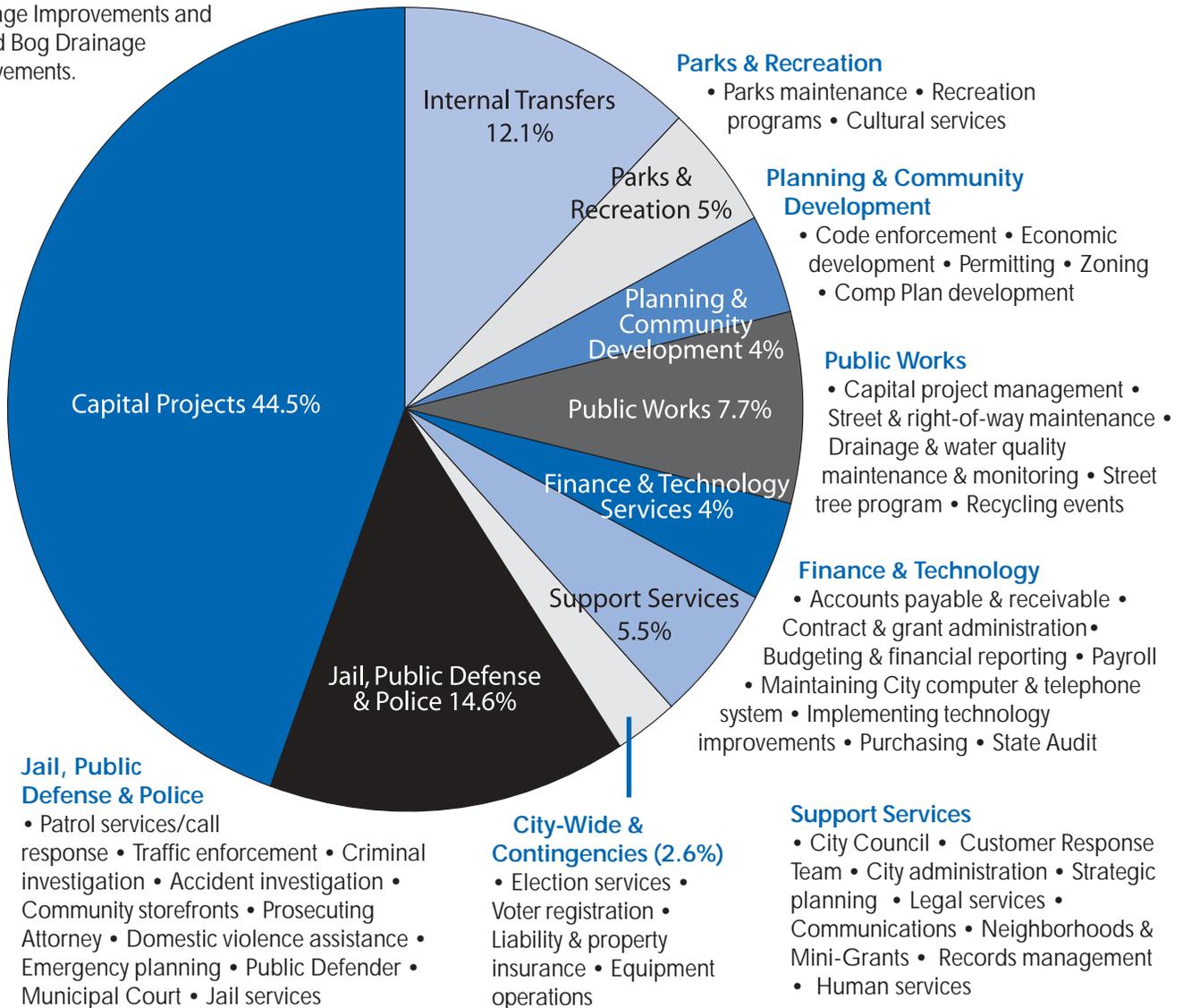
	Year	Home Value	City's Levy Rate	Annual Property Tax Paid to the City
	2003	\$262,000	\$1.35 Per \$1,000 of Value	\$354
	2004	\$276,934	\$1.30 Per \$1,000 of Value	\$360
Increase/Decrease		5.7%	-3.7%	\$6

How the City of Shoreline spends its money

The City provides a variety of services to the Shoreline community. The chart below illustrates how the City spends its resources and what services are provided.

Capital Projects restore, improve and expand publicly-owned assets such as roads, sidewalks, trails, drainage systems, parks and buildings. A major City focus since incorporation has been to improve our deteriorating infrastructure by investing in capital projects. Some of the major capital projects the City is working on include the Aurora Corridor Project, Interurban Trail, North City Business District/15th Ave. NE Corridor Improvements, Third Avenue Drainage Improvements and Ronald Bog Drainage Improvements.

Internal Transfers are monies that are moved internally from one City business enterprise to another. They are not true expenditures, but must be reported as such to meet accepted accounting principles. Note the correlation with the internal transfers portion of the revenue graph on page 4.



Capital Improvement Program [from page 2](#)

School Park; and improvements to the flooring and heating systems at the Shoreline Pool.

The capital budget for 2004 is \$26.3 million, and the 2004-2009 CIP totals \$130.1 million. Much of the capital improvement activity is funded through contributions from the General Fund, real estate excise tax (REET), fuel tax, federal grants and loans from the State Public Works Trust Fund.

2004 – 2009 CIP Highlights

- The **Aurora Corridor**

Project is intended to improve safety, traffic flow, transit operations, drainage systems and economic vitality of the corridor. The 145th to 165th segment has a total project cost of \$25 million with \$21.7 million funded by federal, state and county grants. The 2004 budget includes \$2.7 million for final design and right-of-way acquisition.

- The **Interurban Trail**

Project will develop the former Interurban Rail Line into a non-motorized trail. The first segments of the project (145th to 175th and 192nd to 205th) total \$5.3 million with \$1.7 million budgeted for 2004. About \$3.6 million of the total costs will be paid for by grants and funds from other agencies. The trail will also include a pedestrian crossing estimated to cost \$3.6 million with \$384,000 to be spent in 2004. Grants will fund 85% of the crossing.

- The **North City Business/15th Avenue NE Improvements Project** is estimated to cost \$6.3

million with \$3.3 million to be spent in 2004.

This project includes improvements to the business district, traffic and safety enhancements along the corridor and neighborhood traffic mitigation.

- The 2004 CIP budget provides for the continuation of the **Neighborhood Traffic Safety Program** with \$161,000 for capital improvements and \$50,000 within the operating budget for increased traffic enforcement.

- **Annual Road and Sidewalk Preservation projects** are funded at \$900,000 for 2004 and \$700,000 in future years.

- The CIP contains funding for several **Master Plans** including an update of the City's Recreation and Open Space Plan, and Master Plans for Transportation and Surface Water. The plan updates began in 2003 with completion expected by mid-2004. The total amount for these updates is \$635,000, with \$256,000 allocated in 2004.

- The **Ronald Bog Drainage Improvements** and **Third Avenue Drainage Improvements Projects** will help reduce local flooding. Ronald Bog totals \$6.2 million with \$297,000 budgeted for 2004; a state Public Works Trust Fund Loan (PWTFL)



Construction on the first segment of the Interurban Trail between North 145th and 155th Streets began in August 2003.

will fund 66% of this project. Third Avenue totals \$3.6 million with \$702,000 budgeted in 2004; a PWTFL will fund 54% of this project.

- The CIP budget includes \$103,000 for construction of two **City Gateways** in 2004.

- **Spartan Gym Renovations** including construction of multi-purpose rooms and support facilities are funded at \$117,000 in the 2004 CIP budget.

- Two **Park Master Plans** are also included in the CIP. A Master Plan and improvements to Cromwell Park at a projected cost of \$505,000 with \$68,000 to be expended in 2004 and a Master Plan for Richmond Beach Saltwater Park costing \$409,000 with \$62,000 budgeted for 2004.

Who, what, where in the City of Shoreline

City of Shoreline

Shoreline City Hall
17544 Midvale Avenue N.
Shoreline, WA 98133-4921
(206) 546-1700
Fax (206) 546-7868

City Hall Annex
Home of: • Planning and
Development Services Department
• Public Works Department
Highland Plaza
1110 N. 175th St., Suite 105
Shoreline, WA 98133



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City Council

City Councilmembers
Mayor Scott Jepsen
Deputy Mayor Kevin Grossman
John Chang
Rich Gustafson
Ron Hansen
Linda Montgomery
Bob Ransom

Meeting Location
Shoreline Conference Center
18560 First Ave. NE
Mt. Rainier Room

Workshop Meetings
First and third Mondays
beginning at 6:30 p.m.

Regular Meetings
Second and fourth Mondays
beginning at 7:30 p.m.

Agenda Line
(206) 546-2190

Televised City Council Meetings
Cable Channel 21
Wednesday through Sunday
6 a.m., noon and 8 p.m.

Shoreline Police

Emergency: 911

Shoreline Police Station
Chief Denise Pentony
1206 N. 185th St.
Shoreline, WA 98133
(206) 546-6730

Westside Neighborhood Police Ctr.
Officer Leona Obstler
624 NW Richmond Beach Road
Shoreline, WA 98177
(206) 546-3636

Eastside Neighborhood Police Ctr.
Officer Angela Holland
521 NE 165th St.
Shoreline, WA 98155
(206) 363-8424

Review the Budget

Shoreline's 2004 Proposed Bud-
get is available for review at City
Hall, Shoreline Police Station, both
Neighborhood Police Centers,
Shoreline Library (342 NE 175th
St.) and Richmond Beach Library
(19601 21st Ave. NW).



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