

RESOLUTION NO. 389

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, PROVIDING FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF SHORELINE AT THE NOVEMBER 8, 2016 GENERAL ELECTION OF A PROPOSITION AUTHORIZING THE CITY TO INCREASE ITS REGULAR PROPERTY TAX LEVY ABOVE THE LIMIT OTHERWISE ALLOWED BY RCW 84.55.010 TO FUND PUBLIC SAFETY, PARKS OPERATIONS, AND COMMUNITY SERVICES; SETTING FORTH THE BALLOT PROPOSITION; DIRECTING THE CITY CLERK TO CERTIFY TO THE KING COUNTY AUDITOR THIS RESOLUTION FOR THE AUDITOR TO PLACE THE PROPOSITION ON THE NOVEMBER 8, 2016 BALLOT; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

WHEREAS, the City of Shoreline is an optional code city, located in King County, Washington, duly organized and existing pursuant to the laws of the State of Washington; and

WHEREAS, the City is authorized to levy a permanent regular property tax not to exceed the rate of \$1.60 per \$1,000 of assessed value permitted by statute; and

WHEREAS, RCW 84.55.005 - .0101 limits the incremental increase in property tax revenues to the City to a rate that has been less than the actual rate of inflation for the costs of providing services to the citizens of the City, causing total projected budget deficits over the next six years of over \$5.8 million despite cost saving measures and efficiencies in City government; and

WHEREAS, the City's regular property tax levy rate was \$1.48 per \$1,000 assessed valuation in 2011, that rate has fallen to \$1.33 per \$1,000 assessed valuation in 2016 and that rate is projected to fall further in 2017; and

WHEREAS, RCW 84.55.050 authorizes the voters of a City to permit the levy of taxes in excess of the levy limitations in RCW 84.55.010; and

WHEREAS, the City Council desires to address these ongoing deficits by allowing the electors to approve or reject a proposition under RCW 84.55.050(2), authorizing the City Council to levy the City's regular property tax in an amount that exceeds the incremental limit factor that would otherwise be prescribed by RCW 84.55.010; and

WHEREAS, to fund a portion of the cost of the basic public safety programs, including crime prevention and jail costs, and to fund a portion of the cost of maintaining and operating parks and community services, the proposition should authorize: 1) an increase in the City's regular property tax levy by up to an additional six cents (\$0.06) per \$1,000 of assessed valuation (to a total rate not to exceed of \$1.39 per \$1,000 of assessed valuation) for collection in 2017; 2) an increase in the regular property tax levy by the June to June

Seattle/Tacoma/Bremerton CPI-U annual inflation rate for each of the succeeding five (5) years; and 3) use of the dollar amount of the 2022 levy for calculating subsequent levy limits;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. The Council hereby finds that, if approved, the levy will not supplant existing funds used to pay costs of basic public safety programs, including jails and crime prevention, and costs of maintaining and operating parks, recreation, pool, and community services. For purposes of this finding, existing funds means the actual operating expenditures for 2016 calendar year and excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the City, and major nonrecurring capital expenditures. Pursuant to RCW 84.55.050(2), an election is hereby requested to be called, conducted, and held within the City of Shoreline on November 8, 2016, for the purpose of submitting to the qualified voters of the City, for their ratification or rejection, a proposition approving a six (6) year increase in the City's regular property tax levy exceeding the limit factor provided in RCW 84.55.005-.0101 to fund a portion of the cost of basic public safety programs, including jails and crime prevention, and to fund a portion of maintaining and operating parks, recreation, pool, and community services as more specifically described in Section 2 below.

Section 2. The proposition shall propose an increase in the City's regular property tax levy by up to six cents (\$0.06) per \$1,000 of assessed valuation to a total rate not to exceed \$1.39 per \$1,000 of assessed valuation for collection in 2017. The proposal shall also authorize an increase in the levy limit factor as allowed by chapter 84.55 RCW for each of the five (5) succeeding years (2018-2022) by the inflation rate of the Consumer Price Index for all Urban Consumers for the Seattle-Tacoma-Bremerton Area (1982-84=100) published for June. Finally, the proposition shall authorize the use of the dollar amounts of the 2022 levy for the base in computing the maximum levy that may be imposed in years after 2022.

The City Council shall determine the basic public safety programs and parks, recreation, pool, and community services to be funded as well as the timing, order and manner of funding these programs and services. The City Council shall determine the application of moneys available for these programs and services, including the final funding amount for each, so as to accomplish, as nearly as may be, the programs and services described. If the City Council, by ordinance, shall determine that it has become impractical to fund any portion of the planned programs or services by reason of changed conditions, including without limitation due to costs substantially in excess of the amount of tax levies and other City funds estimated to be available, the City shall not be required to fund such portions. If all of the planned programs and services have been duly provided for, or found to be impractical, the City may apply the levy proceeds (including earnings thereon) or any portion thereof to other City purposes as the Council, by ordinance and in its discretion, shall determine.

Section 3. The City Clerk is hereby authorized and directed, not later than August 2, 2016 prior to the general election date requested hereunder, to certify the proposition to the King County Records, Elections and Licensing Services Division, as *ex-officio* Supervisor of Elections in King County, Washington, in substantially the following form:

CITY OF SHORELINE PROPOSITION 1

BASIC PUBLIC SAFETY, PARKS & RECREATION, AND COMMUNITY SERVICES MAINTENANCE AND OPERATIONS LEVY

The Shoreline City Council adopted Resolution No. 389 concerning basic public safety, parks and recreation, and community services. If approved, this proposition would restore Shoreline’s levy rate to help fund police/emergency protection including neighborhood patrols and crime prevention; preserve parks, trails, playgrounds/playfields and Shoreline pool; and maintain community services including senior center and youth programs.

This proposition would set Shoreline’s maximum property tax rate to \$1.39/\$1,000 of assessed valuation for collection in 2017; set the limit factor for 2018-2022 at 100% plus annual inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES[]

NO[]

Section 4. The City Manager and City Attorney are authorized to make such minor adjustments to the wording of such proposition as may be recommended by the King County Records, Elections, and Licensing Services Division, so long as the intent of the proposition remains consistent with the intent of this Resolution.

Section 5. The King County Records, Elections, and Licensing Services Division, as the City’s *ex officio* Supervisor of Elections, is hereby requested to call and conduct said election on November 8, 2016, and submit to the qualified electors of the City the proposition set forth herein. The King County Records, Elections, and Licensing Services Division shall conduct the election, canvas the vote, and certify the results in the manner provided by law.


Section 6. If any one or more sections, subsections, or sentences of this Resolution are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this Resolution and the same shall remain in full force and effect.

Section 7. This Resolution shall take effect and be in full force immediately upon passage by the City Council.

ADOPTED BY THE CITY COUNCIL ON JULY 25, 2016.


Mayor Christopher Roberts

ATTEST:


Jessica Simulcik Smith
City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Resolution No. 389 - Providing for the Submission to the Qualified Electors of the City of Shoreline at an Election to be Held on November 8, 2016, a Proposition Authorizing the City to Increase its Regular Property Tax Levy Above the Limit Established in RCW 84.55.010 to Fund Public Safety, Parks Operations, and Community Services
DEPARTMENT:	Administrative Services Department
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
ACTION:	<input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

On July 11, 2016 the City Council reviewed proposed Resolution No. 389 (Attachment A) and directed staff to finalize the resolution and ballot language for potential adoption tonight. If adopted by the City Council, proposed Resolution No. 389 would submit a ballot measure to the Shoreline voters that if approved would reset the City's 2017 general property tax levy rate to \$1.48 per \$1,000 of assessed valuation, allow for annual levy increases up to the rate of inflation (Seattle CPI-U) for the years 2018-2022, and use the 2022 levy amount to calculate subsequent levy limits. On July 12, 2016, City staff received updated information from the King County Assessor regarding the projected assessed valuation increase for the purpose of establishing 2017 tax levies. The Assessor is projecting a 10% valuation increase for Shoreline, which is substantially higher than the 3.1% valuation increase used in the City's financial projection and used for establishing the \$1.48 rate. As such, the City Manager is recommending that Council amend the recommended ballot language to change the rate from \$1.48 to \$1.39 for 2017. Further information is provided in this staff report and included in Attachment B.

RESOURCE/FINANCIAL IMPACT:

Staff estimates election costs associated with placing the Levy Lid Lift renewal measure on the ballot at approximately \$60,000, which is appropriated in the 2016 operating budget.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 389, with amendments recommended by the City Manager as discussed in this staff report and in Attachment B, placing renewal of the property tax levy lid lift on the November 8, 2016 general election ballot to set the City's property tax levy rate to \$1.39 per \$1,000 assessed

valuation in 2017, setting the annual maximum increase for property tax levies for 2018 through 2022 at the Seattle Consumer Price Index for all Urban Consumers (CPI-U), and using the 2022 levy as the base for future year levies.

Approved By: City Manager **DT** City Attorney **MK**

INTRODUCTION

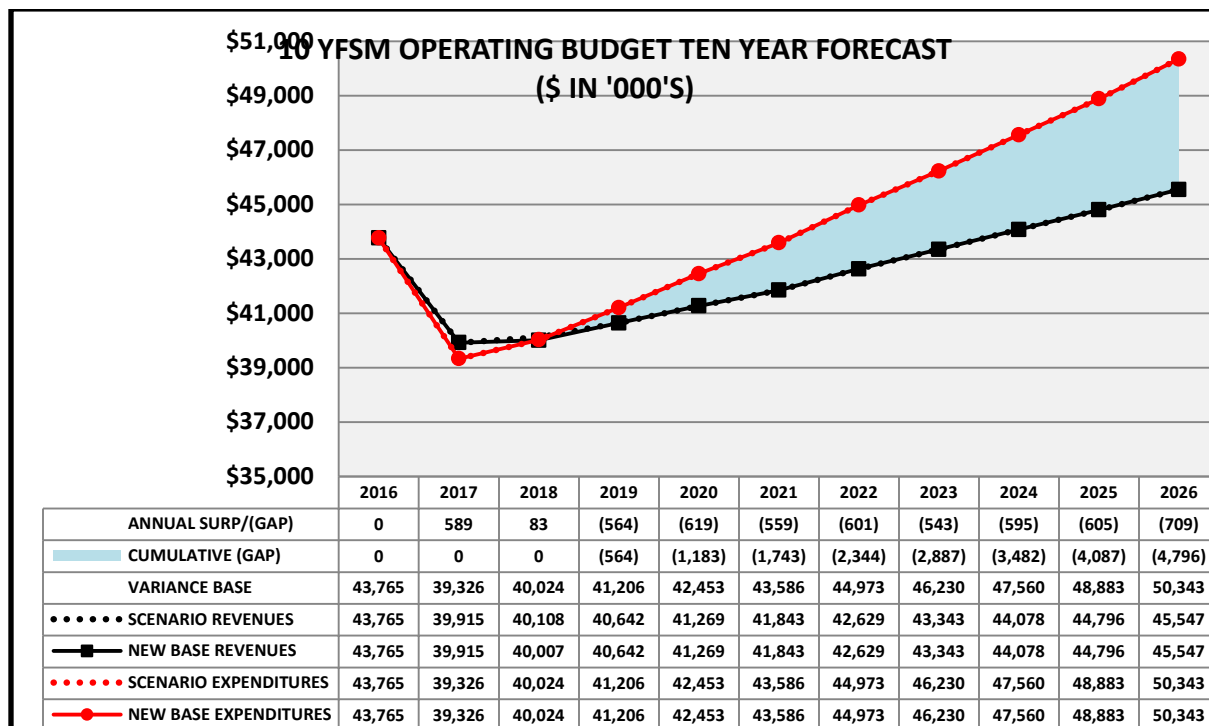
The 10 Year Financial Sustainability Plan (10 YFSP) accepted by Council on June 16, 2014 prioritized seven strategies to reduce projected future potential revenue and expenditure gaps (staff report available at the following link:

<http://www.shorelinewa.gov/home/showdocument?id=19755>). Strategy #7 of the 10 YFSP was the potential renewal of the Levy Lid Lift. On June 13, 2016 staff provided Council with an update to the 10 YFSP including a summary of the results of the City Manager's engagement of the public through the Financial Sustainability Citizens Advisory Committee (FSCAC). The staff report for the update is available at the following link:

<http://www.shorelinewa.gov/uploads/attachments/cck/council/staffreports/2016/staffreport061316-9a.pdf>

The City Council then directed staff to bring back a resolution for potential consideration of placing a levy lid lift renewal on the November 8, 2016 general election ballot.

Without renewal of the levy lid lift, the operating budget 10-year forecast chart from the 10 Year Financial Sustainability Model (10 YFSM) projects potential budget gaps to occur beginning in 2019 with a cumulative size totaling \$21.087 million over the 10-year forecast period. The potential budget gaps reflect that projected revenues will be less than projected costs to maintain current service levels. The revenue projections are based on the City's current revenue sources and uses both legal and economic factors for projecting future collections. The expenditure projections are based on current services adjusted for anticipated cost increases related to inflation, contract agreements, or legal requirements. The following figure presents the projected potential budget surplus/(gaps) for the next 10 years:



BACKGROUND

In November 2001, Washington State voters passed Initiative No. 747. This limited the increase in the City of Shoreline's levy by the lesser of one percent or the percentage increase in the implicit price deflator (IPD). Even though this ballot measure was found to be unconstitutional, the State Legislature met in a special session and reinstated the one percent/IPD limitation (Ch. 1, Laws of 2007, sp. sess.).

Since the IPD percentage increase has been more than one percent in most years since the legislature reinstated the one percent limit, the effective limit has been one percent (1%). An exception to this state law is the "Levy Lid Lift", which allows cities to ask the voters in their community if they would like to "lift the lid" on this 1% property tax limit. In the November 2010 general election, Shoreline voters approved a six-year maintenance and operations levy lid lift for basic public safety, parks, recreation, and community services that set the tax rate for 2011 at \$1.48 and allowed the lid for the ensuing years to be "lifted" each year by a percentage increase tied to the CPI-U for the Seattle, Tacoma and Bremerton area.

In 2012, the City Council adopted their 2012-14 Goals. Goal #1 was to "Strengthen Shoreline's economic base", and Action Step #3 under this goal was to "Develop a 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure". To implement this Goal and Action Step, over two years, the City went through a comprehensive 10-year financial sustainability process, which included staff review and analysis and Council oversight and direction. Throughout this process, City staff developed a 10 Year Financial Sustainability Model (10 YFSM) that stores historical financial data, is updated to convert projections into actual results, is used to inform the City's annual budget process, and models the effects of changing conditions. Changing conditions can include economic events, unexpected cost increases, the results of implementing one or a combination of the sustainability strategies, etc.

In 2014, the City Council formed a subcommittee to study the information developed by City staff and the 10 YFSM to develop a 10 YFSP. The purpose of the 10 YFSP is to strengthen Shoreline's economic base by prioritizing seven strategies (or tools) for the City to use to maintain financial resiliency and sustain existing services. As noted earlier, the 10 YFSP was accepted by Council on June 16, 2014. Strategy #7 of the 10 YFSP was the potential renewal of the 2010 Levy Lid Lift, which expires this year.

DISCUSSION

As the Levy Lid Lift approved by voters in 2010 will expire at the end of 2016, Council has the authority to place a measure on the ballot to renew the Levy Lid Lift. Council can decide to seek a renewal of the Levy Lid Lift with an annual escalator alone or additionally seek to reset the 2017 levy rate to a specific rate up to \$1.60.

The City's current financial forecast projects potential budget gaps, where costs to maintain existing services will exceed revenue resources, to occur beginning in 2019 with a cumulative size totaling \$5.834 million over the six-year period for 2017 through 2022.

During the July 11, 2016 City Council meeting, the Council discussed four potential options considered by the FSCAC. Those options are detailed in the July 11 staff report, which is available at the following link:
<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2016/staffreport071116-9c.pdf>.

Staff recommended a renewal of the 2010 Levy Lid Lift, an option supported by 11 of 13 members of the FSCAC. As discussed on July 11, under this option, the new tax rate for 2017 would be set at \$1.48 and the lid for the ensuing years may be “lifted” each year by a percentage increase tied to CPI. Council supported this recommendation and directed staff to draft Resolution No. 389 for adoption on July 25.

Proposed Amendments to Resolution No. 389

Following discussion of this topic with the City Council on July 11, 2016, King County provided the City with a preliminary estimate for the 2017 assessed valuation growth of 10%. While the amount won’t be final until November, the County felt that they were sufficiently confident in the estimate. Because this is significantly higher than the growth rate used in the City’s previous forecast, the City Manager recommends that Council amend the proposed rate in the Resolution and Ballot language to set the 2017 levy rate at \$1.39. The revenue generated by a rate of \$1.39 with an AV growth of 10% for 2017 would be similar to the revenue generated by a rate of \$1.48 with the initial projected growth rate. Details on the impact of this change are included in Attachment B to this staff report.

To accommodate the change, Council would, by motion, recommend the following amendment as noted below:

I move to replace all references to \$1.48 in the resolution with \$1.39, beginning after the fourth recital; strike the words “which was the 2011 property tax levy rate” from the seventh recital; and replace all references to fifteen cents (\$0.15) in the resolution with nine cents (\$0.09).

This option would increase revenues beginning in 2017 and could eliminate the potential budget gaps projected to occur in 2019 through 2022. Additionally, while this measure would authorize the City Council to set the rate at \$1.39 if approved by voters, the Council would have the ability to set the rate below that level when adopting the City’s tax levy during the budget process should assessed valuations increase at a rate higher than projected.

Property Tax Exemptions

Property Tax exemptions or deferrals are available to seniors (61 or older) or disabled persons with primary residence in Washington State based on the following household income requirements:

- Between \$40,000 and \$45,000 - may qualify for a deferral based on the level of equity in the home. More details are available at the following link:
http://dor.wa.gov/Docs/Pubs/Prop_Tax/SeniorDefs.pdf.
- Below \$40,000 – Property Valuation is “Frozen” and the property is exempt from all special and excess levies (school bonds, maintenance and operation levies).

- Below \$35,000 – Exempt from a portion of the “regular” levy based on the following formula:
 - Between \$30,000 and \$35,000 – exempt from \$50,000 of assessed value or 35% (whichever is greater) up to \$70,000 of assessed value;
 - Below \$30,000 – exempt from \$60,000 of assessed value or 60% (whichever is greater).

Additional information on tax relief programs and how to access them is also available at the following link:

<http://www.kingcounty.gov/depts/assessor/TaxpayerAssistance/TaxRelief.aspx>.

Ballot and Voter Pamphlet Requirements

If the City Council adopts proposed Resolution No. 389 and places the Levy Lid Lift on the November 2016 ballot, a ballot measure’s title and voter pamphlet are required to adhere to the following requirements.

Ballot Title

The ballot title for the Levy Lid Lift consists of three elements:

- a. An identification of the enacting legislative body and a statement of the subject matter;
- b. A concise description of the measure; and
- c. A question.

The ballot title must conform to these requirements and be displayed substantially as provided under state law (RCW 29A.72.050), except that the concise description must not exceed 75 words. The ballot title must also be approved by the City Attorney.

Any person who is dissatisfied with the ballot title may, at any time within 10 days from the time of the filing of the ballot title with King County Elections, appeal to King County Superior Court.

The following is the ballot title as identified in proposed Resolution No. 389. As noted in the staff report from July 11, 2016, staff has continued work on the ballot title and proposed resolution.

CITY OF SHORELINE PROPOSITION 1

BASIC PUBLIC SAFETY, PARKS & RECREATION, AND COMMUNITY SERVICES MAINTENANCE AND OPERATIONS LEVY

The Shoreline City Council adopted Resolution No. 389 concerning basic public safety, parks and recreation, and community services. If approved, this proposition would restore Shoreline’s levy rate to fund police/emergency protection including neighborhood patrols and crime prevention; preserve safe parks, trails, playgrounds/playfields and the Shoreline pool; and maintain community services including senior center and youth programs.

This proposition would set Shoreline’s maximum property tax rate to \$1.48/\$1,000 of assessed valuation for collection in 2017; set the limit factor for 2018-2022 at 100% plus annual inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES[]

NO[]

Voters' Pamphlet

For the primary and general election, King County publishes a voters' pamphlet. Districts placing measures on the ballot are automatically included in the voters' pamphlet.

The City must provide an explanatory statement of the ballot title for the voter's pamphlet. The statement describes the effect of the measure if it is passed into law, and cannot intentionally be an argument likely to create prejudice either for or against the measure. The explanatory statement is limited to 250 words, must be signed by the City Attorney, and submitted to King County Elections by August 2, 2016.

The City is also responsible for appointing committees to prepare statements in favor of and in opposition to the ballot measure. There is a limit of three members per committee. The committee appointments must be filed by August 2, 2016. Assuming that the Council moves forward with adoption of proposed Resolution No. 389, staff has scheduled appointments of the 'Pro and Con' committees at the City Council meeting on August 1, 2016.

The statements in favor of or in opposition to the ballot measure must be submitted by the Pro and Con committees to King County Elections no later than August 11, 2016. These statements are limited to 200 words. Rebuttal statements by each of the respective committees must be submitted to the County no later than August 15, 2016. Rebuttal statements are limited to 75 words.

STAKEHOLDER OUTREACH

Staff routinely makes efforts to ensure that citizens are aware of both the services provided by the City as well as the City's financial position. The following are specific efforts that have been made to engage the community in discussion about the potential renewal of the Levy Lid Lift.

Currents

Since passing the initial Levy Lid Lift in 2010, the City has consistently published articles in Currents to keep citizens informed of the financial position of the City. In addition to more than 15 articles published during that time, the City has specifically addressed the challenges of financial sustainability and sought volunteers to participate in the FSCAC in the winter 2015 edition.

Financial Sustainability Citizens Advisory Committee (FSCAC)

The City Manager engaged the FSCAC through the months of February through May 2016. The outcome of the FSCAC work was reported in detail in the 10 YFSP Update provided to Council on June 13, 2016. The committee learned about City services, engaged in a budget exercise to help identify service priorities, and learned about the 10 YFSP with a focus on the potential renewal of the Levy Lid Lift.

The FSCAC reached consensus on these recommendations to the City Manager:

1. Based on the department presentations, 2014 citizen survey presentation, budget exercise and personal experiences, the FSCAC reached consensus that maintaining the current level of City services is appropriate, even if inflation increases the cost of those services in the future. The FSCAC recommends that the City prioritize social services and economic development.
2. The FSCAC reached consensus that the City should bring a renewal of the six-year Levy Lid Lift to public vote during the November general election. It should not be so high that it results in huge budget surpluses, which could indicate that taxpayers are overly burdened. Any necessary short term extra funds generated from a levy lid lift should be used to fund:
 - Additional social services for Shoreline residents in need;
 - Local economic development projects;
 - Planning for population growth and development;
 - Future budget shortages; and,
 - Future obligations resulting from federal and state mandates.
3. The FSCAC is aware that the City is currently considering other new sources of revenue, including a business and occupation (B&O) tax. While the B&O Tax was not significantly explored by the FSCAC, the FSCAC supports the City's exploration of a B&O Tax while recognizing that the City is working to foster economic development.
4. The City should continue to strive to be efficient in delivering services and constantly look at cost saving measures.
5. The City must continue to communicate clearly and frequently to the residents of Shoreline about the value of its programs, who benefits from them and how it spends the taxpayers money.

FSCAC members considered the above mentioned alternatives. Each alternative attracted support from some FSCAC members, with the majority supporting Option Three as follows:

- Option Two – CPI Only: Supported by two (2) FSCAC members
- Option Three – \$1.48 Rate Reset + Future CPI Adjustments: Supported by seven (7) FSCAC members
- Option Four – \$1.60 Rate Reset + Future CPI Adjustments: Supported by four (4) FSCAC members

** All members voting for \$1.60 would support \$1.48.*

No FSCAC member supported the No Action option (Option One) of not placing a renewal of the levy lid lift on the ballot.

Public Meetings

Staff conducted two public meetings regarding the proposed Levy Lid Lift and FSCAC recommendations. The first meeting was held at the Richmond Beach Congregational Church on May 18 with eight (8) participants, and the second was at the Shoreline Library on May 25 with 29 participants. Staff also presented to the Richmond Beach Community Association on February 9, Shoreline Rotary on February 24, the Council of Neighborhoods (CON) on June 1, and to the Echo Lake Neighborhood Association on June 21. The presentations to each group were similar and shared information about the services that the City provided, the financial challenges faced by the City and the work of the FSCAC. A shorter presentation has been videotaped and made available on the City's website for viewing by the public. The CON was encouraged to share the information with their members.

City Website

In addition to the many financial documents available on the City's website, including monthly revenue reports, quarterly financial reports, audited financial statements, and budgets, the City also has included all documents reviewed by current and past citizen advisory committees with information and links to a number of documents about the City's long-term financial challenges.

Finally, the City's Budget Process always includes several Council meetings for budget review in which the public can comment on the proposed budget. There are also at least two formal public hearings during the budget adoption process. The City makes its budget available on the City's website, at various locations throughout the City including libraries and police storefronts, and at City Hall.

COUNCIL GOAL ADDRESSED

This item addresses Council Goal 1, "Strengthen Shoreline's economic base to maintain the public services that the community expects", and specifically, Action Step #3 of that Goal: "Implement the 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure, including a continued focus on economic development, renewal of the property tax levy lid lift in 2016, and exploration of a business and occupation tax."

RESOURCE/FINANCIAL IMPACT

Staff estimate that election costs associated with placing the Levy Lid Lift renewal measure on the ballot at approximately \$60,000 which is within the 2016 operating budget.

RECOMMENDATION

Staff recommends that the City Council adopt Resolution No. 389, with amendments recommended by the City Manager as discussed in this staff report and in Attachment B, placing renewal of the property tax levy lid lift on the November 8, 2016 general election ballot to set the City's property tax levy rate to \$1.39 per \$1,000 assessed valuation in 2017, setting the annual maximum increase for property tax levies for 2018 through 2022 at the Seattle Consumer Price Index for all Urban Consumers (CPI-U), and using the 2022 levy as the base for future year levies.

ATTACHMENTS

Attachment A – Resolution No. 389

Attachment B – July 15, 2016 City Manager Memorandum Regarding the 2017 Regular Property Tax Levy Rate

RESOLUTION NO. 389

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, PROVIDING FOR THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF SHORELINE AT THE NOVEMBER 8, 2016 GENERAL ELECTION OF A PROPOSITION AUTHORIZING THE CITY TO INCREASE ITS REGULAR PROPERTY TAX LEVY ABOVE THE LIMIT OTHERWISE ALLOWED BY RCW 84.55.010 TO FUND PUBLIC SAFETY, PARKS OPERATIONS, AND COMMUNITY SERVICES; SETTING FORTH THE BALLOT PROPOSITION; DIRECTING THE CITY CLERK TO CERTIFY TO THE KING COUNTY AUDITOR THIS RESOLUTION FOR THE AUDITOR TO PLACE THE PROPOSITION ON THE NOVEMBER 8, 2016 BALLOT; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO.

WHEREAS, the City of Shoreline is an optional code city, located in King County, Washington, duly organized and existing pursuant to the laws of the State of Washington; and

WHEREAS, the City is authorized to levy a permanent regular property tax not to exceed the rate of \$1.60 per \$1,000 of assessed value permitted by statute and that rate is projected to fall further in 2017; and

WHEREAS, RCW 84.55.005 - .0101 limits the incremental increase in property tax revenues to the City to a rate that has been less than the actual rate of inflation for the costs of providing services to the citizens of the City, causing total projected budget deficits over the next six years of over \$5.8 million despite sustained austerity measures and efficiencies in City government; and

WHEREAS, the City's regular property tax levy rate was \$1.48 per \$1,000 assessed valuation in 2011, that rate has fallen to \$1.33 per \$1,000 assessed valuation in 2016 and that rate is projected to fall further in 2017; and

WHEREAS, RCW 84.55.050 authorizes the voters of a City to permit the levy of taxes in excess of the levy limitations in RCW 84.55.010; and

WHEREAS, the City Council desires to address these ongoing deficits by allowing the electors to approve or reject a proposition under RCW 84.55.050(2), authorizing the City Council to levy the City's regular property tax in an amount that exceeds the incremental limit factor that would otherwise be prescribed by RCW 84.55.010; and

WHEREAS, to fund a portion of the cost of the basic public safety programs, including crime prevention and jail costs, and to fund a portion of the cost of maintaining and operating parks and community services, the proposition should authorize: 1) an increase in the City's regular property tax levy by up to an additional fifteen cents (\$0.15) per \$1,000 of assessed valuation (to a total rate not to exceed of \$1.48 per \$1,000 of assessed valuation which was the 2011 property tax levy rate) for collection in 2017; 2) an increase in the regular property tax levy

by the June to June Seattle/Tacoma/Bremerton CPI-U annual inflation rate for each of the succeeding five (5) years; and 3) use of the dollar amount of the 2022 levy for calculating subsequent levy limits;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, HEREBY RESOLVES:

Section 1. The Council hereby finds that, if approved, the levy will not supplant existing funds used to pay costs of basic public safety programs, including jails and crime prevention, and costs of maintaining and operating parks, recreation, pool, and community services. For purposes of this finding, existing funds means the actual operating expenditures for 2016 calendar year and excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the City, and major nonrecurring capital expenditures. Pursuant to RCW 84.55.050(2) an election is hereby requested to be called, conducted, and held within the City of Shoreline on November 8, 2016, for the purpose of submitting to the qualified voters of the City, for their ratification or rejection, a proposition approving a six (6) year increase in the City's regular property tax levy exceeding the limit factor provided in RCW 84.55.005-.0101 to fund a portion of the cost of basic public safety programs, including jails and crime prevention, and to fund a portion of maintaining and operating parks, recreation, pool, and community services as more specifically described in Section 2 below.

Section 2. The proposition shall propose an increase in the City's regular property tax levy by up to fifteen cents (\$0.15) per \$1,000 of assessed valuation to a total rate not to exceed \$1.48 per \$1,000 of assessed valuation) for collection in 2017. The proposal shall also authorize an increase in the levy limit factor as allowed by chapter 84.55 RCW for each of the five (5) succeeding years (2018-2022) by the inflation rate of the Consumer Price Index for all Urban Consumers for the Seattle-Tacoma-Bremerton Area (1982-84=100) published for June. Finally, the proposition shall authorize the use of the dollar amounts of the 2022 levy for the base in computing the maximum levy that may be imposed in years after 2022.

The City Council shall determine the basic public safety programs and parks, recreation, pool, and community services to be funded as well as the timing, order and manner of funding these programs and services. The City Council shall determine the application of moneys available for these programs and services, including the final funding amount for each, so as to accomplish, as nearly as may be, the programs and services described. If the City Council, by ordinance, shall determine that it has become impractical to fund any portion of the planned programs or services by reason of changed conditions, including without limitation due to costs substantially in excess of the amount of tax levies and other City funds estimated to be available, the City shall not be required to fund such portions. If all of the planned programs and services have been duly provided for, or found to be impractical, the City may apply the levy proceeds (including earnings thereon) or any portion thereof to other City purposes as the Council, by ordinance and in its discretion, shall determine.

Section 3. The City Clerk is hereby authorized and directed, not later than August 2, 2016 prior to the general election date requested hereunder, to certify the proposition to the King County Records, Elections and Licensing Services Division, as *ex-officio* Supervisor of Elections in King County, Washington, in substantially the following form:

CITY OF SHORELINE PROPOSITION 1

BASIC PUBLIC SAFETY, PARKS & RECREATION, AND COMMUNITY SERVICES MAINTENANCE AND OPERATIONS LEVY

The Shoreline City Council adopted Resolution No. 389 concerning basic public safety, parks and recreation, and community services. If approved, this proposition would restore Shoreline’s levy rate to fund police/emergency protection including neighborhood patrols and crime prevention; preserve safe parks, trails, playgrounds/playfields and the Shoreline pool; and maintain community services including senior center and youth programs.

This proposition would set Shoreline’s maximum property tax rate to \$1.48/\$1,000 of assessed valuation for collection in 2017; set the limit factor for 2018-2022 at 100% plus annual inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES[]

NO[]

Section 4. The City Manager and City Attorney are authorized to make such minor adjustments to the wording of such proposition as may be recommended by the King County Records, Elections, and Licensing Services Division, so long as the intent of the proposition remains consistent with the intent of this Resolution.

Section 5. The King County Records, Elections, and Licensing Services Division, as the City’s *ex officio* Supervisor of Elections, is hereby requested to call and conduct said election on November 8, 2016, and submit to the qualified electors of the City the proposition set forth herein. The King County Records, Elections, and Licensing Services Division shall conduct the election, canvas the vote, and certify the results in the manner provided by law.

Section 6. If any one or more sections, subsections, or sentences of this Resolution are held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this Resolution and the same shall remain in full force and effect.

Section 7. This Resolution shall take effect and be in full force immediately upon passage by the City Council.

ADOPTED BY THE CITY COUNCIL ON JULY 25, 2016.

Mayor Christopher Roberts

ATTEST:

Jessica Simulcik Smith
City Clerk



Memorandum

DATE: July 15, 2016

TO: City Councilmembers

FROM: Debbie Tarry, City Manager

RE: 2017 Regular Property Tax Levy Rate – Levy Lid Lift

CC: John Norris, Assistant City Manager
Sara Lane, Administrative Services Director
Rick Kirkwood, Budget Supervisor
Grant Raupp, Budget Analyst

On Tuesday, July 12, the Mayor received notification from the King County Assessor's Office, that although they had not completed their work on revaluation of properties in Shoreline, they had done enough work to tell him that the Shoreline assessed values should rise 10% in total. This revaluation is applicable in determining 2017 levies and levy rates. City staff had been inquiring with the Assessor's Office to get an update, but had been told that information would not be available until November. There are still a number of steps for the Assessor's Office to go through including assessment appeals, commercial and utility valuations and other reviews prior to finalizing Shoreline's property valuation to be used for 2017, but their office has given a preliminary indication that we should expect the final outcome to be around 10% assessed valuation (AV) growth.

The 10% growth is significantly more than the 3.1% increase that was anticipated in the City's financial model for 2017 and that was used in discussing the levy lid lift with the Financial Sustainability Citizens Advisory Committee (FSCAC).

Given the new information from the Assessor's Office, I am recommending that the City Council consider changing the proposed levy-lid lift ballot measure to restore the 2017 levy rate to \$1.39 instead of \$1.48. The \$1.39 rate would generate approximately the equivalent levy and corresponding impact to the homeowner of a median priced home as had been discussed at the \$1.48 rate with the 3.1% AV increase assumption.

Levy Comparison

Using the original 3.1% AV growth and \$1.48 levy rate for 2017, the total property tax levy was projected at \$12,508,357. This is the base levy amount that has been assumed in the City's 10 year financial model. To collect the exact same levy using the 10% AV growth assumption, the levy rate would be \$1.38745. Rounding the rate up to \$1.39 results in a slightly higher total levy of \$12,531,317 (\$22,960 more). Rounding the rate down to \$1.38 results in a slightly lower levy of \$12,441,164 (\$68,193 less). Each 1 cent increase in the levy rate generates approximately \$90,000 in additional levy revenue. Using the original \$1.48 levy rate with the 10% AV increase the projected 2017 levy would be \$13,342,697 or \$811,380 more than projected to be collected at the \$1.39 rate. Given that the 2017 levy used in the City's 10 year financial model was \$12,508,357, changing the levy rate to \$1.39 with the 10% AV growth assumption keeps the City's 10 year financial forecast in line with what was reviewed by the FSCAC.

Impact to Property Owners

The FSCAC, in making their recommendation regarding the levy lid lift, considered both the impact to property owners and the funding of City services. In consideration of property owner impact their interest was in minimizing tax burden for home and property owners while maintaining current City service levels. They felt that the levy lid lift should not be so high that it results in huge budget surpluses, which could indicate that taxpayers are overly burned. In making their final recommendation the majority (11 of 13) recommended raising the levy rate to at least \$1.48 in 2017. Again this was based on the 3.1% AV growth assumption and understanding that the projected impact to a median priced homeowner would be approximately \$84-\$86 year/\$7 month over the six year period. Assuming the 10% AV growth rate, the \$1.39 rate has approximately the same projected impact to the median priced homeowner over the six year period - \$83 year/\$7 month. On the other hand, restoring the levy rate to \$1.48 with a 10% AV growth rate for 2017 has a \$121 year/\$10 month impact. This is just slightly less than the impact discussed with the FSCAC of raising the levy rate to \$1.60.

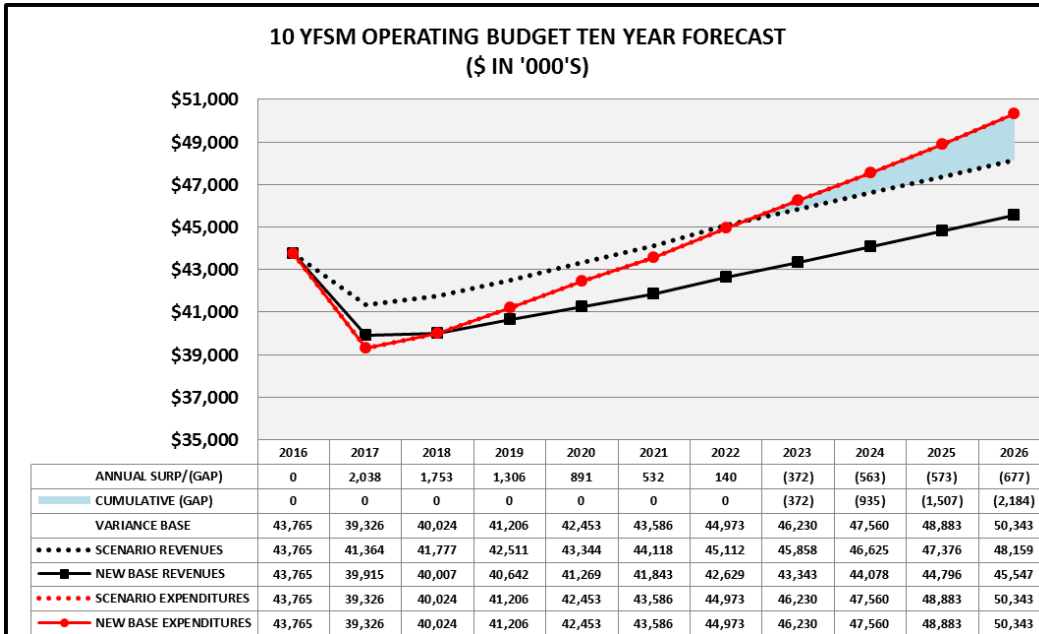
Funding of City Services

The FSCAC reached consensus that maintaining the current level of City services is appropriate, even if inflation increases the cost of those services in the future. The committee went on to say that the City should prioritize social services and economic development. They also recommended that any short-term extra funds generated from a levy lid lift should be used to fund:

- Additional social services for Shoreline residents in need;
- Local economic development projects;
- Planning for population growth and development;
- Future budget shortages;
- Future obligations resulting from federal and state mandates.

In evaluating the various levy/levy rate options, the majority of the committee recommended the reset of the levy rate to \$1.48 with CPI increases in the levy over the following five years since at this level projections showed that the City would be able to

fund current service levels over the six year period, even though projections showed some short-term surpluses. Funding gaps were projected to start occurring again in 2023 (after expiration of the levy lid lift). Again changing the AV growth assumption from 3.1% to 10% for 2017 changes this base and therefore lowering the rate from \$1.48 to \$1.39 produces similar results as is displayed below;



Assuming a 10% AV growth for 2017 and leaving the levy rate reset at \$1.48 is now projected to push potential gaps out to 2025.

Alternatives

Given that the Assessor’s Office has not yet finalized their property valuation work in Shoreline, and won’t until this fall, there is a chance that the final assessed valuation change for 2017 could be different than the 10% they have provided at this time. If Council chooses to put \$1.39 as the levy rate in the ballot measure and assessed valuation changes by less than 10% then the levy will be lower than projected and budget gaps could occur sooner than projected. The opposite is true if the actual change in assessed valuation ends up higher than the 10%.

Ultimately the 2017 levy is not adopted until Council does so as part of the budget adoption process in late November. At that time Council can adjust the levy and corresponding rate. It is important to point out that Council can always adopt a levy less than what is approved by voters, but cannot adopt a levy greater than approved by voters. As such if Council wanted to put a rate greater than \$1.39 in the ballot language and it is approved by Shoreline voters, the Council could adopt a lower levy in November as part of the budget adoption process. The difference of what was approved by voters and what was actually adopted by the City Council could be “banked” as unused capacity and assessed in the future if approved by the City Council at a future time. Even though this

is the case, voters would need to assume the highest potential impact when evaluating the ballot measure this fall.

Recommendation

Even though there is some risk with assuming that the 2017 AV change will be 10% before the work of the Assessor's Office is complete, they have indicated that they are comfortable providing that number to us for financial planning purposes. As such, I think it best to adjust the ballot measure rate to \$1.39, instead of \$1.48, to be consistent with the revenue and impact projections that have been reviewed by the FSCAC and that we have been sharing with the public. Staff will be preparing the resolution with the \$1.48 rate, since this is what was discussed by Council on July 11. As such, it will take an amendment from Council to change the rate to \$1.39.

Please contact me if you have any questions or concerns with this recommendation.

Attachments

- Memorandum from Rick Kirkwood to City Manager Tarry



Memorandum

DATE: July 13, 2016

TO: Debbie Tarry, City Manager

FROM: Rick Kirkwood, Budget Supervisor

RE: 10 Year Financial Sustainability Plan Strategy 7 Update

CC: Sara Lane, Administrative Services Director

The 10 Year Financial Sustainability Model (10 YFSM) operating budget forecast chart presented to Council on July 11, 2016 for the Option Three scenario assumes the City's Assessed Valuation (AV) will grow by 3.1%. Bailey Stober with the Office of King County Assessor provided Mayor Roberts a preliminary year-over-year percentage change in the City's AV of 10.0%. This memo summarizes the impact of changing the AV growth rate assumption with regard to the City's AV as a whole as well as the growth in AV from the 2016 median home value of \$353,000, as established by the King County Assessor. The following tables summarize the information presented in detail below.

Original Option Three Scenario Presented July 11, 2016:

Option	Description	Six-Year Total of City Assessment (2017-2022)	Six-Year Difference to No Action	Average Increase per Year / Month
7/11/2016 Option One: No Action	Levy Lid Lift is not renewed; 2017 Tax Rate projected @ \$1.30	\$2,828	N/A	N/A
7/11/2016 Option Three: \$1.48 + CPI	City AV growth of 3.1%; 2017 Tax Rate set @ \$1.48; future by CPI; calc. based upon 2016 median home value (\$353,000)	\$3,329	\$501	\$84 / \$7

Revised Option Three Scenario:

Option	Description	Six-Year Total of City Assessment (2017-2022)	Six-Year Difference to No Action	Average Increase per Year / Month
Revised Option One: No Action	City AV growth of 3.1%; Levy Lid Lift is not renewed; calc. based upon 2016 median home value incr. by 3.1% (\$364,000)	\$2,916	N/A	N/A
Revised Option Three: \$1.48 + CPI	City AV growth of 3.1%; 2017 Tax Rate set @ \$1.48; future by CPI; calc. based upon 2016 median home value incr. by 3.1% (\$364,000)	\$3,433	\$517	\$86 / \$7

Alternative AV Growth Scenarios One and Two:

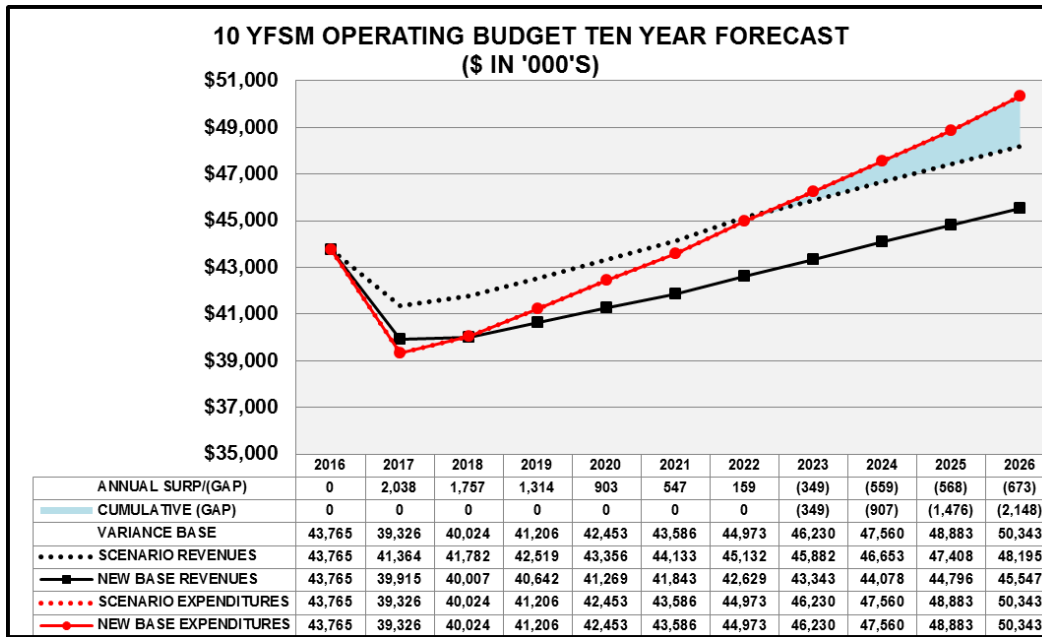
Option	Description	Six-Year Total of City Assessment (2017-2022)	Six-Year Difference to No Action	Average Increase per Year / Month
Alt AV Growth No Action	AV growth of 10.0%; future by 1.0%; calc. based upon 2016 median home value incr. by 10.0% (\$388,300)	\$2,934	N/A	N/A
Alt AV Growth Scenario One	AV growth of 10.0%; 2017 Tax Rate set @ \$1.39; future by CPI; calc. based upon 2016 median home value incr. by 10.0% (\$388,300)	\$3,433	\$499	\$83 / \$7
Alt AV Growth Scenario Two	AV growth of 10.0%; 2017 Tax Rate set @ \$1.48; future by CPI; calc. based upon 2016 median home value incr. by 10.0% (\$388,300)	\$3,661	\$727	\$121 / \$10

The following table summarizes the amount of the 2017 levy calculated at different levy rates given the revised AV growth rate assumption as well as the difference from the projected 2017 levy should no action be taken.

Rate	2017 Levy	Difference to Revised No Action
\$1.22829	\$11,073,443	N/A
\$1.38000	\$12,441,164	\$1,367,721
\$1.38745	\$12,508,357	\$1,434,914
\$1.39000	\$12,531,317	\$1,457,874
\$1.40000	\$12,621,470	\$1,548,027
\$1.41000	\$12,711,624	\$1,638,181
\$1.42000	\$12,801,777	\$1,728,334
\$1.43000	\$12,891,931	\$1,818,488
\$1.44000	\$12,982,084	\$1,908,641
\$1.45000	\$13,072,237	\$1,998,794
\$1.46000	\$13,162,391	\$2,088,948
\$1.47000	\$13,252,544	\$2,179,101
\$1.48000	\$13,342,697	\$2,269,254

Option Three Scenario Presented July 11, 2016:

The 10 Year Financial Sustainability Model (10 YFSM) operating budget forecast chart presented to Council on July 11, 2016 for the Option Three scenario (see chart below) assumes: (1) the City’s Assessed Valuation (AV) will grow by 3.1% from the 2016 total of \$8,195,760,031 to a 2017 total of \$8,451,559,877, (2) sets the new tax rate for 2017 at \$1.48, and (3) “lifts” the lid for each ensuing year through 2022 by a percentage increase tied to the Consumer Price Index (CPI). These assumptions work together to set the 2017 levy at \$12,508,309 ($(\$8,451,559,877/1,000) * \$1.48000 = \$12,508,309$). This scenario is projected to generate \$11.763 million more in property tax revenue over the six year period of the Levy Lid Lift than that generated under a No Action alternative.



The 2016 median home value of \$353,000, as established by the King County Assessor, was used to illustrate that a homeowner would pay \$501 more over the six year period than under the No Action alternative, or an increase on average of \$84 per year/\$7 per month.

Estimated impact to the median homeowner if the Levy Rate is reset to \$1.48/\$1,000 AV in 2017 and the Levy Lid Lift allows the levy to increase by CPI-U for 2018-2022.

Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$353,000	\$353	X	\$1.48	=	\$522	\$62
2018	\$364,800	\$365	X	\$1.47	=	\$536	\$71
2019	\$376,800	\$377	X	\$1.46	=	\$549	\$80
2020	\$391,600	\$392	X	\$1.43	=	\$561	\$88
2021	\$406,400	\$406	X	\$1.41	=	\$574	\$96
2022	\$421,100	\$421	X	\$1.39	=	\$587	\$104
Total over 6 Year Period 2017-2022						\$3,329	\$501

A 2017 median home value of \$364,000 was calculated by increasing the 2016 median home value of \$353,000, as established by the King County Assessor, by 3.1% to illustrate that a homeowner would pay \$517 more over the six year period than under the No Action alternative, or an increase on average of \$86 per year/\$7 per month.

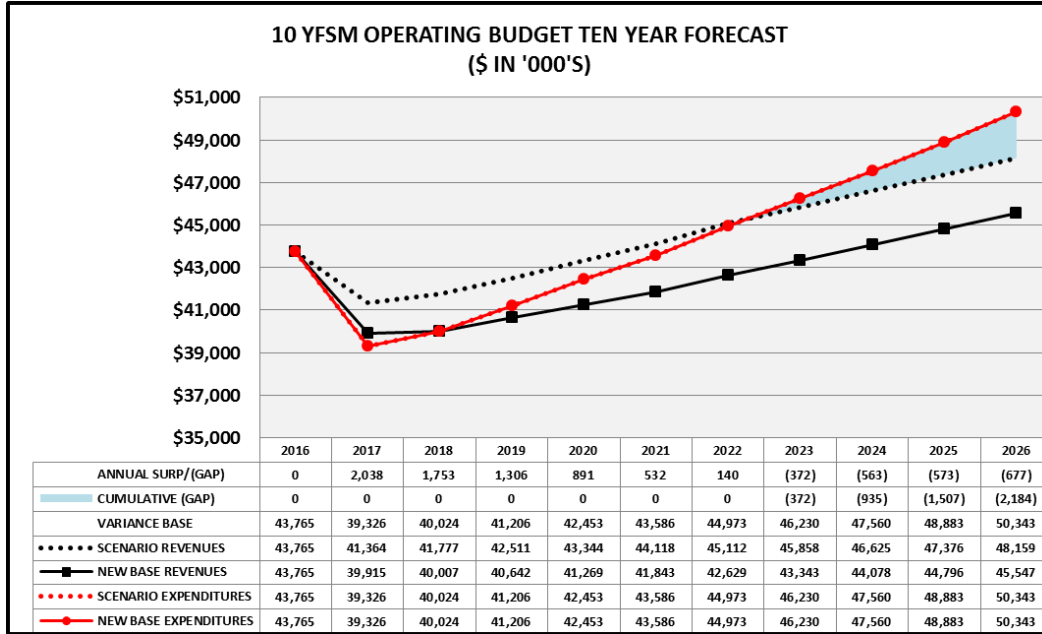
Revised: Estimated impact to the median homeowner if the 2017 median home value increased by 3.1% from 2016, Levy Lid Lift is not renewed.						
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment
2017	\$364,000	\$364	X	\$1.30	=	\$474
2018	\$376,100	\$376	X	\$1.27	=	\$479
2019	\$388,500	\$389	X	\$1.25	=	\$484
2020	\$403,800	\$404	X	\$1.21	=	\$488
2021	\$419,100	\$419	X	\$1.18	=	\$493
2022	\$434,300	\$434	X	\$1.15	=	\$498
Total over 6 Year Period 2017-2022						\$2,916

Revised: Estimated impact to the median homeowner if the 2017 median home value increases by 3.1% from 2016, Levy Rate is reset to \$1.48/\$1,000 AV in 2017, and the Levy Lid Lift allows the levy to increase by CPI-U for 2018-2022.							
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$364,000	\$364	X	\$1.48	=	\$539	\$65
2018	\$376,100	\$376	X	\$1.47	=	\$553	\$74
2019	\$388,500	\$389	X	\$1.46	=	\$566	\$82
2020	\$403,800	\$404	X	\$1.43	=	\$578	\$90
2021	\$419,100	\$419	X	\$1.41	=	\$592	\$99
2022	\$434,300	\$434	X	\$1.39	=	\$605	\$107
Total over 6 Year Period 2017-2022						\$3,433	\$517

Alternative AV Growth Scenario One:

Bailey Stober with the Office of King County Assessor provided Mayor Roberts a preliminary year-over-year percentage change in the City’s AV of 10.0%. Revising this assumption would result in a 2017 total AV of \$9,015,336,034. Under a No Action alternative the 2017 levy rate would be set at \$1.22829 to generate a 2017 levy of \$11,073,443.

The 2017 levy rate would be set at \$1.38745 to generate a 2017 levy that is only \$19 higher than that for the original Option Three scenario ($(\$9,015,336,034/1,000) * \$1.38745 = \$12,508,328$). This alternative scenario will generate \$11.704 million more in property tax revenue over the six year period than that generated under the original No Action alternative or \$11.749 million more than that generated under the revised No Action alternative.



It is important to note that the difference in revenue generated under this scenario is the result of using a lower levy rate to calculate the new construction levy in future years. A 2017 median home value of \$388,300 was calculated by increasing the 2016 median home value of \$353,000, as established by the King County Assessor, by 10.0% to illustrate that a homeowner would pay \$499 more over the six year period than under the No Action alternative, or an increase on average of \$83 per year/\$7 per month.

Alternative One: Estimated impact to the median homeowner if the 2017 median home value increased by 10.0% from 2016, Levy Lid Lift is not renewed.

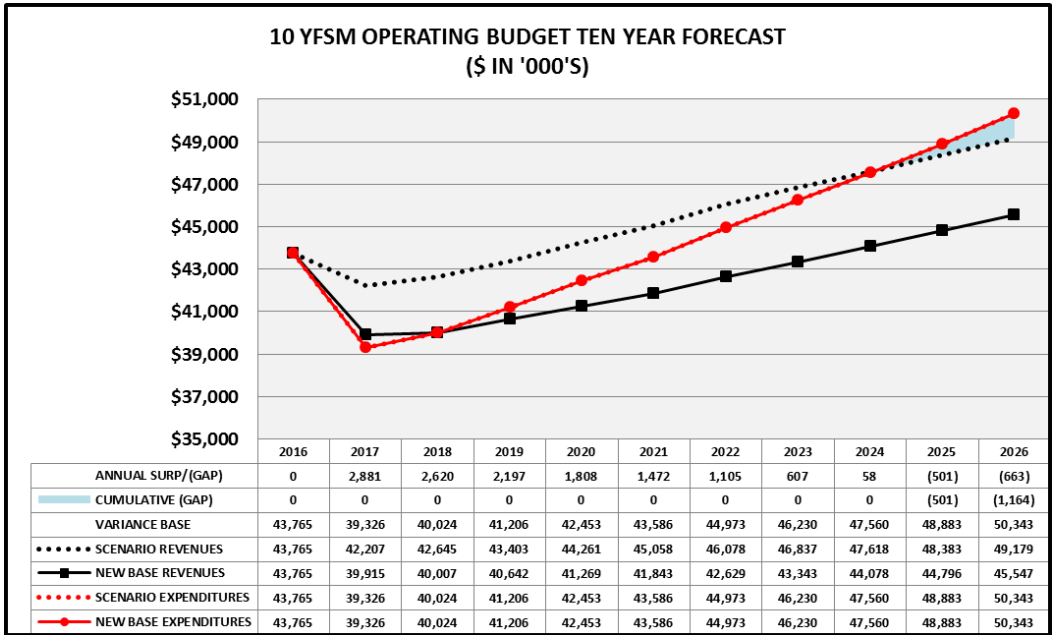
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment
2017	\$388,300	\$388	X	\$1.23	=	\$477
2018	\$401,200	\$401	X	\$1.20	=	\$482
2019	\$414,400	\$414	X	\$1.17	=	\$487
2020	\$430,700	\$431	X	\$1.14	=	\$491
2021	\$447,000	\$447	X	\$1.11	=	\$496
2022	\$463,200	\$463	X	\$1.08	=	\$501
Total over 6 Year Period 2017-2022						\$2,934

Alternative One: Estimated impact to the median homeowner if the City’s AV grows 10% from 2016 to 2017, the Levy Rate is reset to \$1.38745/\$1,000 AV in 2017, and the Levy Lid Lift allows the levy to increase by CPI-U for 2018-2022.

Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$388,300	\$388	X	\$1.39	=	\$539	\$62
2018	\$401,200	\$401	X	\$1.38	=	\$553	\$71
2019	\$414,400	\$414	X	\$1.37	=	\$566	\$79
2020	\$430,700	\$431	X	\$1.34	=	\$578	\$87
2021	\$447,000	\$447	X	\$1.32	=	\$592	\$96
2022	\$463,200	\$463	X	\$1.31	=	\$605	\$104
Total over 6 Year Period 2017-2022						\$3,433	\$499

Alternative AV Growth Scenario Two:

This alternative scenario also revises the City AV growth rate. A 2017 levy rate of \$1.48000 would generate a total levy of \$13,342,697, which is \$834,388 higher than that generated under the original Option Three scenario ($(\$9,015,336,034/1,000) * \$1.48000 = \$13,342,697$). This alternative scenario will generate \$17.075 million more in property tax revenue over the six year period than that generated under the original No Action alternative or \$17.121 million more than that generated under the revised No Action alternative.



A 2017 median home value of \$388,300 is used to illustrate that a homeowner would pay \$727 more over the six year period than under the No Action alternative, or an increase on average of \$121 per year/\$10 per month. It is important to note that the slight

difference in City Assessment under this scenario as compared to the Option Three scenario presented at the top of this memo is the result the 10.0% growth in AV has on the levy rates in the future years.

Alternative Two: Estimated impact to the median homeowner if the 2017 median home value increased by 10.0% from 2016, Levy Lid Lift is not renewed.						
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment
2017	\$388,300	\$388	X	\$1.23	=	\$477
2018	\$401,200	\$401	X	\$1.20	=	\$482
2019	\$414,400	\$414	X	\$1.17	=	\$487
2020	\$430,700	\$431	X	\$1.14	=	\$491
2021	\$447,000	\$447	X	\$1.11	=	\$496
2022	\$463,200	\$463	X	\$1.08	=	\$501
Total over 6 Year Period 2017-2022						\$2,934

Alternative Two: Estimated impact to the median homeowner if the City's AV grows 10% from 2016 to 2017, the Levy Rate is reset to \$1.48/\$1,000 AV in 2017, and the Levy Lid Lift allows the levy to increase by CPI-U 2018-2022.							
Year	Assessed Value	Per \$1,000 (AV/\$1,000)		Levy Rate		City Assessment	Difference to No Action (1% Limit)
2017	\$388,300	\$388	X	\$1.48	=	\$575	\$98
2018	\$401,200	\$401	X	\$1.47	=	\$589	\$107
2019	\$414,400	\$414	X	\$1.46	=	\$604	\$117
2020	\$430,700	\$431	X	\$1.43	=	\$617	\$126
2021	\$447,000	\$447	X	\$1.41	=	\$631	\$135
2022	\$463,200	\$463	X	\$1.39	=	\$645	\$144
Total over 6 Year Period 2017-2022						\$3,661	\$727

Frequently Asked Questions About 2016 Shoreline Levy Lid Lift

1. What is a levy?

Property tax systems can be either rate-based or levy-based. In a rate-based system, the taxing authority sets a tax rate. The rate is then multiplied by the assessed value of the property. In this manner, the tax is directly tied to the assessed value. Property tax collections increase or decrease with property values.

Washington State is one of two states that use a levy-based property tax system as opposed to rate-based system. Under Washington's levy-based system, state law allows a taxing district to collect a specified total dollar amount (the levy) per year. The county assessor calculates the tax rate by dividing the levy by the total value of all property within the jurisdiction. The tax rate is typically expressed in dollars per \$1,000 of assessed value. So, if the total value of property within a jurisdiction falls, the rate would increase to raise the same amount of money. If property values increase, then the rate would decrease to collect the same amount of money.

2. What does levy lid lift mean?

Washington's property tax is a levy-based property tax system, which means state law allows a taxing district to collect a specified total dollar amount (the levy) per year. State law limits levy increases to 1% per year. The exception to this rule is the levy lid lift, which allows taxing jurisdictions to go to the voters to ask that the levy rate be increased (lid lift) to an amount equal to or less than the statutory maximum tax rate (\$1.60).

3. Why is the City seeking a levy lid lift?

In 2010, Shoreline voters approved a basic public safety, parks and recreation, and community services maintenance and operations levy. The levy expires at the end of this year. The City is seeking to restore that levy.

State law requires the City to balance its budget; it must address any gap through increased revenues or reductions in costs. A reduction in costs means a reduction in services since that is primarily what the City provides. Restoration of the levy will help address forecasted budget gaps resulting from the cost of providing city services increasing faster than its revenue streams, particularly property tax.

The City's single largest source of revenue for operations is property tax. The amount the City can collect in property tax is limited to a 1% increase per year. Inflation, on the other hand, has no limit. Over the past six years (2011-2016) the consumer price index (CPI), which measures inflation, has had an average increase of approximately 2% per year. The City's costs have increased at an even higher rate. In the last six years, the City's costs have increased on average 4% per year. Examples of City costs that are different from the typical consumer's costs include road maintenance supplies (asphalt); criminal justice services, including jail and court services; infrastructure maintenance; police services; streetlights and signals; etc.

4. Has the City taken steps to contain costs to maintain services?

Yes. The City has made a number of budget and operational changes to help contain costs while maintaining services, including:

- Implementing an alternative health benefit policy.
- At times, making base budget reductions in areas such as training and travel, extra-help work positions, professional (contracted) services, supplies and other miscellaneous areas.
- Alternative delivery options (e.g. canine officer contract; bringing street sweeping and athletic field preparation in house.)
- Managing Jail Costs (e.g. using Yakima and SCORE instead of King County.)
- Joint supervision of Police Department shifts between Shoreline and Kenmore.
- Reduced staff by 9.34 FTE from 2008-2013 in response to the recession.
- Undertook cost of service and fee recovery evaluations for parks, permitting, and inspection functions to ensure that fee levels are appropriate.
- Using more on-line self-service options (e.g. recreation program registration.)
- Reduced irrigation in parks to support tree maintenance program.

5. What is the City's financial position?

City maintains fully funded reserves and a "rainy day reserve" to help in the event of a temporary downturn in the economy. The City maintains a Moody's AA+ bond rating and a Standard & Poor's (S&P) financial management rating of "stable."

6. How much of my property tax goes to the City?

In 2016, a typical homeowner will pay approximately 13% of their total property tax bill to the City of Shoreline. Eleven percent goes to the City to provide basic city services and the other 2% goes to pay debt service on the 2006 voter approved Parks Bond.

7. How many votes are needed to pass the levy lid lift?

A simple majority (50% +1) of voters is needed to pass the levy lid lift.

8. Where will the money go?

Property taxes collected by the City go into the City's General Fund, which funds most of the day-to-day services provided by the City. If Shoreline voters' approve the levy lid lift, the money collected will help fund police and emergency protection, including neighborhood patrols and crime prevention; help fund maintenance of parks, trails, playgrounds/playfields and the Shoreline Pool; and continue funding community services for seniors, youth, and individuals and families in need.

9. How much will the levy cost me?

A homeowner with a median home value (\$353,000 in 2016) would pay on average \$84 more per year over the six-year levy to maintain current services. That is approximately \$7 per month.

10. Who decided to place a levy lid lift on the ballot?

Earlier this year, the City Manager engaged a 13-member Financial Sustainability Citizen Advisory Committee (FSCAC) to review the City's finances and services, and provide a recommendation for how best to provide the financial resources needed to ensure the long-term delivery of basic services to the Shoreline community. The Committee reviewed the strategies adopted in the City's 10-Year Financial Sustainability Plan and identified City services that should be maintained, increased, and/or reduced to meet the needs of the Shoreline community.

The majority of committee members (11 of 13) supported resetting the levy rate to \$1.48 in 2017 (same rate approved by voters in 2010), and then pegging increases to inflation for the five years after that. Some members recommended resetting the rate even higher to \$1.60, while two members recommended keeping the rate pegged to inflation without a reset.

After receiving revised reports from the King County Assessor's Office that Shoreline's assessed values for 2016 would rise 10%, the City Manager recommended to the City Council that it restore the 2017 levy rate to \$1.39 instead of \$1.48.

On July 11, the Council discussed the levy lid lift and on July 25 unanimously voted to place the levy lid lift on the November 8 general election ballot.

11. When will the vote on the levy lid lift be held?

The levy lid lift will be on the November 8, 2016, general election ballot.

12. What happens if the levy lid lift fails?

If the levy renewal does not pass, the City will need to begin making decisions on reductions to basic city services starting in 2017. Over time, unless the City finds other revenue sources, the reductions to basic city services will grow and have impacts to those services. The City will prioritize services that will be reduced, which are likely to include programs the City is not legally required to provide, such as:

- neighborhood services
- the pool
- school resource officer (which is a Shoreline Police officer)
- communications
- parks maintenance
- recreation programs
- funding for cultural and historical programming

13. Is the levy lid lift related to development in station subareas?

No. Development of private property anywhere in the City, including the station subareas, has and will continue to require developers to pay and make off-site improvements, such as street frontage (curb-gutter-sidewalk, amenity strips, and street overlay) as well as infrastructure improvements on-site, and utility (water, sewer, electrical) upgrades off-site and sometimes further down utility corridors if larger system improvement are needed. The City requires Transportation Impact Fees (TIF) from developments to contribute funding for larger area, capital projects such as street corridors. Future additional residents that live in these developments will be paying taxes for ongoing city and other governmental services.

The City currently offers a multi-family residential property tax exemption (PTE) program to encourage the provision of affordable housing. Multi-family developments are projects that have four or more attached units. These units can be either ownership or rental properties. The City only permits PTE on projects that have committed to rent 20% of the project's units at sale or rental prices that meet a specific threshold of affordability. Currently, station subareas are not part of the PTE program. Currently, the City only offers the PTE in the following seven areas:

- Aurora Ave. N. Corridor;
- Ballinger Way NE Commercial Area;
- Hillwood Commercial Area;
- North City Business District;
- Richmond Beach Commercial Area;
- Ridgecrest Commercial Area; and
- Southeast Neighborhoods Commercial Area.

14. How much has the City's property tax collections decreased as a result of the City's property tax exemption program (PTE)?

Currently, there are three developments taking advantage of the City's property tax exemption program: Arabella (109 Units), Malmo (128 Units), and North City Development (4 Units) for a total of 241 Units. Only the value of the buildings is exempt from tax, the land value remains in the City's assessed valuation and is taxed. The City also receives both sales tax and utilities taxes as a result of the development itself and the occupied housing units.

We estimate that each multi-family housing unit generates about \$295 of additional tax revenue annually for the City, from Sales, Utility, and Property Tax. We estimate that the property tax exemption incentive reduces this amount by about \$95 per year per unit for the exemption period (10-12 years depending on the program). So for 2016, the City is collecting approximately \$23K less as a result of the City's multi-family property tax exemptions. Arabella's exemption

period ends in 2016, so the full value of that property will come on the rolls in 2017, reducing the number of units exempted to 132 or about \$13K.

It is important to remember these exemptions are offered for many purposes. Washington's legislature initially instituted the program to encourage multifamily housing, which provides a way to prevent urban sprawl. But the law now also serves as an incentive to build and ensure more affordable housing is developed in Shoreline. While the City only collects a small portion of property tax, the value of the exemption to the developer is a lot more than the City's portion. Without the incentive, the property may not have been developed at all or may not include affordable units. In addition to the ongoing sales taxes generated from new units, the City also receives one-time sales tax from the actual construction as well as permit and inspection fees that offset the development review and inspection. From a revenue perspective, even though we give up some revenue in the early years, the long-term positive impact is significant. These developments help spread the long-term tax burden to benefit all residents. From a social perspective, we are encouraging housing for residents who will help to sustain our community in years to come in a form that enables the region to manage growth responsibly.



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PROPOSITION 1 FAQs

If the levy is approved, how much will Shoreline Proposition 1 cost me?

If Proposition 1 is approved, a homeowner with a median valued home (\$353,000 in 2016) would pay on average \$7 more per month over the six-year levy to help maintain and fund current City services such as police and emergency services, including neighborhood safety and traffic patrols; maintenance of parks, trails, playgrounds/playfields and the Shoreline Pool; and continue funding community services for seniors, youth, and individuals and families in need.

How would Proposition 1 affect City property tax rates?

The City is asking voters for an increase of \$.06 per \$1,000 of assessed value. Proposition 1 would set the City's regular property tax levy rate at \$1.39 per \$1,000 of assessed value in 2017, below the legal limit of \$1.60.

What about seniors on a fixed income?

Senior citizens or persons with disabilities may qualify for tax exemptions or tax deferrals. Contact the King County Assessor's Office at (206) 296-3920 or kingcounty.gov/assessor for information.

More information:

Visit shorelinewa.gov/prop1 or contact Administrative Services Director Sara Lane at (206) 801-2301 or slane@shorelinewa.gov.



Park maintenance at
Cromwell Park

ELECTION DAY - TUESDAY, NOV. 8

CITY OF SHORELINE
PROPOSITION 1
Basic Public Safety,
Parks and Recreation,
and Community Services
Maintenance and Operation Levy

Preserve and maintain basic public safety,
parks and recreation, and community services



School Resource Officer Greg McKinney at
the Richmond Highlands Recreation Center

SHORELINE PROPOSITION 1

In 2010, Shoreline voters approved a basic public safety, parks and recreation, and community services maintenance and operations levy. The levy expires at the end of this year. The City is seeking to restore that levy.

Property taxes collected by the City go into the City's General Fund, which funds most of the day-to-day services provided by the City. If approved by voters, Proposition 1 would continue to help fund current levels of police and emergency services, including neighborhood safety and traffic patrols; maintenance of parks, trails, playgrounds/playfields, and the Shoreline Pool; and community services for seniors, youth, and individuals and families in need.

WHAT IS A LEVY LID LIFT?

Washington's property tax is a levy-based property tax system, which means state law allows a city to collect a specified total dollar amount (the levy) per year. State law limits levy increases to 1% per year.

The exception to this rule is the levy lid lift, which allows cities to go to the voters to ask that the levy rate be increased (lid lift) to an amount equal to or less than the statutory maximum rate.



CITY OF SHORELINE: PROPOSITION 1

PROPOSITION 1

Proposition 1 is a maintenance and operations levy to maintain basic public safety, parks and recreation, and community services. If approved, the measure will:

- Set the City's regular property tax levy rate below the legal limit of \$1.60 to a rate not to exceed \$1.39 per \$1,000 of assessed value in 2017.
- Limit property tax increases in 2018 through 2022 to an amount not to exceed inflation based on the Seattle Consumer Price Index (CPI).
- Use the 2022 levy as a base for future levy limits.

A homeowner with a median valued home (\$353,000 in 2016) would pay on average \$7 more per month over the six-year levy.

CITIZEN ADVISORY COMMITTEE RECOMMENDATION

Earlier this year, the City Manager appointed a 13-member Financial Sustainability Citizen Advisory Committee. The Committee reviewed the City's finances and services, and provided a recommendation for how best to provide the money needed to ensure basic City services continue.

The Committee recommended restoring the expiring 2010 levy in 2017 and allowing levy increases aligned with inflation for five years (2018-2022).

The Committee also recommended the City prioritize social services and economic development and continue to look for efficiencies and cost saving measures in providing City services.



Summer concert at Hamlin Park

WHY IS THE CITY SEEKING A LEVY LID LIFT?

In 2001 Washington voters approved an initiative that limits most jurisdictions to an increase in property tax revenue of 1% per year unless authorized by a vote of the people. Because inflation rises more than 1% a year, funding for basic City services has not kept pace with rising costs. In 2010, Shoreline voters approved a six-year maintenance and operations levy to bridge the funding gap. That levy expires this year.

State law requires the City to balance its budget. The City's 10-year financial forecast projects that without restoring these levy funds, revenues will not be adequate to support the cost to maintain current service levels.

Seeking savings and efficiencies is a high priority for the City, but operating costs are projected to increase by approximately 3% per year. The proposed levy will allow the City to preserve current levels of service for public safety programs; maintain parks and facilities; and sustain community services with some additional funding for human services.

WHAT HAPPENS IF PROPOSITION 1 DOES NOT PASS?

If the proposed levy restoration does not pass, the City will identify services or programs to reduce or eliminate in order to balance the City's budget. The City has focused on cost containment measures to lessen the need to reduce or eliminate services, but unless the City finds other revenue sources, service reductions will be needed. This will likely include programs that the City is not legally required to provide, such as neighborhood services, the pool, school resource officer, communications, parks maintenance, recreation programs, community events, and cultural programming.

CITY COST REDUCTIONS

The City has made a number of budget and operational changes to help contain costs while maintaining services, including:

- Reduced jail costs by using Yakima and SCORE facilities instead of King County's jail.
- Reduced costs through joint supervision of Police Department shifts between Shoreline and Kenmore.
- Replaced conventional High Pressure Sodium street lights with more energy efficient LED lights.
- Increased fees for recreation programs, permitting, and building inspections in order to meet cost recovery targets.

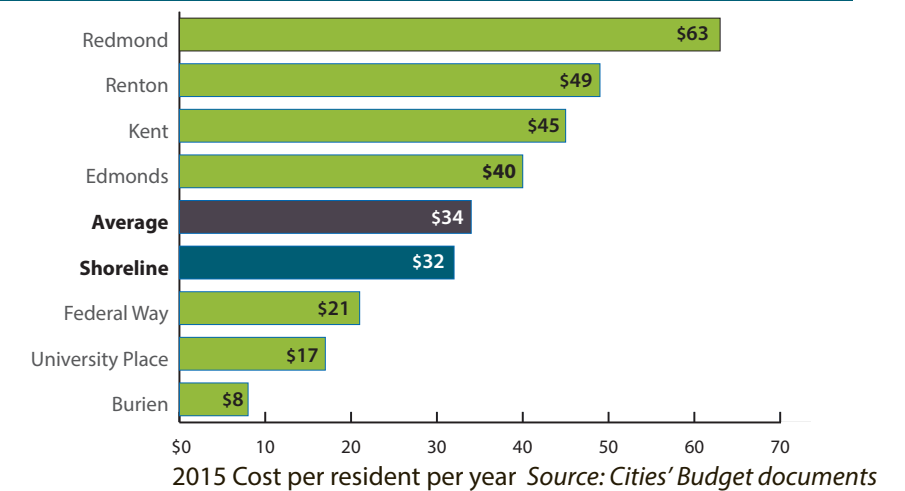
WHERE DO YOUR PROPERTY TAXES GO?

The Washington State property tax system is one of the most complicated in the nation. Property owners in Shoreline may support 10 or more different taxing districts each with its own levy and levy rate. For every dollar of property tax paid, 11¢ supports City operations.

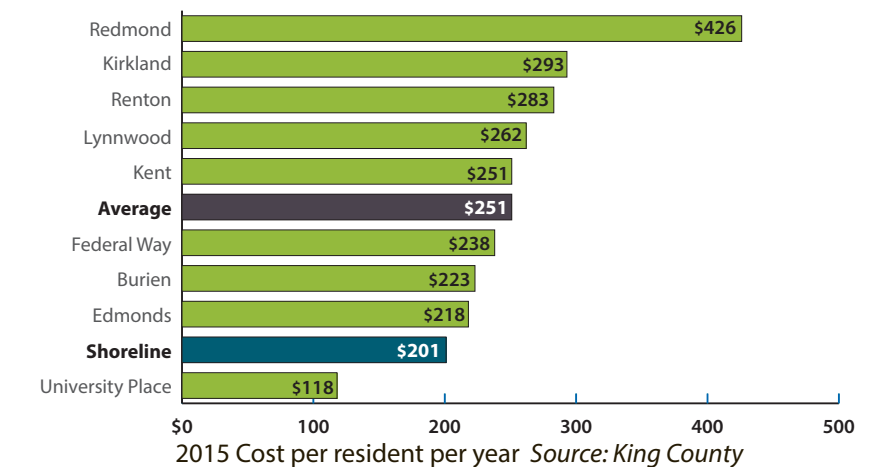


Swimming lessons at Shoreline Pool

COMPARATIVE PARK MAINTENANCE COSTS



COMPARATIVE POLICE COSTS



YOUR PROPERTY TAX DOLLAR



State Schools 18¢
Shoreline School District 37¢
Library District 4¢
Port of Seattle 1¢
King County EMS 2¢

City Operating Levy 11¢
City 2006 Park Bond Levy 2¢
Shoreline Fire District 13¢
King County 12¢



Financial Sustainability and Levy Renewal



Securing Our Foundation

Questions?

Questions about this presentation can be directed to Sara Lane, Administrator Services Director - (206) 807-2311 or Kirk Kallander, Budget Supervisor - (206) 807-2705.



Levy Lid Lift Renewal Impact to City

- Minimal overall revenue impact
- Provides some additional ongoing support for Transit Services

No Levy Lid Lift

Levy Lid Lift Renewal Impact to Residents

- Levy Rate Based to \$1.38 in 2027
- CPY Increases 2020-2027
- 4 Year Average Annual Cost of Finance: 25%
- 4 Year Average Per Month/Year of Finance: \$1

History of Financial Sustainability Efforts

- 2010 Report Committee on Fiscal Sustainability
- 2011-2012 CIP & IRP
- 2012 Council Recommendation on Long-Term IRP
- 2013 Council Recommendation on Long-Term IRP
- 2014 Council Recommendation on Long-Term IRP
- 2015 Council Recommendation on Long-Term IRP
- 2016 Council Recommendation on Long-Term IRP
- 2017 Council Recommendation on Long-Term IRP
- 2018 Council Recommendation on Long-Term IRP
- 2019 Council Recommendation on Long-Term IRP
- 2020 Council Recommendation on Long-Term IRP

Budget Forecast

Financial Sustainability Best Practices

- Establish and maintain a robust financial sustainability plan
- Engage the community in the financial sustainability process
- Establish a strong relationship with the state and federal government
- Establish a strong relationship with the private sector
- Establish a strong relationship with the academic community
- Establish a strong relationship with the media
- Establish a strong relationship with the public



Financial Sustainability Advisory Committee



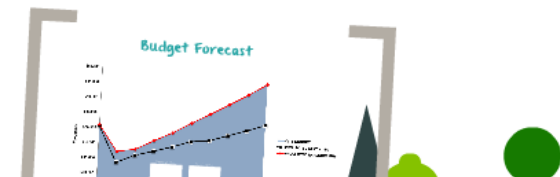
Budget Forecast



Financial Sustainability and Levy Renewal



Securing Our Foundation





Recreation and Senior Services Programs

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Other Services

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Park Maintenance

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Recreation Development

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Senior Operations

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Human Services

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Environmental Services

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Emergency Management

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Community Events

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Officer Customer Response Team

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Events

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Special Services

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

General Services

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Neighborhoods

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Personnel, Information, Planning & Data

- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000
- 2019/2020 Budget: \$1,000,000

2019/2020 Budget: \$1,000,000

Aquatics and Recreation Programs:

- 30,900 Drop-in visits to the Shoreline Pool
- Recreation Centers open 6,350 Hours
- 2,850 hours of teen and youth development programming
- 4,300 hours of aquatics instruction



**2016 Net Cost:
\$1.69 million**





**2016 Net Cost:
\$1.72 million**



Park Maintenance:

- 32 parks
- 14 restrooms
- 15 playgrounds
- 15 baseball fields
- 10 soccer fields
- 15 tennis courts
- 5 picnic shelters
- 3 off-leash dog areas
- 1 swimming pool
- 2 recreation centers
- 1 skate park
- Kruckeberg Botanic Garden
- City Hall campus
- Interurban Trail
- Miles of park trails



Street Operations:

- 343 miles of City streets
- 10,597 street signs
- 60 miles of ROW landscaping
- 30 traffic circles
- 8 ROW beautification sites
- Plus City and community event support

**2016 Net
Cost:
\$433,000**

Environmental Services

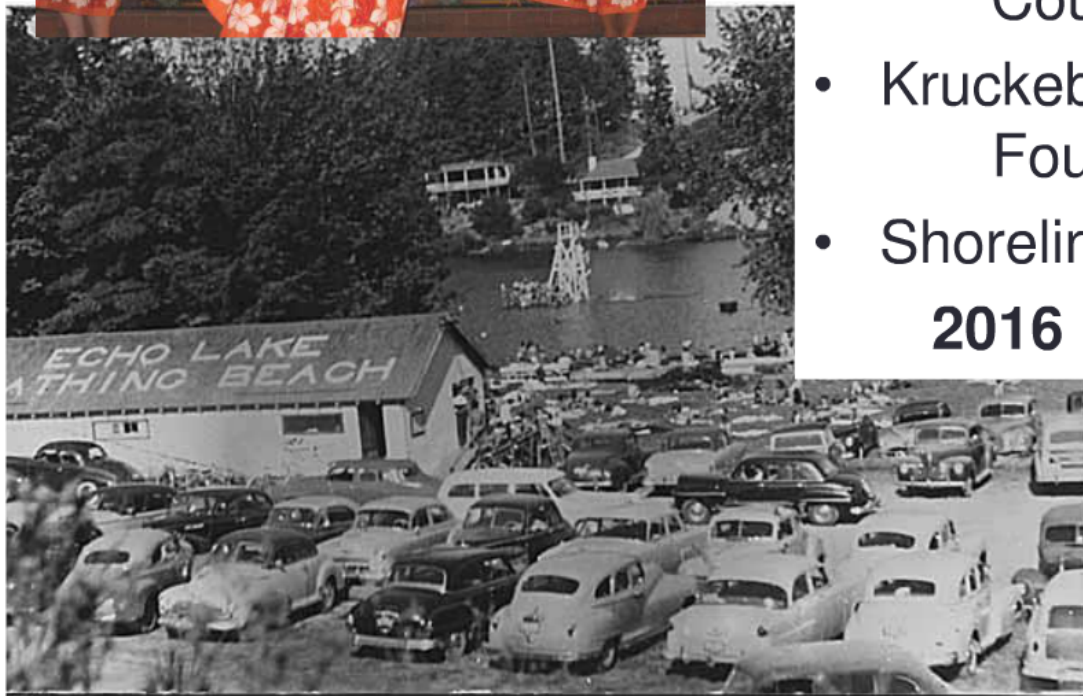
- 200 tons of material recycled at 2015 recycling events
- 4,350 households participated in recycling events



Traffic and Transportation Planning Services

- Answered 310 service requests
- Completed 230 traffic counts
- Completed 3 neighborhood traffic projects
- 20 active residential areas in Neighborhood Traffic Safety Program

2016 Net Cost: \$1.47 million



Property of Shoreline Historical Museum

Community Partners

- Shoreline Historical Museum
- Shoreline-Lake Forest Park Senior Center
- Shoreline-Lake Forest Park Arts Council
- Kruckeberg Botanic Garden Foundation
- Shoreline School District

2016 Net Cost: \$301,000





Events

- Celebrate Shoreline
- Hamlin Haunt
- Holiday Crafts Market
- Swingin' Summer Eve
- Noontime concert series
- Monster Mash Dash
- Santa Breakfast

2016 Net Cost: \$179,000





Shoreline Police:

- 51 uniformed officers
- Attended 52 neighborhood crime prevention meetings
- Handled over 28,000 police contacts, dispatched calls, and on-views
- Priority emergency call response averaged 3.92 minutes
- National leader in developing better police interaction with people with mental health or cognitive issues while in crisis

2016 Net Cost: \$9.5 million



Criminal Justice:

- Jails
- Courts
- Public Defender

2016 Net Cost: \$2.7 million



Neighborhoods:

- Funded five neighborhood mini-grant projects
- Supported neighborhood associations with 'signature' events
- Organized meetings between neighborhood associations and City staff

2016 Cost: \$172,000



Permitting, Inspection, Planning & Code Enforcement

- Total permit applications handled 1,921
- Customers assisted 4,832
- Total Inspections Performed 4,231
- Zoning Reviews, Land Use, Tree & Sign approvals 466
- Light Rail Station Area Planning

2016 Net Cost: \$1.7Million



24-Hour Customer Response Team:

- Percentage of abandoned vehicles tagged within 24 hours of notification – 95% in 2015
- Number of service requests for parking/abandoned vehicles – 610 in 2015
- Support police, Shoreline Fire, and public work crews during emergencies

**2016 Net Cost:
\$525,000**



Emergency Management:

- 15 new community response volunteers trained
- 10 community training events
- 95% of staff trained in emergency planning and preparedness

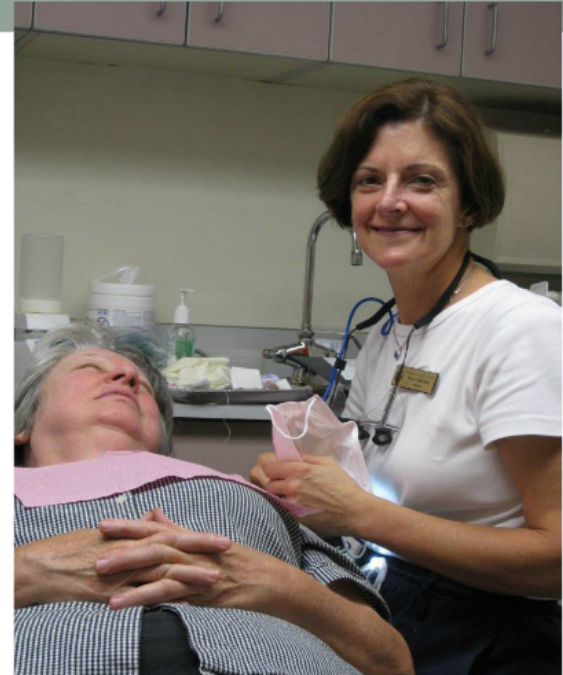
2016 Net Cost: \$197,000



Human Services:

- Support 15 agencies offering 28 different programs, including:
 - family support programs
 - food and utility assistance
 - senior services
 - support for victims of domestic violence
- Serve approximately 10,000 Shoreline residents every year

2016 Net Cost: \$400,000



Economic Development

- Shoreline Farmers' Market
- Shoreline Community College
- Quick-Start Shoreline Business Workshops
- Shoreline Film Office
- Food Truck Thursdays
- SIFF – Seattle International Film Festival
- Theater Under the Stars
- **2016 Net Cost: \$303,000**



Other Services

- Elections
- Intergovernmental relations
- Communications:
 - Currents
 - Citizen Survey
 - Alert Shoreline
- Public Records Requests
- Pet Licensing/ Animal Control
- Business Licensing
- Public Meeting Management

Social Media
Public Website

CURRENTS
News from the City of Shoreline - Volume 18 No. 2
March 2016

City works with partners to address homelessness

On December 16, 2015, the Council passed a resolution supporting King County's declaration of emergency due to homelessness. While the issue of homelessness in the Puget Sound Region is not new, it has become an issue in recent years. To respond, on November 2, 2015, King County and the City of Seattle declared states of emergency.

The extent of homelessness and those at risk of homelessness in Shoreline can be seen through data that comes from schools and service providers, and from anecdotal data provided by the City Parks, Recreation and Cultural Services Department. Since 2010, the number of Shoreline School District students with self-identity as homeless has almost tripled, rising from 134 in the 2010-11 school year to 340 in 2014-15 school year. This is a 167% increase over the course of the year. School staff also report that 11 events in total this year to exceed the number of the 2014-15 school year.

In addition to school data, the One Night Count of the homeless reported a 27% increase in 2015 across King County. Throughout the year, those entering the homeless housing system report on their last place of residence. In 2014, over 700 people are leaving shelter in places across the County indicating that they come from Shoreline as well.

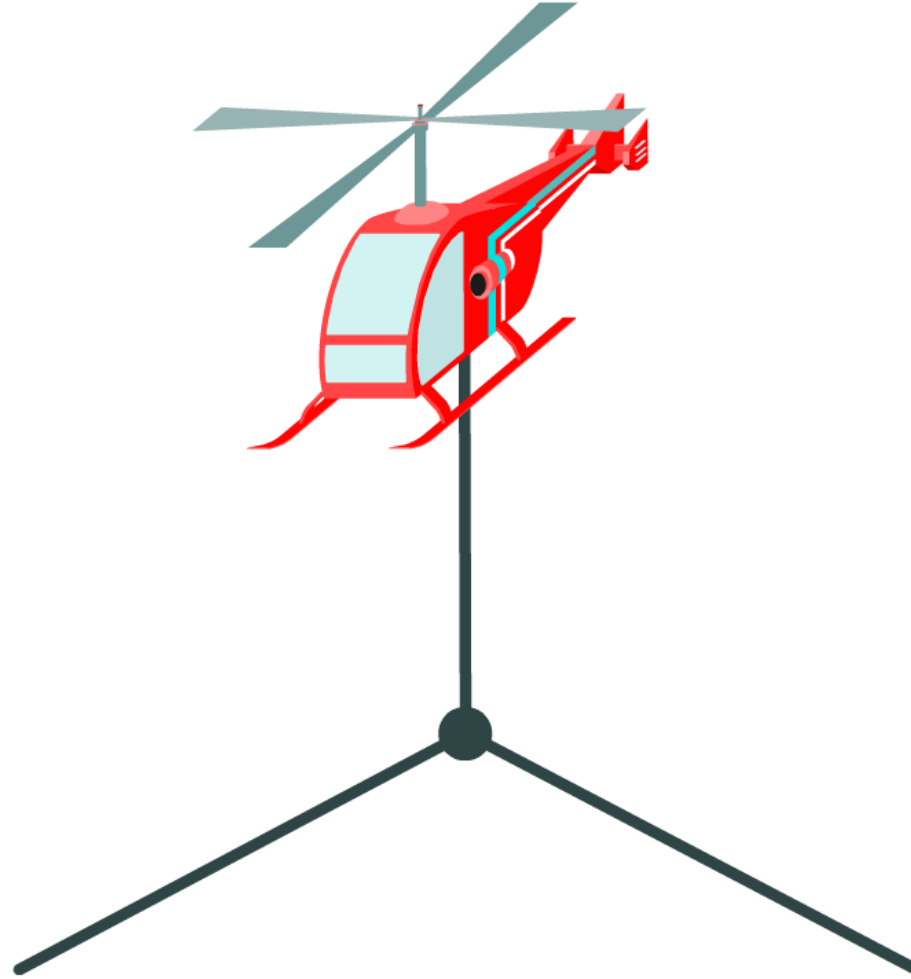
King County reports that the volume of emergency food bags (a short-term supply of food that can be prepared without a full kitchen) requested by households has increased by 46% from 2011 to 2015 from 716 household requests to 1,047. While the City does not keep formal statistics on homeless encampments in the City's park system, Park staff estimates that approximately 20 encampments are removed each year from Shoreline Parks and other governmental property that the City maintains.

HOME IMPROVEMENT WORKSHOPS
TUESDAY, MARCH 29 AND TUESDAY, APRIL 26
Add an extra few services to help you get started with your home improvement project. Learn more on page 2.

1487 Curdsville update Page 3
Shoreline's neighborhood Page 4
Recycling and yard waste Page 7

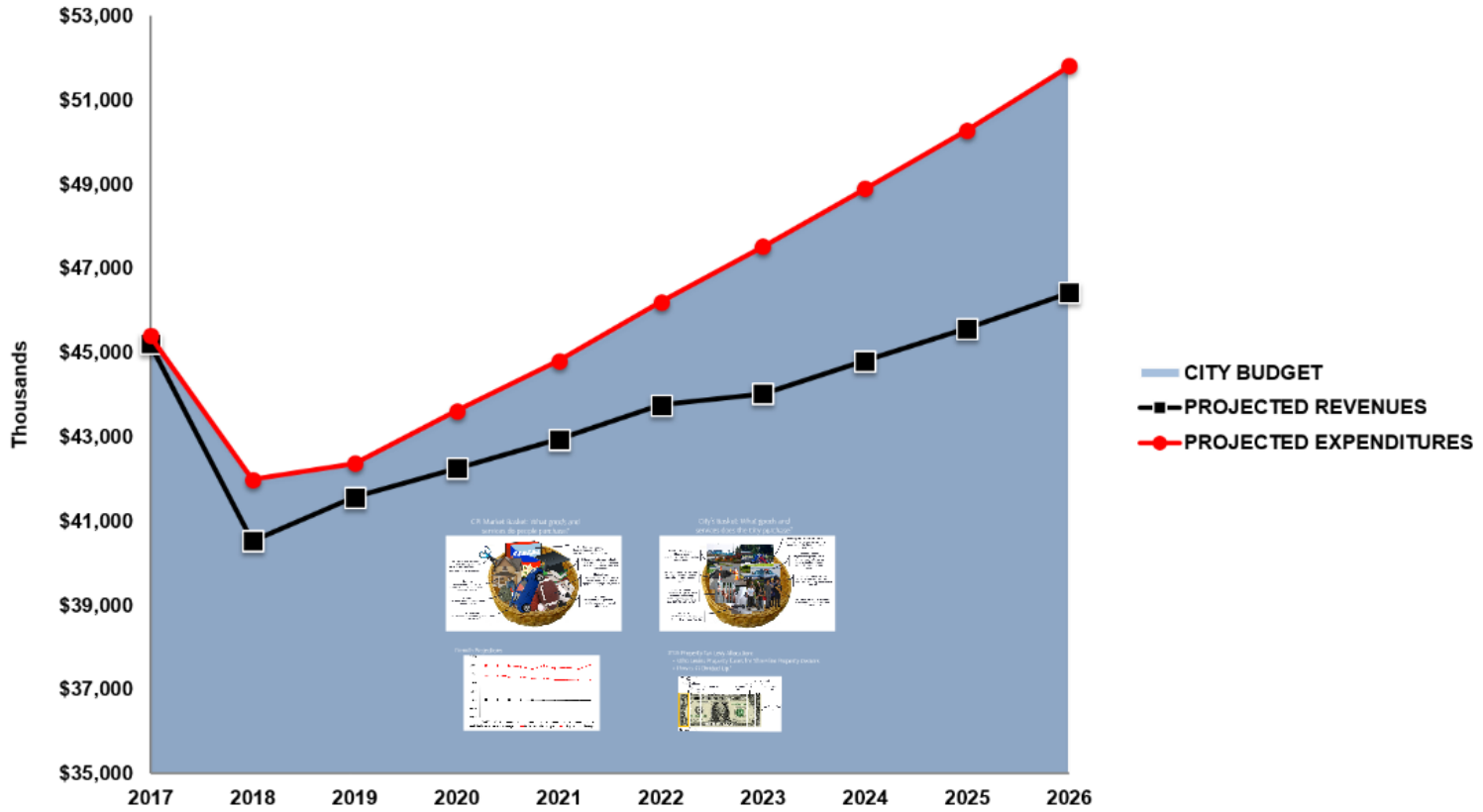


Regional Animal Services of King County

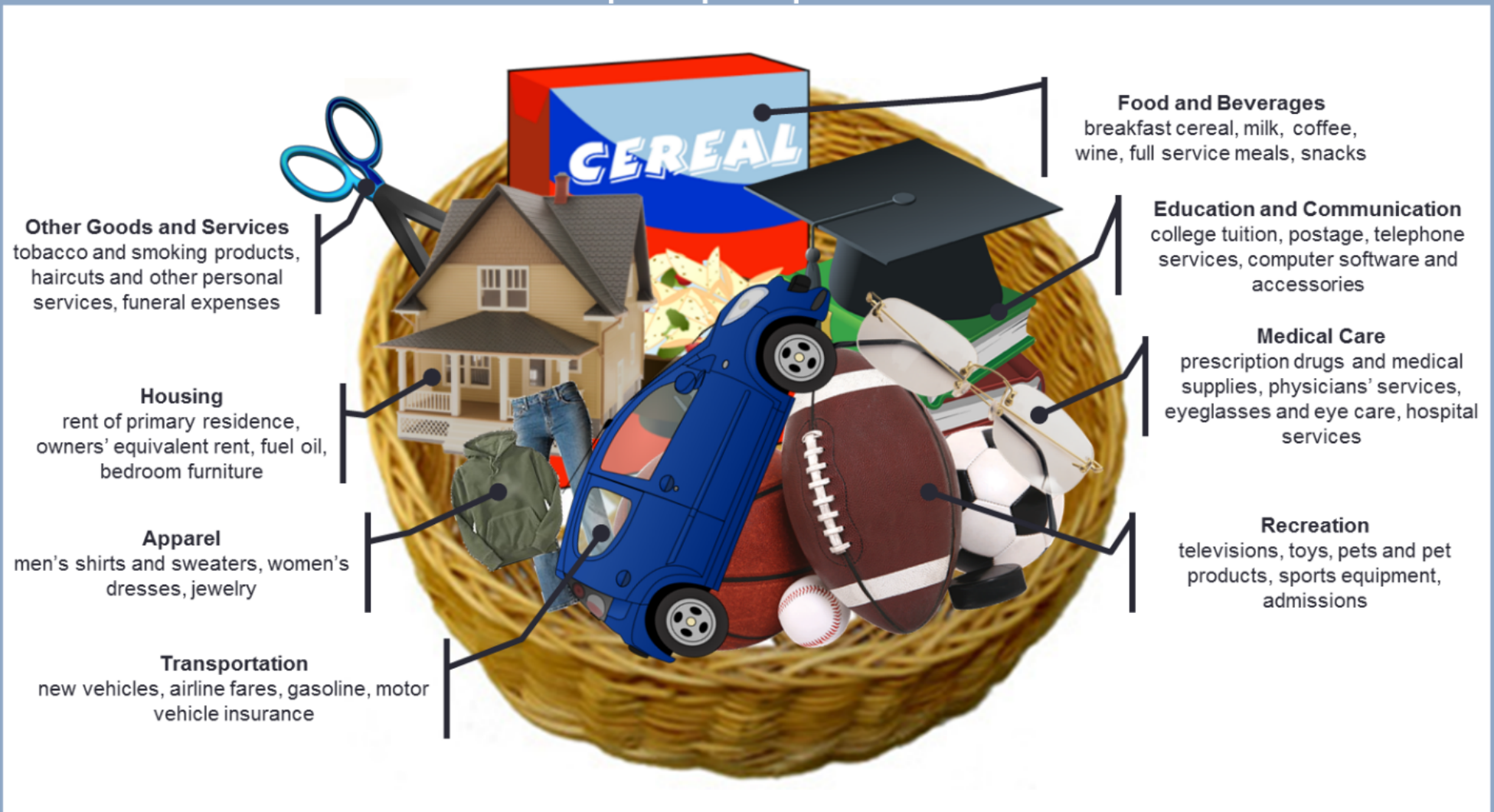


Securing Our Foundation

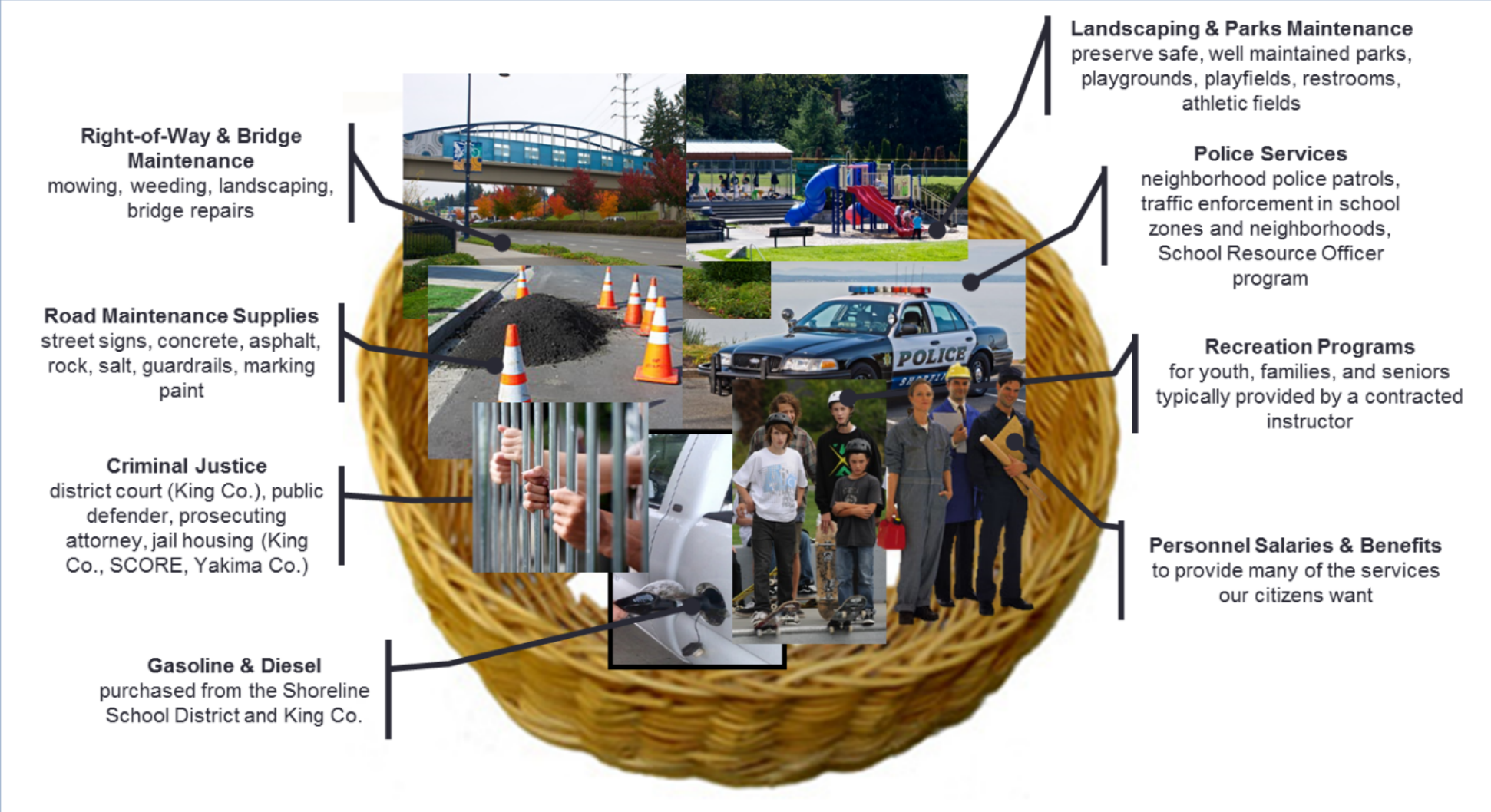
Budget Forecast



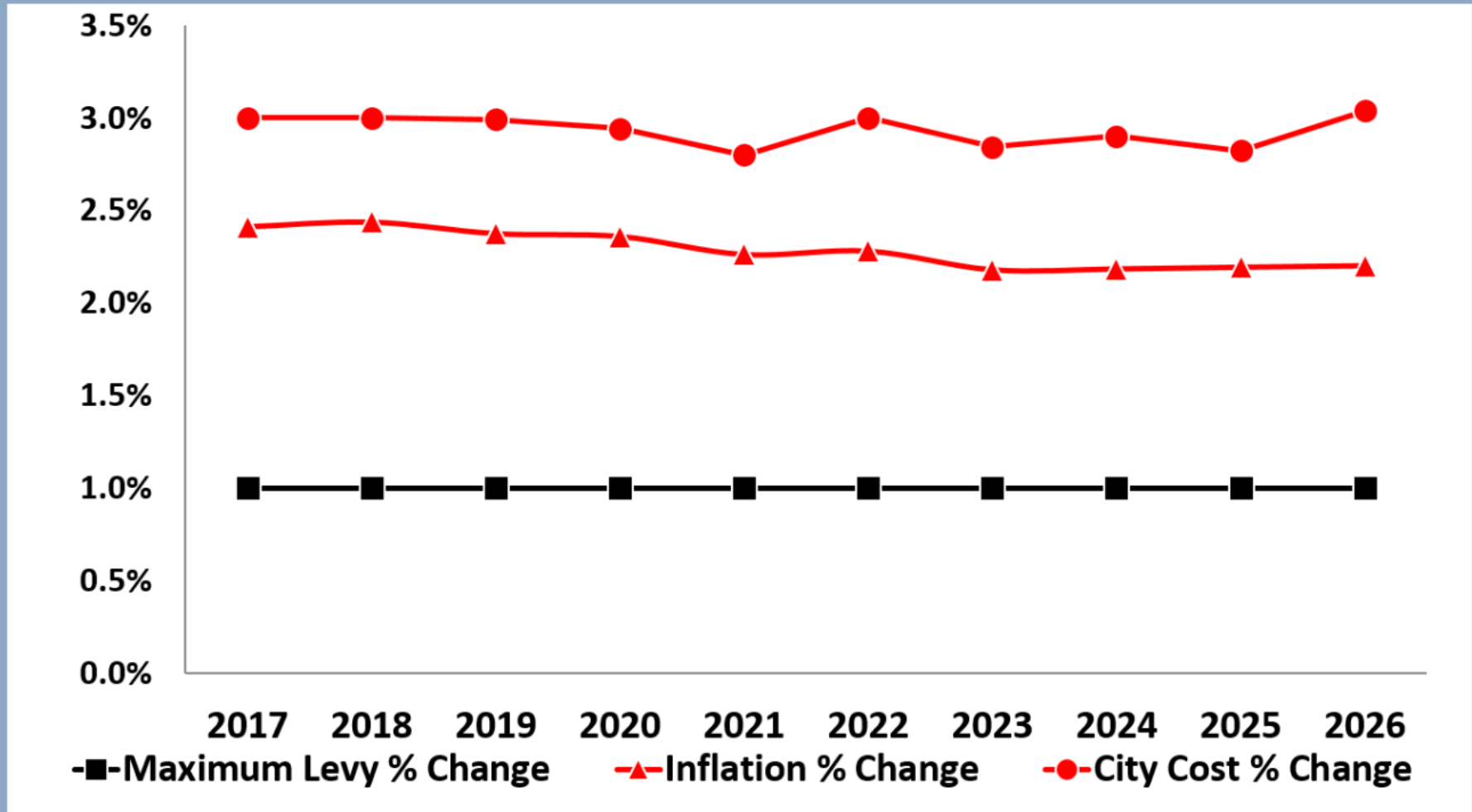
CPI Market Basket: What goods and services do people purchase?



City's Basket: What goods and services does the City purchase?



Growth Projections



2016 Property Tax Levy Allocation:

- Who Levies Property Taxes for Shoreline Property Owners
- How is \$1 Divided Up?



Financial Sustainability Best Practices

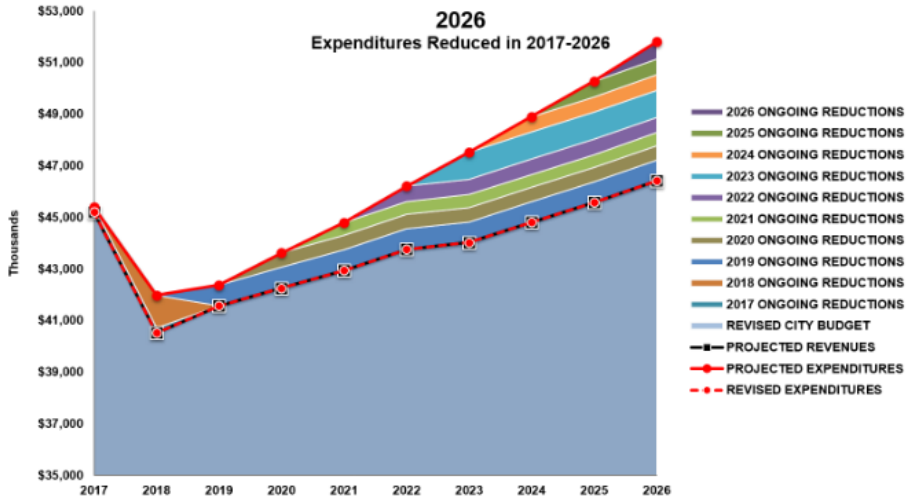
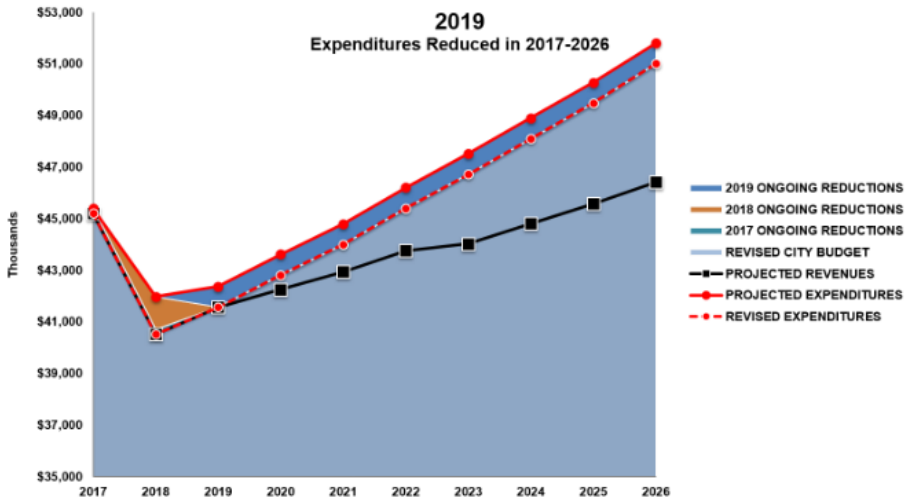
- Long range financial forecast
- Support ongoing costs with ongoing revenues
- Support one-time costs with one-time revenue
- Balance budget required by State law

History of Financial Sustainability Efforts

- 2008: Citizen's Committee on Financial Sustainability
- 2010: Levy Lid Lift Vote
- 2014: Council Subcommittee developed 10 YFSP
 - ✓ *Strategy 1: Economic Development*
 - ✓ *Strategy 2: Reduce costs*
 - ✓ *Strategy 3: Increase investment returns*
 - ✓ *Strategy 4: Evaluate fees and cost recovery*
 - Strategy 5: Replace General Fund support of Roads Capital Fund*
 - Strategy 6: Possible implementation of a B&O Tax*
 - Strategy 7: Levy Lid Lift renewal***



Budget Forecast



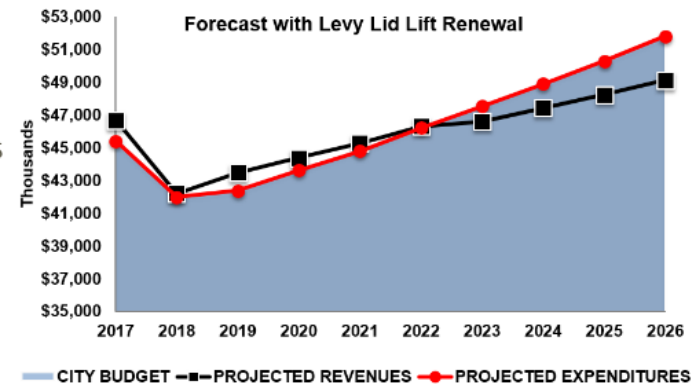
Financial Sustainability Citizens Advisory Committee

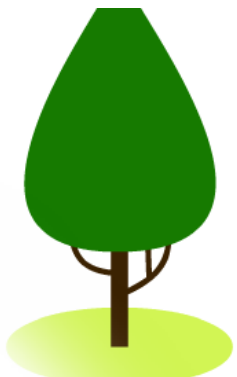
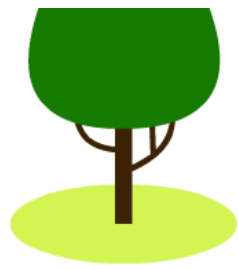
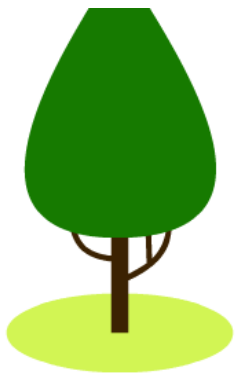
Financial Sustainability Citizens Advisory Committee to:

- Learn about City Services
- Explore the 10 YFSP
- Provide input to the City Manager on service priorities, Levy Lid Lift alternatives and other strategies of the 10 YFSP

Majority Recommendation (11 of 13):

- Levy Lid Lift Renewal
 - 2017 Rate Reset
 - Levy Growth by CPI
 - Evaluate renewal every six years





Levy Lid Lift Renewal Impact to Residents

- Levy Rate Reset to \$1.39 in 2017
- CPI Increases 2018-2022



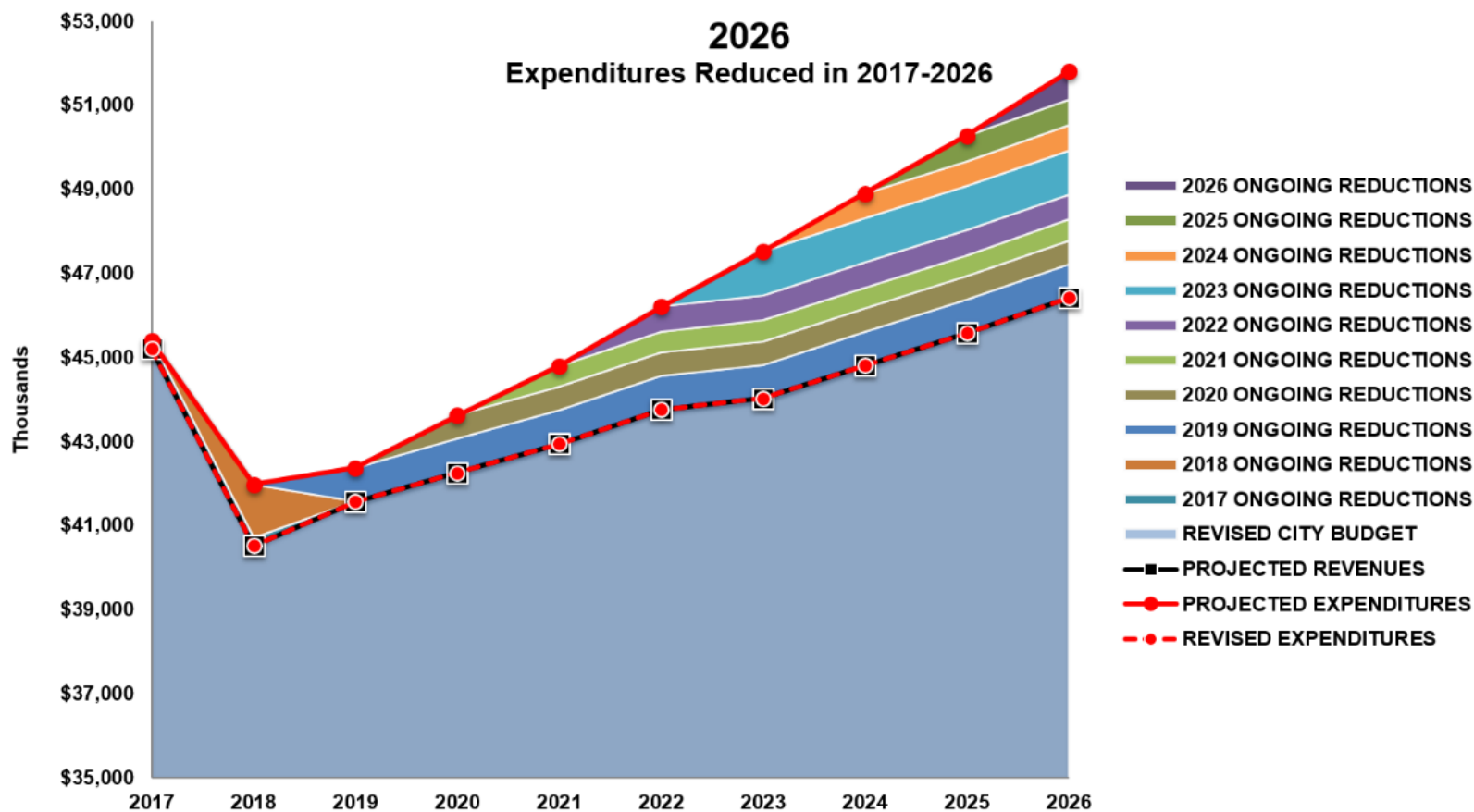
- 6 Year Average Annual Cost Difference: \$84
- 6 Year Average Per Month Cost Difference: \$7

Based on Shoreline 2016 Median Assessed Value Home:
\$353,000

No Levy Lid Lift

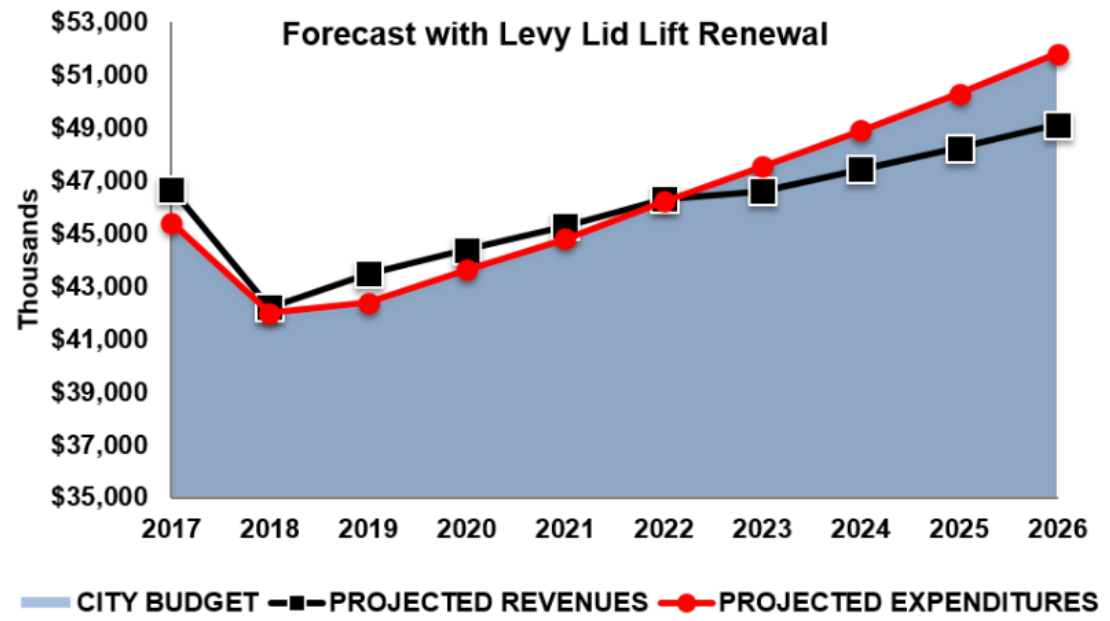
Impact

- Property Tax Levy Growth limited to 1%
- Reduced Service Levels



Levy Lid Lift Renewal Impact to City

- Maintain Current Service Levels
- Provides Some Additional Ongoing Support for Human Services



Securing Our Foundation

Questions?

Questions about this presentation can be directed to:
Sara Lane, Administrative Services Director - (206) 801-2301
Rick Kirkwood, Budget Supervisor - (206) 801-2303



Levy Lid Lift
Impact to Ci