

CITY OF SHORELINE CURRENTS

November 2002 Vol. 4 No. 5

City Council Budget Meeting Schedule

Tuesday, Nov. 12, 7:30 p.m.
Public Hearing on Revenue Sources & Property Tax

Monday, Nov. 18, 6:30 p.m.
Budget Review Workshop

Monday, Nov. 25, 7:30 p.m.
Adoption of 2003 Budget & 2003 Property Tax Levy

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.

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SPECIAL 2003 BUDGET ISSUE

Conservative financial planning prepares City of Shoreline for tight economy

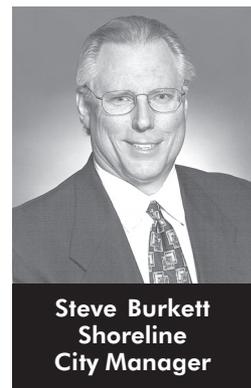
The 2003 Proposed Budget details how the City will use its declining resources to keep the community safe, enhance Shoreline's quality of life and maintain and develop facilities, parks, roads and storm drainage systems.

This budget supports the Community Vision, Values and Critical Success Factors, and 2002-2003 Council Work Plan developed by the City Council at its budget and planning retreat held earlier this year. Following this direction, the proposed budget places primary emphasis on reducing expenditures while maintaining current services, investing in capital projects and enhancing economic development.

The 2003 Proposed Budget reflects the first year in which General Fund revenues are lower than the previous year. Shoreline, like the rest of the Puget Sound area, faces more financial constraints this year than in any year since incorporation.

Because of these constraints, we reduced some lower-priority services and changed the way we provided other services to reduce costs. With this careful planning, we are able to present a balanced budget with no new tax revenue sources and yet maintain current City services. We have even been able to increase the level of some services that are of the highest priority to our community.

The 2003 Proposed Budget outlines resources and services for the next year, but also raises important financial planning issues that Council and staff will need to address over the next two years. These issues include further review of the priority of City services and balancing those service needs with our financial resources. As we look to the future, the City will be challenged to increase revenue sources, reduce services or use both strategies to balance future budgets.



Steve Burkett
Shoreline
City Manager

The City of Shoreline's financial outlook

Our Economic Position

- The City's current financial condition is excellent due to the City Council's conservative budgeting over the past five years.
- Revenue collections have exceeded expenditures as a result of conservative financial planning, efficient management, modest budget increases and resisting using budget savings to fund on-going operations.
- The 2003 Proposed Budget includes an operating surplus of approximately \$130,000.
- In 2003, the City expects operating revenues to decline 3.3% and operating expenditures to decline 4.4%.

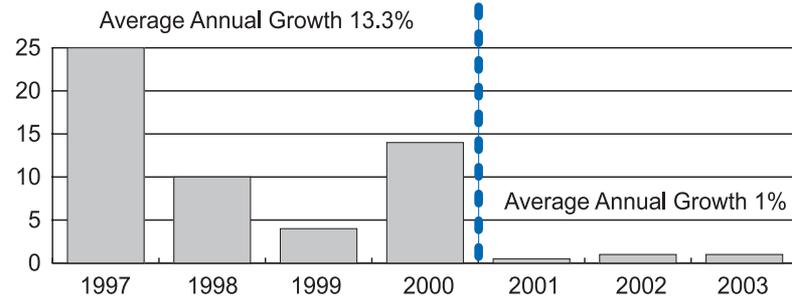
Factors that affect Shoreline's budget

- Beginning in 2003, Shoreline will lose approximately \$1.5 million per year of state revenue since the state legislature eliminated the Motor Vehicle Excise Tax (MVET) replacement revenue.
- Property tax revenues will grow by less than 2% as a result

2003 Proposed Budget at a glance

- Totals \$44.5 million
- 2003 Proposed Budget is 1.4% greater than the 2002 Amended Budget
- Operating expenditures decreased by \$1.55 million or 4.4% from 2002 to 2003
- Capital expenditures are projected to increase by \$2.3 million or 27.1%. The increase is related to moving forward on some of the major projects in the City's Capital Improvement Program.

Shoreline's sales tax growth



of Initiative 747 (I-747) and reduced development activity.

- Annual sales tax is projected to grow 1% in 2003. Sales tax annual growth averaged 13.3% prior to 2001.

- Utility tax revenues are projected to grow by 13% as a result of increased collections from telephone and garbage utilities.

- Franchise fees are projected to increase by \$725,000 or 43%, primarily a result of the new franchise agreement with Ronald Wastewater District.

- Budget deficits at the state and county level put pressure on cities to fund services and programs that are eliminated by these jurisdictions.

- Passage of Initiative 776 would eliminate approximately \$500,000 in annual street maintenance revenue for the City — approximately 30% of the street operations budget. I-776 would eliminate the local \$15 vehicle license fee collected by King County and distributed to cities on a per capita basis. If I-776 passes, the City would likely need to reduce annual road and sidewalk preservation, street sweeping and street tree maintenance.

- Health Insurance Premiums: The City has seen health care in-

surance costs increase by nearly 30% since 2001. This is reflected as a 13% increase in 2002 and a projected 17% increase in 2003.

Our future

- Operating revenues are projected to grow on average by 1.6% annually over the next six years, while operating expenditures are projected to grow by 3.5% annually.

- Expenditure growth outpacing revenue growth leads to projected operating budget deficits starting in 2004.

What we are doing

- In 2003, the City reduced operating costs by \$300,000 to fund higher priority services and create an operating budget surplus of \$130,000. To prevent operating deficits in the future, the City will be considering the following options:

- Reduce expenses and services further.
- Do fewer capital projects and use the savings to maintain services.
- Increase taxes and fees.
- Use some of our "rainy day" reserves.
- Use a combination of the above strategies to keep the budget balanced and our financial position strong.

Proposed changes in the 2003 operating budget

The net impact of the most significant budget changes is a \$180,000 reduction in on-going operating costs. Changes include:

- **Traffic enforcement:** The 2003 Proposed Budget recommends replacing a vacant street crime detective position with a traffic enforcement officer position.

- **Traffic engineering:** By eliminating a vacant position and reducing contract traffic engineering services to hire a traffic engineer and a traffic engineering technician, the City can save \$14,000.

- **Police contract:** The City's contract with King County Sheriff's Office will increase by \$77,765 or 1%. One of the primary reasons for the low growth rate is the City's change to purchasing canine services on an as-needed basis. This change reduced anticipated costs by \$117,000.

- **Capital project staff:** The 2003 Proposed Budget includes hiring an engineering technician and administrative assistant funded by the Capital Improvement Program and eligible to be charged against appropriate grants.

- **Legal services:** To help the City meet increasing legal

needs, the City proposes hiring a three-quarter time assistant city attorney and reducing contract legal services.

- **Major budget reductions** totaling \$185,000 include reducing or eliminating funding for subarea plans, technology plan training, records management software, contract code enforcement, on-call biologist services and street sweeping.

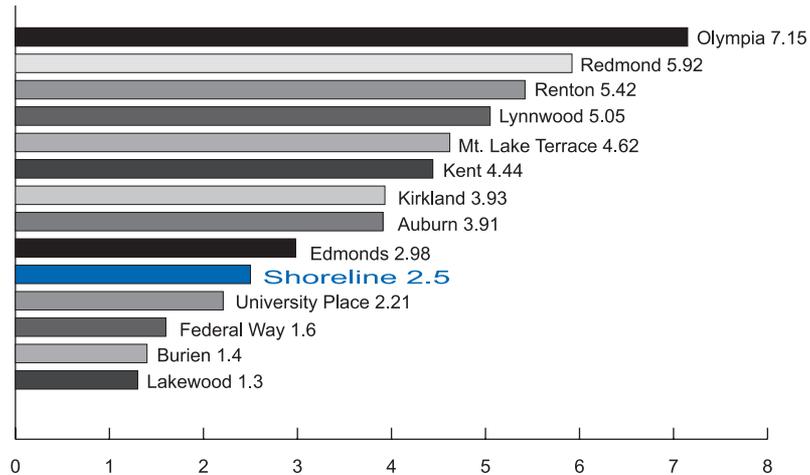
- **One-time expenditures** in the 2003 Proposed Budget total \$1.077 million. The largest portion is the allocation of \$1 million in General Fund reserves to the City Hall project, included in the City's CIP. This will provide a total of \$4 million that can be applied toward this project. Other one-time expenditures total \$77,000 and include the cost of two maintenance vehicles at \$51,000 and funding for start-up costs for the new positions previously discussed at \$26,500.

2002 - 2003 Council Work Plan

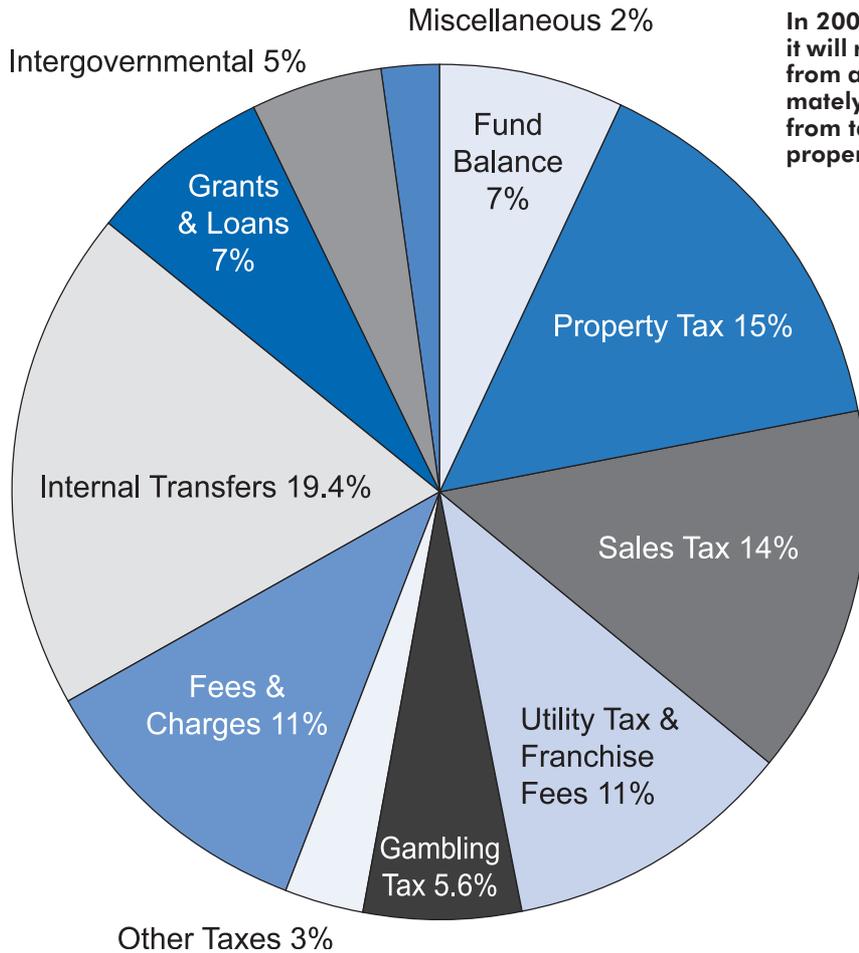
1. Work towards completion of Aurora Corridor and Interurban Trail
2. Implement Economic Development Program
3. Improve parks, streets and drainage systems
4. Implement City Hall Plan
5. Support and pursue King County Solid Waste Transfer Station
6. Evaluate the financial options to acquire and land bank property intended for redevelopment
7. Establish a Shoreline Citizen's Board Advisory Committee to review and make recommendations regarding financing Capital Projects
8. Develop a water quality and environmental program to comply with state and federal regulations
9. Implement Gateway Master Plan to enhance community identity

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 128 full-time equivalent employees and a population of just over 53,000, the City of Shoreline has 2.5 employees per 1,000 residents, well below average for comparative local cities. To make the comparison even, staff for fire, police, utilities and enterprise operations were excluded in the chart below.



Where Shoreline's revenue comes from



In 2003, the City of Shoreline projects it will receive \$44.5 million revenue from a variety of sources. Approximately 49% of that revenue comes from taxes. The largest tax sources are property, sales and utility taxes.

Proposed fee increases

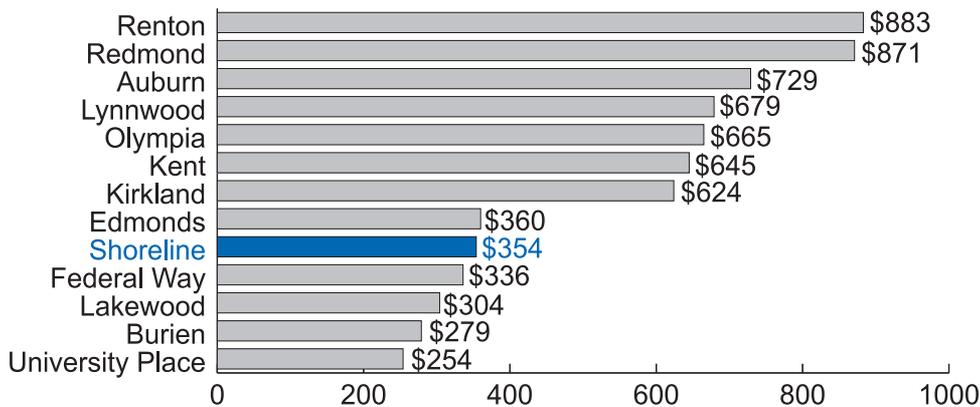
To continue the City Council's 1999 action to systematically review and adjust all service fees, the 2003 Proposed Budget includes inflationary adjustments to land use and non-building permit fees, and market adjustments to some recreational fees.

The most significant fee change is a proposed 20% increase in surface water fees. The fee increase will pay to operate and maintain the City's storm sewer system. Examples of projects funded by these fees include the Ronald Bog and Third Ave. NW Drainage Improvement projects (see page 7).

King County implemented a similar increase in 2001 in unincorporated parts of the county. This fee increase will result in residential rates going from \$85 per year to \$102 per year. Shoreline's Capital Improvement Program includes funding for a Surface Water Master Plan to be completed by 2004 that will assess long-term revenue needs for the storm sewer system.

Comparing 2001 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. Some cities in the chart below also receive business and occupation tax which is not assessed in Shoreline.



A look at property tax in Shoreline

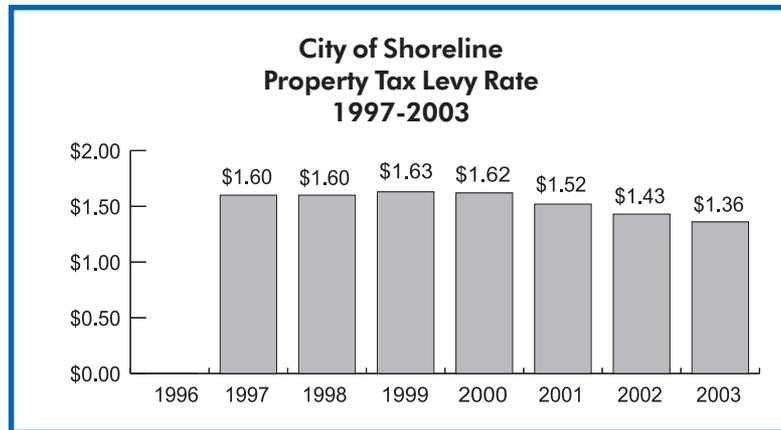
The proposed City of Shoreline 2003 property tax levy rate is \$1.36 per \$1,000 of assessed value, which is 5.5% below the current rate of \$1.43. The annual levy rate has been dropping for the last four years.

The proposed levy rate is applied to the City's total taxable property value to determine the annual property tax levy. The city cannot increase its annual levy by more than 1% without voter approval.

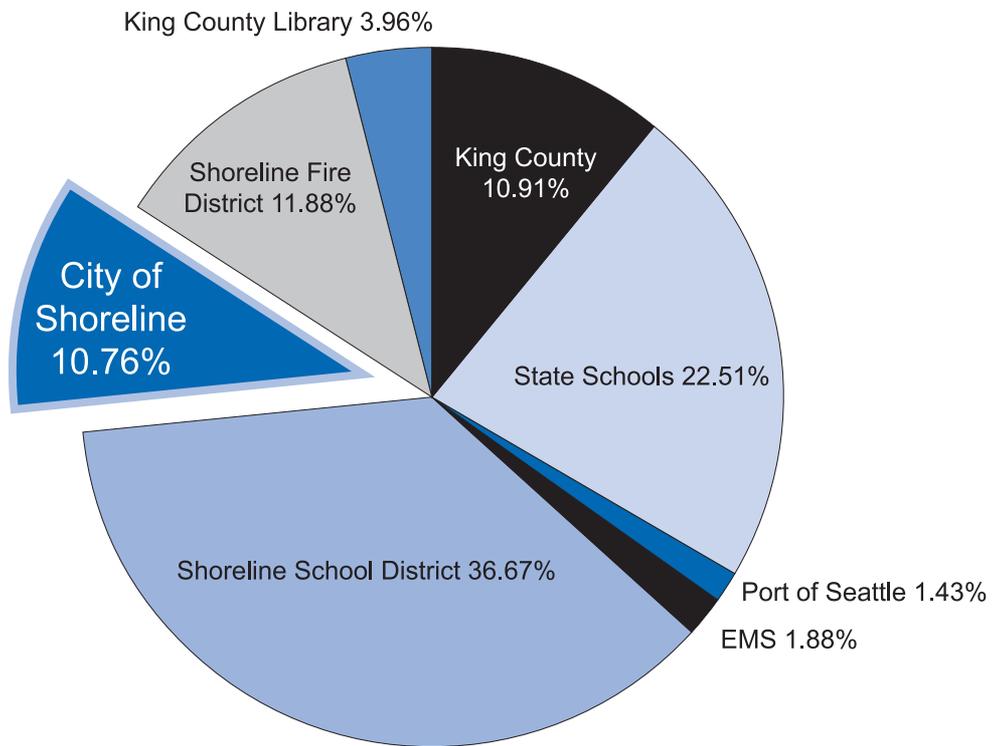
This limitation does not apply to any new construction that occurs during the year. The King County Assessor's Office has estimated that Shoreline's total taxable property value has increased by 6.5%, causing the City's levy rate to fall by 5.5% to \$1.36.

Where does your property tax go?

The City of Shoreline is only one of the taxing agencies that collect property taxes from local residents. Typically, the City receives about 11% of the total property taxes paid in Shoreline.



2002 allocation of Shoreline residents' property taxes



Impact of property tax on typical City of Shoreline homeowner

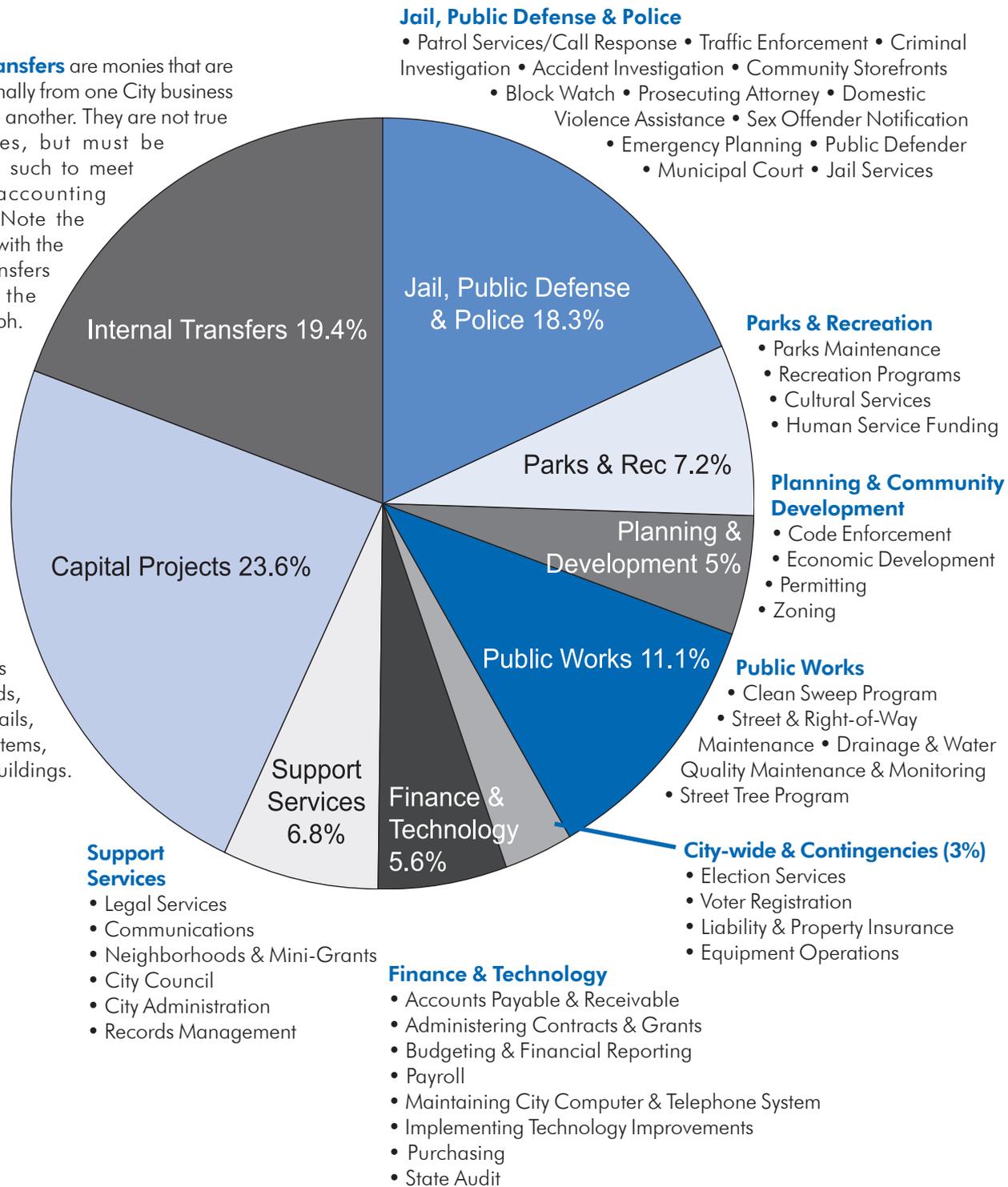
Year	Home Value	City's Levy Rate	Annual Property Tax Paid to the City
2002	\$220,000	\$1.43 Per \$1,000 of Value	\$317.46
2003	\$236,430	\$1.36 Per \$1,000 of Value	\$321.54
Average Increase/Decrease	6.5%	-5.5%	1.3%

How the City of Shoreline spends its money

The City provides a variety of services to the Shoreline community. The graph below illustrates how the City divides its resources and what services those divisions provide.

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. Note the correlation with the internal transfers portion of the revenue graph.

Capital Projects restore, improve and expand publicly-owned assets such as roads, sidewalks, trails, drainage systems, parks and buildings.



- Jail, Public Defense & Police**
- Patrol Services/Call Response • Traffic Enforcement • Criminal Investigation • Accident Investigation • Community Storefronts
 - Block Watch • Prosecuting Attorney • Domestic Violence Assistance • Sex Offender Notification
 - Emergency Planning • Public Defender
 - Municipal Court • Jail Services

- Parks & Recreation**
- Parks Maintenance
 - Recreation Programs
 - Cultural Services
 - Human Service Funding

- Planning & Community Development**
- Code Enforcement
 - Economic Development
 - Permitting
 - Zoning

- Public Works**
- Clean Sweep Program
 - Street & Right-of-Way Maintenance • Drainage & Water Quality Maintenance & Monitoring
 - Street Tree Program

- City-wide & Contingencies (3%)**
- Election Services
 - Voter Registration
 - Liability & Property Insurance
 - Equipment Operations

- Support Services**
- Legal Services
 - Communications
 - Neighborhoods & Mini-Grants
 - City Council
 - City Administration
 - Records Management

- Finance & Technology**
- Accounts Payable & Receivable
 - Administering Contracts & Grants
 - Budgeting & Financial Reporting
 - Payroll
 - Maintaining City Computer & Telephone System
 - Implementing Technology Improvements
 - Purchasing
 - State Audit

Shoreline's Capital Improvement Program

The Capital Improvement Plan (CIP) is a multi-year plan for large projects needed to restore, improve and expand publicly-owned assets. These include roads, sidewalks, trails, drainage systems, parks and buildings. The 2003-2008 CIP was adopted by City Council in July and identifies 15 projects and proposed funding for improvements over the next six years. The CIP is updated annually to reflect changes.

Several CIP projects were completed in the past year, including: skate board park and renovations to Paramount School Park; construction of a new "Little League" baseball field, parking lot, restroom and children's play area at Shoreview Park; improvements to Shoreline Pool; and renovation of Richmond Highland "REC" Center.

The CIP for 2003-2008 totals \$85.5 million with \$10.5 million earmarked for expenditure in 2003. Much of the money to fund these projects comes from transfers from the City's General Fund, from the Real Estate Excise Tax (REET), federal grants and Washington State Public Works Trust Fund loans.

2003-2008 CIP Highlights

• **Aurora Corridor 145th to 165th Project** is intended to improve safety, traffic flow, transit operations, drainage systems and economic vitality of the corridor. The project is funded at \$30.8 million in the six-year plan. Approximately \$1.7 million is budgeted for 2003 for final design and right-of-way acquisition.

• **Interurban Trail Project** will develop the former Interurban Rail Line into a non-motorized trail. The project totals \$5.2 million with \$2.9

million budgeted for 2003. About \$3.2 million of the total cost will come from grants and funds from other agencies with the remaining \$2 million funded by the City. Part of the Interurban Trail will include a pedestrian crossing estimated to cost \$3.6 million with \$500,000 to be spent in 2003. Grants will fund 93% of this project.

• **City Hall Project** is one of the City Council's priorities. The project cost estimate of \$15.1 million is included in the six year CIP. This figure is a very preliminary estimate because the project is in the early stage of planning. The City will determine space needs and select a site this year with design planned for 2003 and construction scheduled in 2004.

• **15th Avenue NE Improvement Project** is estimated to cost \$6.5 million over six years with \$900,000 to be spent in 2003. This project includes improvements to the North City Business District, traffic and safety enhancements along the corridor and neighborhood traffic mitigation.

• **Gateway Master Plan** to enhance community identity totals \$300,000 in the six-year plan with \$100,000 budgeted for 2003.

• **Spartan Gym Renovation** funding is included in the plan to complete work on this facility. The facility is owned by the Shoreline School District and the City will fund improvements totaling \$650,000 in 2003 including design and construction of multi-purpose rooms and support facilities such as a utility kitchen and locker

room upgrades.

• **Cromwell Park Master Plan and Improvements** are budgeted at \$505,000 over the six-year plan and \$35,000 for 2003. This park is in poor condition and



One example of a Shoreline capital improvement project is the renovation of Paramount School Park. Improvements to the park included the new skate board park which opened Oct. 11.

suggested improvements include upgrading existing play areas, ballfields, accessible paths and amenities, adding a restroom, irrigation and drainage improvements, tennis courts, parking and landscape upgrades.

• **Ronald Bog Drainage Improvements** are included in the plan to reduce flooding in the area. The six-year plan includes \$6.2 million with \$500,000 budgeted for 2003. A Public Works Trust Fund loan will be used to help fund this project.

• **3rd Avenue NW Drainage Improvements** are also included in the plan to reduce flooding in this area. A total of \$3.5 million is budgeted over six years with \$100,000 to be spent in 2003. A Public Works Trust Fund loan will be used to help fund this project.

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 Charlie Akers
521 NE 165th St.
Shoreline, WA 98155
(206) 363-8424

Review the Budget

Shoreline's 2003 Proposed Budget
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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