

2003 City Revenue Sources

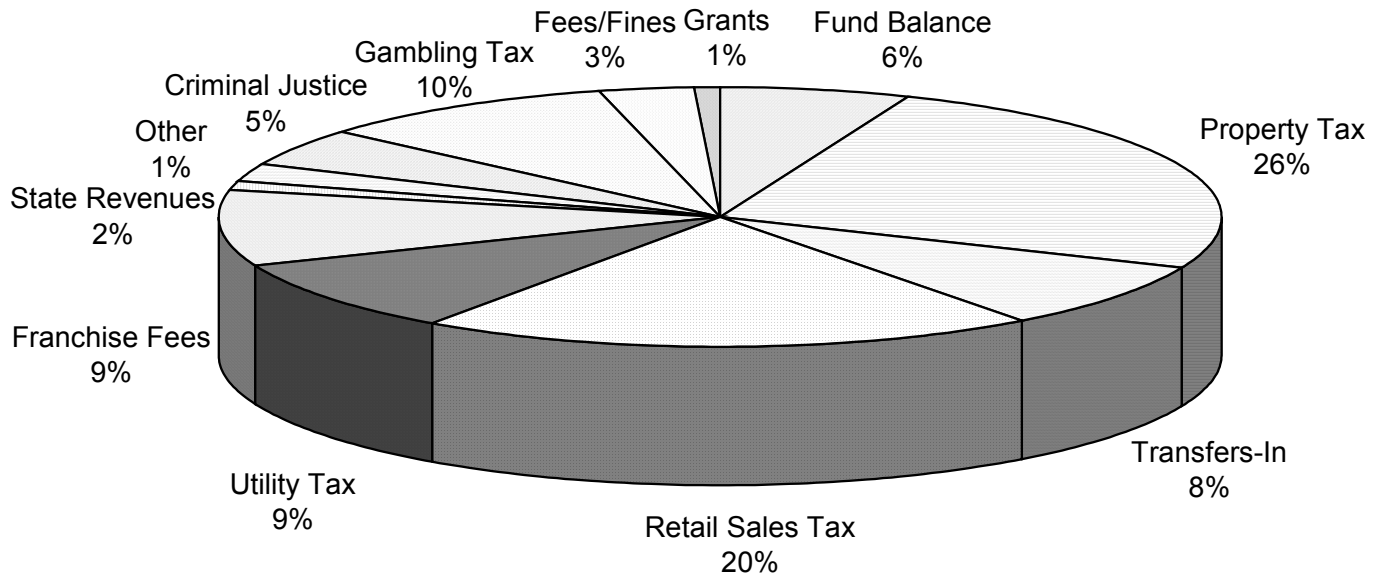
Introduction

The City of Shoreline receives revenues from local property, sales, utility, and gambling taxes, a variety of population based State shared revenues, user fees for development services and parks programs as well as grants, fines, and other miscellaneous revenues. In 2003, the total revenue for all of the City's funds is \$32,754,555. This does not include beginning fund balances or transfers between funds.

The table at the end of this section lists the revenues and fund transfers for all of the City's fifteen budgeted funds.

General Fund Revenue Sources

In 2003, the General Fund resource base is \$25,927,472. This is made up of the budgeted use of fund balance (1,582,500, 6.1%), operating revenues (\$22,184,076, 85.6%), and transfers-in (\$2,160,896, 8.3%) from other funds for their share of the General Fund overhead.



Property Tax

Property tax revenue for 2003 is budgeted at \$ 6,567,756 and represents 29.6% of the General Fund operating revenues. This \$132,720 increase over projected 2002 collections of \$ 6,435,036 is a result of new construction and a one-percent recommended levy increase. The one-percent levy increase is the maximum annual growth allowed since Initiative 747 (I-747) was approved by the voters last year. I-747 requires voter approval for any property tax levy increases in excess of one-percent.

The current 2002 City of Shoreline property levy is \$1.43 per \$1,000 of assessed property value. This does not include levies for the school district, library, fire, or sewer services, nor for the County, Port, State or other agencies. A homeowner of an average valued residence (\$222,000), is currently paying a total of \$2,948 per year in property taxes. The City receives 10.77% of the property tax levied, which would equate to \$317.46

The projected tax levy rate for 2003 is \$1.36 per \$1,000 valuation, a reduction from the 2002 rate of nearly 5%. The 2002 levy rate was also 5% less than the 2001 rate. The primary reason for the decrease in rate is that the assessed value of property in the City has increased. If assessed values increase annually on average by 5%, the resulting tax bill will remain exactly the same as in 2001.

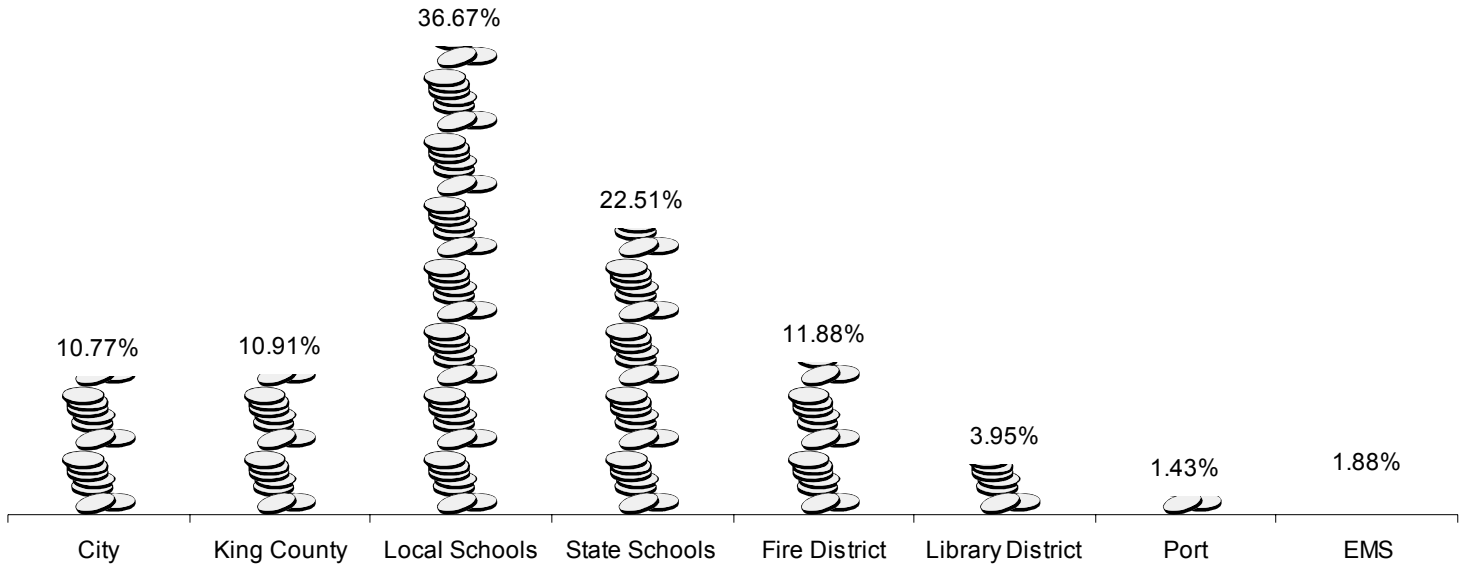
The assessed valuation for 2003 is estimated to be 7.25% more than the current level. The value for new construction is 5.9% less than last year's value. The 2003 Budget includes the increases from the 1.0% levy increase (\$65,039), new construction (\$49,057) and previous years' refunds of \$16,057.

For future years, we are projecting a two-percent annual increase in property tax revenue. This increase would cover the historical levels of new construction in the City and the one-percent growth limit imposed by Initiative 747.

The charts on the following pages provide a breakdown of City of Shoreline property taxes and a historical perspective of property tax revenue.

What a City Property Owner Pays

	Property Tax Rate								Total
	City	King County	Shoreline School District	State Schools	Fire District	Library District	Port of Seattle	King Co. Emergency Medical	
Rate	1.430	1.449	4.870	2.989	1.578	.525	.0190	.0250	13.281
%	10.77%	10.91%	36.67%	22.51%	11.88%	3.95%	1.43%	1.88%	100.0%

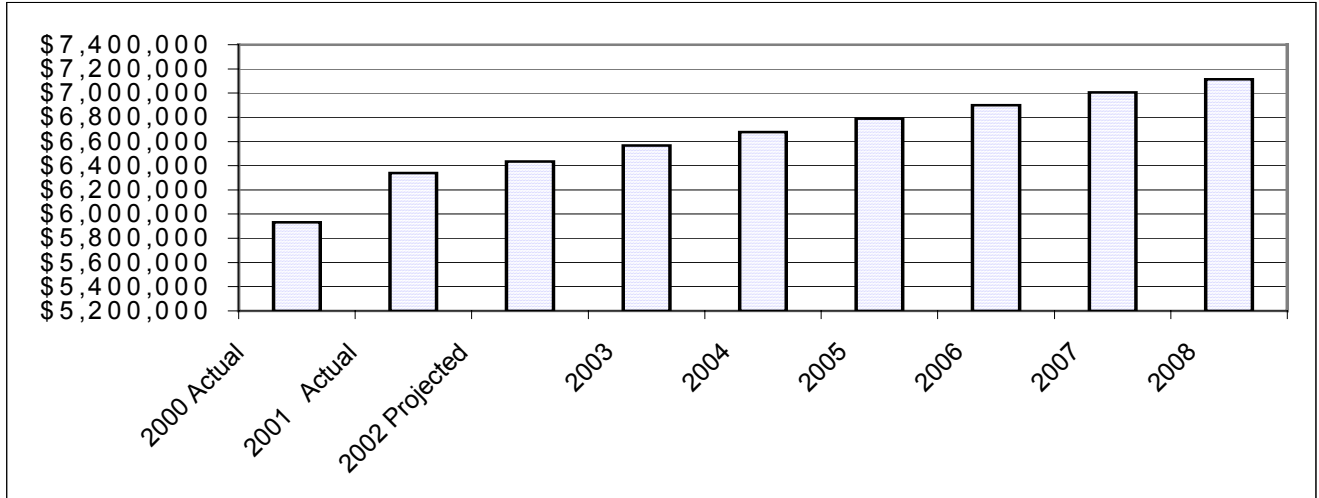


The chart below illustrates the City property tax portion payable in 2002 by an individual owning a home valued at \$220,000. Based on the 2002 property tax rate, only 10.77% of the homeowner's property tax will be distributed to the City.

	Assessed Value	Per \$1,000 (AV/\$1,000)	Rate	Assessment	%
City	\$ 222,000	222 X	\$ 1.430	= 317.46	10.77%
King County	\$ 222,000	222 X	1.449	= 321.68	10.91%
Shoreline School District	\$ 222,000	222 X	4.870	= 1,081.14	36.67%
State Schools	\$ 222,000	222 X	2.989	= 663.56	22.51%
Fire District	\$ 222,000	222 X	1.578	= 350.32	11.88%
Library District	\$ 222,000	222 X	0.525	= 116.55	3.95%
Port of Seattle	\$ 222,000	222 X	0.190	= 42.18	1.43%
King Co. Emergency Medical	\$ 222,000	222 X	0.250	= 55.50	1.88%
TOTAL			\$ 13.281	\$ 2,948.39	100.0%

Property Tax Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
5,933,539	6,340,071	6,435,036	6,567,756	6,679,363	6,789,722	6,898,940	7,007,121	7,114,362
Annual Increase	406,532	94,965	132,720	111,607	110,359	109,218	108,181	107,241
% Increase	6.9%	1.5%	2.1%	1.7%	1.7%	1.6%	1.6%	1.5%

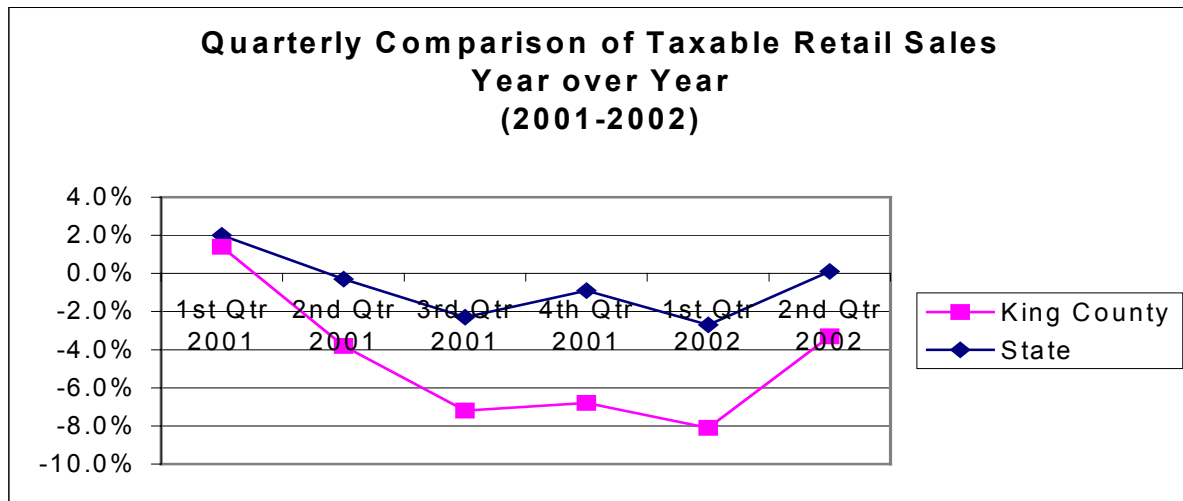


Sales Tax

Projected sales tax revenue for 2003 is \$5,163,565 or 23.3% of the total General Fund operating revenues. These collections represent 0.85% of the total sales tax collected from sales within the City. This represents only a one-percent increase over projected 2002 collections of \$5,112,441. Sales tax revenue for 2001 was \$5,070,005. Projected growth in collections during 2002 is minimal when compared with previous years. This is a direct result of the recession that has taken place during 2001 and 2002. In comparison, sales tax receipts increased by 11.3% between 2000 and 2001. A portion of this increase was due to a change in accounting methods that resulted in only eleven months of collections being recorded during 2000. Prior to 2002, annual growth was 24.9% in 1997, 9.9% in 1998 and 4.2% in 1999.

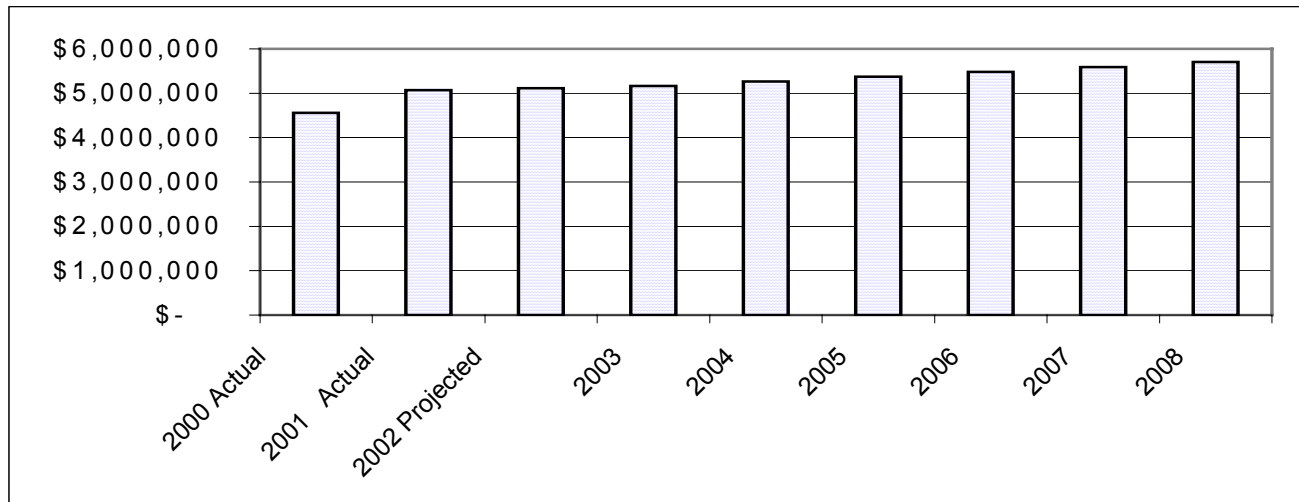
As the chart below depicts, taxable retail sales in both King County and the State have been on the decline since the second quarter of 2001. The chart compares the results of each quarter with the corresponding quarter in the prior year. Both the State and King County experienced the biggest drops during the first quarter of 2002. While the State experienced a drop of 2.7%, King County fell by 8.1% during that period. It does appear that sales were on the rise during the second quarter of 2002, however this is still well below the pre-recession levels. Since Shoreline's sales tax base consists largely of basic consumer goods, we have been somewhat insulated from the full effects of the recession and have experienced only minimal declines or more to the point, stagnant growth.

For future years, we are continuing to project a rate of growth of only two-percent. The local economy is not expected to begin to recover from the recession until late 2003 or early 2004. Therefore, the City has chosen to keep future projections at a conservative level.



Sales Tax Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
4,555,052	5,070,005	5,112,441	5,163,565	5,266,837	5,372,173	5,479,617	5,589,209	5,700,993
<i>Annual Increase</i>	514,953	42,436	51,124	103,272	105,336	107,444	109,592	111,784
<i>% Increase</i>	11.3%	0.8%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%



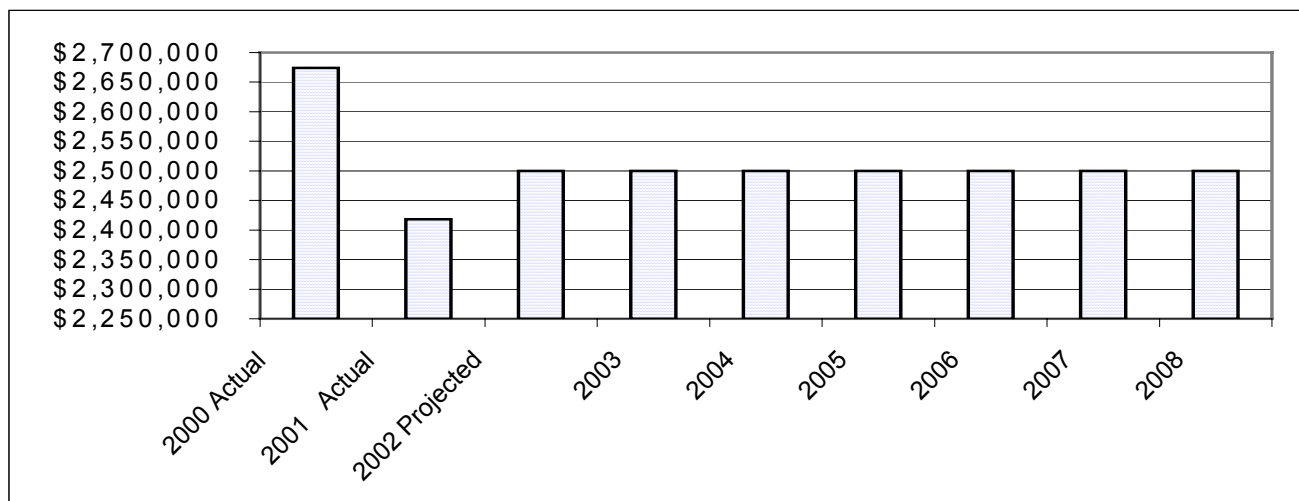
Gambling Tax

There are currently seventeen licensed businesses and organizations that offer gambling within Shoreline city limits. Gambling tax rate limits are set by the State and vary by game. In 1998, the State allowed the opening of “mini-casinos” and expanded the number of cardrooms and betting limits. This expansion resulted in 76% and 48% revenue increases in 1998 and 1999. With the City Council moratorium on new mini-casinos, we expect the revenue to stabilize at around \$2.5 million. Therefore, gambling tax is budgeted at \$2,500,000 for 2003. Revenue from gambling activity equals 11.3% of the total General Fund operating revenues. The 2003 Forecast represents flat revenues with no growth over 2002 projections. Revenues throughout 2002 have been behind 2001 collections, but are expected to come in at budget.

Currently, the City of Shoreline’s tax rate is at 11% for card rooms. Since there have been several attempts in the State Legislature to lower the tax rate allowed, the City Council has adopted a policy to limit the General Fund’s reliance on this revenue source for general operations of the City. Therefore, only a portion of the rate (7%) is included in the General Fund’s on-going revenue base. An amount equal to the remaining 4% is transferred to Capital Funds to be used for one-time capital improvements.

Gambling Tax Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
2,674,099	2,418,418	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<i>Annual Increase</i>	(255,681)	81,582	0	0	0	0	0	0
<i>% Increase</i>	(9.6%)	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



Utility Taxes

The Council enacted a 6% utility tax on natural gas, telephone, cellular telephone, pager services, and sanitation services along with a 1% utility tax on cable TV that became effective in 2000. Projected revenues in 2003 from utility taxes are \$2,376,685 or 10.7% of the total General Fund operating revenues. This is an increase of \$156,570 or 7% over projected 2002 utility tax revenues of \$2,220,115. Projected 2002 revenues are 2.6% less than those received in 2001.

In the Natural Gas category, 2003 revenues are projected to remain flat. Projected 2002 revenues are 8.7% less than 2001 revenues. Puget Sound Energy implemented a 27% rate increase in August of 2000 and another rate increase of nearly 25% in January of 2001. There have been three rate reductions during 2002 for a total reduction of approximately 25%. The current projections reflect those rate reductions.

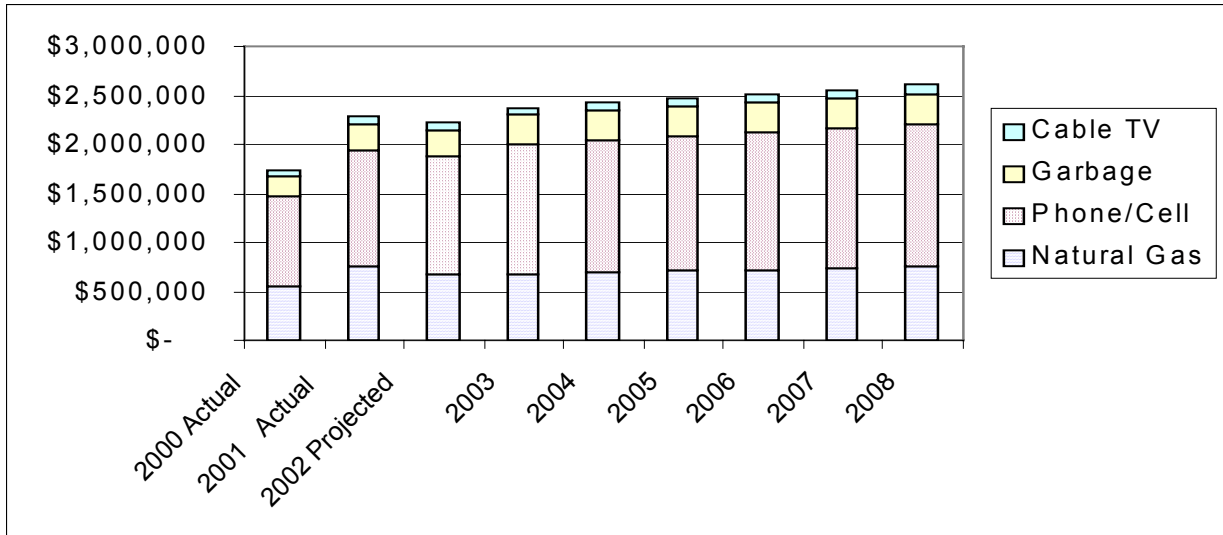
Revenues from telephone, cellular, and pager services are expected to increase by 11% percent over 2002 projections and by 2% in the out-years, as we continue to see growth due to more people utilizing new technologies.

Sanitation utility tax revenues for 2003 have been increased by 6.1% over 2002 projections. 2003 cable tax revenues are expected to exceed 2002 projections by 11%. Revenues from both sanitation and cable television are expected to grow more slowly than the other categories in the future at a rate of only 1% annually. These utilities are not really impacted by climate or other factors that have negatively impacted other utilities that provide basic services such as heat, electricity, and water.

Utility Tax Charts

	2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Natural Gas	544,026	746,351	681,685	681,685	695,319	709,225	723,410	737,878	752,635
Annual Inc.		202,325	(64,666)	0	13,634	13,906	14,185	14,468	14,757
% Inc.		37.2%	(8.7%)	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Telephone	923,502	1,196,328	1,188,318	1,320,000	1,346,400	1,373,328	1,400,795	1,428,810	1,457,387
Annual Inc.		272,826	(8,010)	131,682	26,400	26,928	27,467	28,015	28,577
% Inc.		29.5%	(0.7%)	11.1%	2.0%	2.0%	2.0%	2.0%	2.0%
Sanitation	205,535	270,213	278,019	295,000	297,950	300,930	303,939	306,978	310,048
Annual Inc.		64,678	7,806	16,981	2,950	2,980	3,009	3,039	3,070
% Inc.		31.5%	2.9%	6.1%	1.0%	1.0%	1.0%	1.0%	1.0%
Cable TV	57,650	66,590	72,093	80,000	80,800	81,608	82,424	83,248	84,081
Annual Inc.		8,940	5,503	7,907	800	808	816	824	833
% Inc.		15.5%	8.3%	11.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total	1,730,713	2,279,482	2,220,115	2,376,685	2,420,469	2,465,091	2,510,568	2,556,914	2,604,151

Utility Tax Charts cont.



Franchise Fees

The City has entered into franchise agreements with many of the public utilities that provide services to our citizens. Agreements have been reached with Seattle City Light, Seattle Public Utilities (Water and Sewer), Shoreline Water District, and most recently with Ronald Wastewater District. These utilities pay a franchise fee to the City in an amount equal to six-percent of their revenues.

The total projected 2003 revenue from franchise fees is \$2,425,325, which equates to 10.9% of the total General Fund operating revenues. This is an increase of \$433,431 or nearly 21.8%.

The cable television franchise fee is set at a rate equal to five-percent of gross cable service revenues. Projected 2002 revenues are \$177,853 above 2001 actual collections because the payment for the fourth quarter of 2001 was not received until 2002. The estimated revenue for 2003 is back to a more typical level. Revenues from the cable franchise fee are expected to grow annually by about 3%.

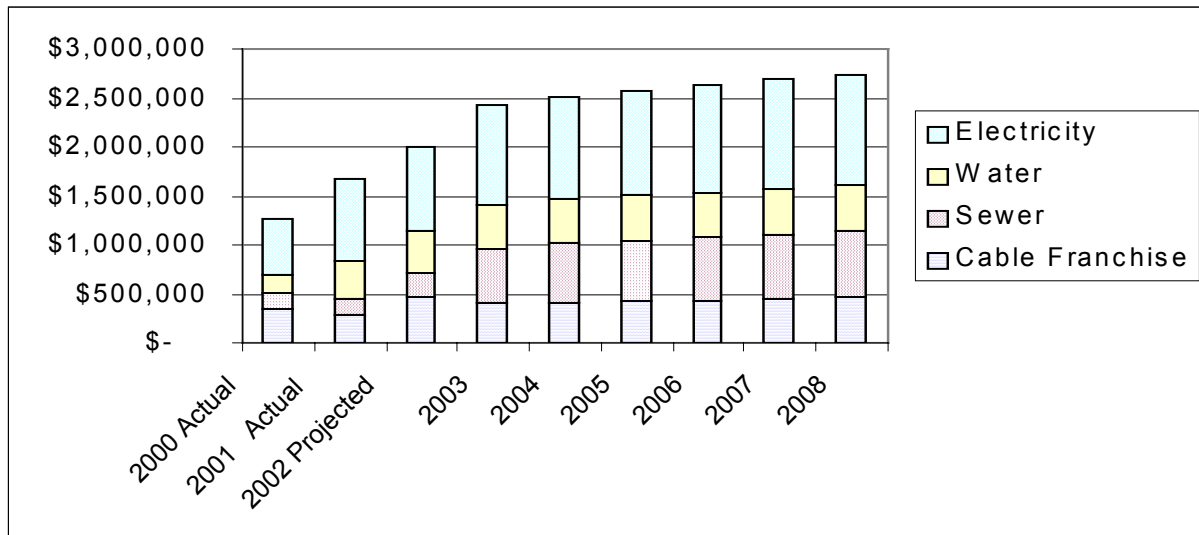
Projected franchise fees from sewer for 2003 are \$550,000. This is an increase of 113% over 2002 projections of \$257,750. This large increase is a result of the new franchise agreement with the Ronald Wastewater District. In the future, we expect a growth of \$50,000 in 2004 and an annual growth rate of 3% in future years.

Revenues from water franchise fees for 2003 are expected to be \$450,325, an increase of \$20,000 or 4.6% above 2002 projected revenues. This category is projected to grow at a minimal rate of only 1% annually in the future.

Electricity franchise fee payments from Seattle City Light are expected to total \$1,025,000 in 2003. This is an increase of \$185,000 or around 22% over the projected 2002 revenues. 2003 projections are based upon collection experience from the second half of 2001 and the first half of 2002. Seattle City Council has approved several rate increases this year. Since the beginning of 2001, rates have been increased by a cumulative total of 47.9%. The full affect of the increases will be experienced during 2003. Seattle City Light has indicated that these rate increases are temporary and are considered to be surcharges for a limited time. Since the rates for electricity should decline after the surcharges end, the City is not including the additional revenues in its ongoing base. Therefore, an amount equal to the estimated revenues from the surcharges is being used to fund one-time capital improvements rather than ongoing operations. Excluding these surcharges we are anticipating growth of about two-percent in this category for the future years.

Franchise Fee Charts

	2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Cable TV	349,971	285,966	463,819	400,000	412,000	424,360	437,091	450,204	463,710
Annual Increase		(64,005)	177,853	(63,819)	12,000	12,360	12,731	13,113	13,506
% Increase		(18.3%)	62.2%	(13.8%)	3.0%	3.0%	3.0%	3.0%	3.0%
Sewer	155,045	164,445	257,750	550,000	600,000	618,000	636,540	655,636	675,305
Annual Increase		9,400	93,305	292,250	50,000	18,000	18,540	19,096	19,669
% Increase		6.1%	56.7%	113.4%	9.1%	3.0%	3.0%	3.0%	3.0%
Water	183,692	386,368	430,325	450,325	454,828	459,377	463,970	468,610	473,296
Annual Increase		202,676	43,957	20,000	4,503	4,549	4,593	4,640	4,686
% Increase		110.3%	11.4%	4.6%	1.0%	1.0%	1.0%	1.0%	1.0%
Electricity	577,618	842,682	840,000	1,025,000	1,045,500	1,066,410	1,087,738	1,109,493	1,131,683
Annual Increase		265,064	(2,682)	185,000	20,500	20,910	21,328	21,755	22,190
% Increase		45.9%	(0.3%)	22.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Total	1,266,326	1,679,461	1,991,894	2,425,325	2,512,328	2,568,147	2,625,339	2,683,943	2,743,994



Parks and Recreation Fees

Parks and recreation programs offered by the City are partially supported through user fees. In 2000, parks and recreation fee schedules were adjusted for the first time since incorporation. These fee revisions were based upon the annual update of the City's overhead allocation plan, user fee reviews and a thorough review of the parks, recreation, and teen program fee structures. The fee schedule update was intended to establish a balanced fee approach while retaining market competitiveness with our surrounding jurisdictions. Fees continue to be reviewed on an annual basis.

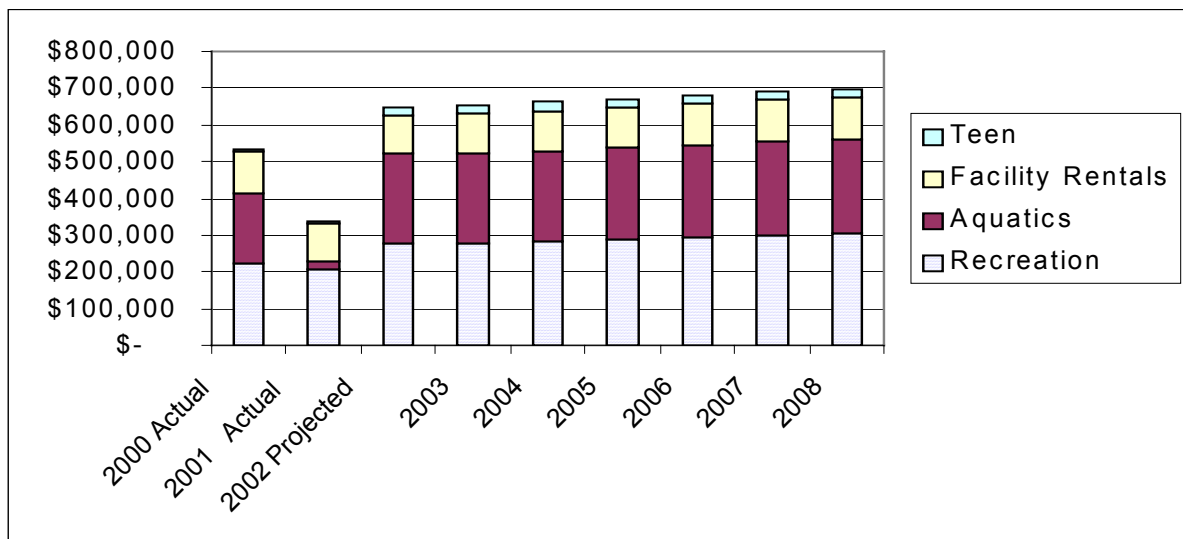
As the City of Shoreline has developed its recreation and aquatics programs over the past several years, we have continued to enjoy increases in revenue of 30% for 1998, 15% for 1999, and 5% for 2000. This was due to an increasing number of programs being offered and the number of participants as the City's programs became established. Revenues were down during 2001 while several major capital projects were underway at the Shoreline Pool and the Richmond Highlands Recreation Center (REC).

Projected 2003 revenue from parks and recreation fees is \$652,498 or 2.9% of the total General Fund operating revenues. This is only slightly more than the 2002 projected revenues of \$647,753 which are well ahead of the 2002 budget of \$560,227. Most of this increase comes from Aquatics revenue. 2002 projected revenue from the Aquatics program is projected to be \$55,000 more than was collected during 2000 (the last full year of pool operations). This is due to increased number of classes and lessons being offered at the pool. This level of activity is expected to continue. Recreation revenues are also up significantly over 2000. The REC was closed for a significant portion of 2001 and the Spartan Gym opened in late 2001. These two sites are contributing additional revenues along with an increased level of participation in classes and activities being offered by the City including the Teen program.

Overall, Parks and Recreation fee revenues are projected to grow by 1 – 2 % during the years of 2004-2008.

Parks and Recreation Fee Charts

	2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Recreation	221,156	204,857	275,179	275,282	280,788	286,403	292,131	297,974	303,934
<i>Annual Increase</i>		(16,299)	70,322	103	5,506	5,616	5,728	5,843	5,959
<i>% Increase</i>		(7.4%)	34.3%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Aquatics	191,429	25,946	246,480	246,480	248,945	251,434	253,949	256,488	259,053
<i>Annual Increase</i>		(165,483)	220,534	0	2,465	2,489	2,514	2,539	2,565
<i>% Increase</i>		(86.4%)	850.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Facility Rentals	112,787	99,198	103,045	108,045	109,125	110,217	111,319	112,432	113,556
<i>Annual Increase</i>		(13,589)	3,847	5,000	1,080	1,091	1,102	1,113	1,124
<i>% Increase</i>		(12.0%)	3.9%	4.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Teen Programs	7,764	5,492	23,049	22,691	22,691	22,691	22,691	22,691	22,691
<i>Annual Increase</i>		(2,272)	17,557	(358)	0	0	0	0	0
<i>% Increase</i>		(29.3%)	319.7%	(1.6%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total	533,136	335,493	647,753	652,498	661,549	670,745	680,090	689,585	699,234



Criminal Justice Funding

There are two sources of dedicated funding for local criminal justice programs: an optional County sales tax of 0.1% and State criminal justice funding. The State funding, prior to 2000, consisted of a combination of Motor Vehicle Excise Tax (MVET) and State General Fund dollars. Due to the repeal of the MVET by the State legislature, the MVET portion was eliminated, subsequently, the only State funding anticipated is from the State's General Fund.

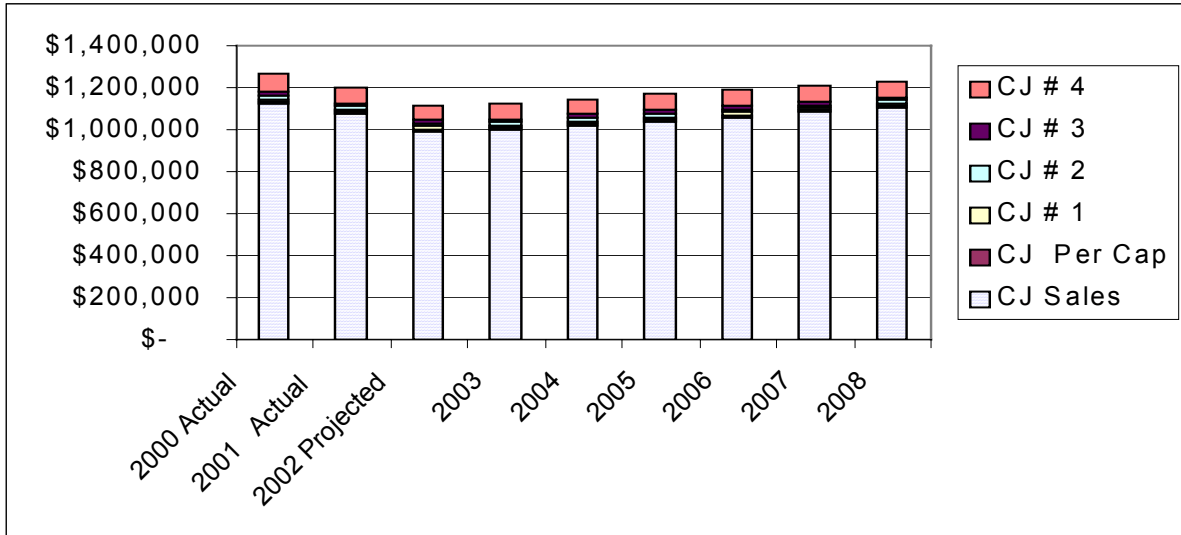
The projected 2003 revenue for Criminal Justice is \$1,127,434 or 5% of the total General Fund operating revenues. This represents an increase of \$10,780, 1% over 2002 projections. Most of the revenues in this category are funded by the State and have been decreased during the past few years since the MVET tax was repealed. This funding comes from the State's General Fund and is subject to change due to the economic and legislative climate. We expect these revenues to remain flat.

The Criminal Justice Retail Sales tax has been falling during 2001 and 2002 due to the recession. This tax is collected at the County level and distributed to the cities on a per capita basis. We do not expect much growth in this revenue during 2003. As we pull out of the recession, this revenue should begin to increase again by 2004.

Criminal Justice Funding Charts

	2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Retail Sales - Criminal Justice	1,120,941	1,078,499	995,000	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1104081
State - CJ - Per Capita	12,427	9,372	9,567	9,585	9,585	9,585	9,585	9,585	9585
State - CJ - Innovative Law Enforce. #1	12,753	10,288	10,923	10,900	10,900	10,900	10,900	10,900	10,900
State - CJ - At-Risk Children #2	17,897	14,985	15,605	15,572	15,572	15,572	15,572	15,572	15,572
State - CJ - Domestic Violence #3	17,889	14,973	15,605	15,572	15,572	15,572	15,572	15,572	15,572
State - CJ - City Law Enforce. #4	88,064	69,178	69,954	75,805	75,805	75,805	75,805	75,805	75,805
Total	1,269,971	1,197,295	1,116,654	1,127,434	1,147,434	1,167,834	1,188,642	1,209,866	1,231,515

Criminal Justice Funding Charts continued

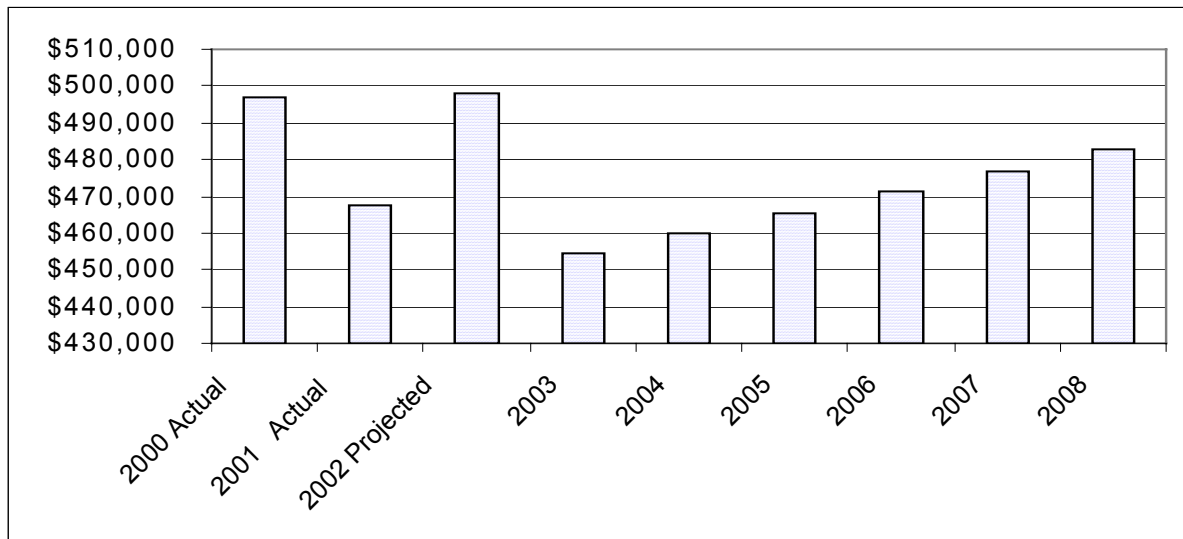


Liquor Excise Tax & Board Profits

The City receives a portion of the liquor excise tax receipts collected by the State. The City also receives a portion of the profits of the State Liquor Board. This revenue is distributed on a per capita basis. The projected 2003 revenue from these two sources is \$454,756, which is a decrease of \$43,166 or 8.7% from 2002 projected revenues. This revenue represents about 2% of the total General Fund operating revenues. This projection is based upon the estimated per capita rates that have been provided by the state. The forecast for future years is based on conservative growth of just over 1.2%.

Liquor Tax Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
496,756	467,543	497,922	454,756	460,113	465,577	471,150	476,835	482,634
Annual Increase	(29,213)	30,379	(43,166)	5,357	5,464	5,573	5,685	5,799
% Increase	(5.9%)	6.5%	(8.7%)	1.2%	1.2%	1.2%	1.2%	1.2%



Grants

In 2003, Shoreline is projected to receive \$186,774 in grant funding from a variety of sources to support health and human services programs, planning work, recycling programs, and parks and teen programs. The largest grant for 2003 is the Community Development Block Grant (CDBG) which funds various human services.

Development Services Fund Revenues

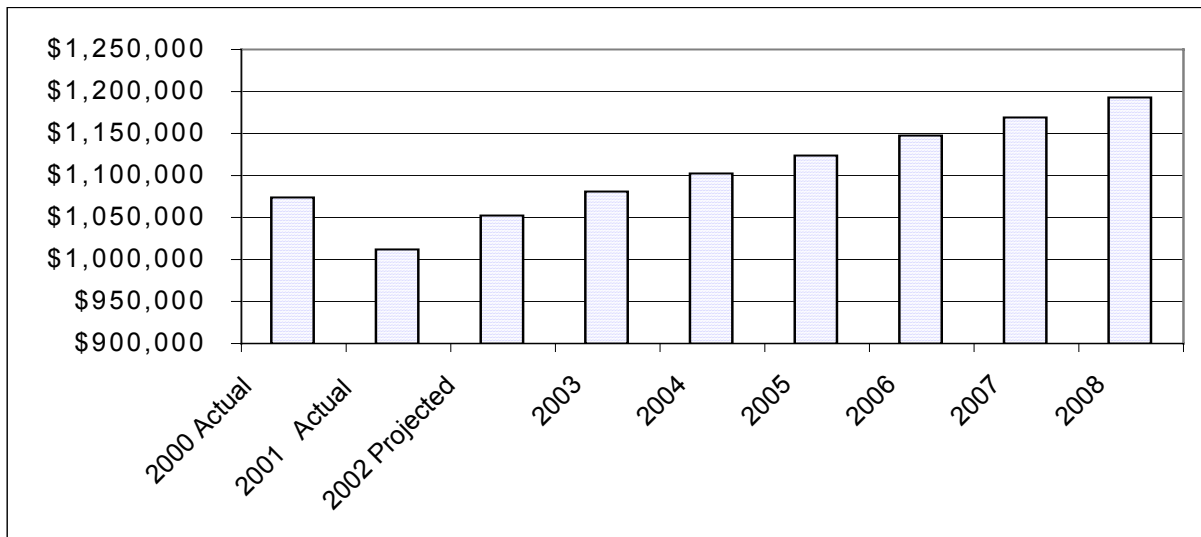
Development Permit Fees

Fees are charged for a variety of development permits obtained through the City's Planning and Development Services Department. In 2001, development fee revenues were \$1,011,407, a decrease of \$63,175 from 2000 revenues. Projected 2002 revenues of \$1,053,000 equal an increase of \$42,093 or 4.2% over 2001 collections. Although this is the case, this is 8.3% below the 2002 budgeted revenues. Revenues for 2003 are expected to grow by another \$27,000 or 2.6%. For 2004 and beyond, revenue is projected to grow by only 2%.

The City Council has a goal of 80% cost recovery of permitting expenditures through fee collections. Currently permit fees cover 100% of the direct cost of providing permit services, but only approximately 68% of total costs (direct and indirect).

Development Permit Fee Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
1,074,582	1,011,407	1,053,500	1,080,500	1,102,110	1,124,152	1,146,635	1,169,568	1,192,959
<i>Annual Increase</i>	(63,175)	42,093	27,000	21,610	22,042	22,483	22,933	23,391
<i>% Increase</i>	(5.9%)	4.2%	2.6%	2.0%	2.0%	2.0%	2.0%	2.0%



Street and Arterial Fund Revenues

The major revenue sources for maintenance of the City's streets are fuel tax and county vehicle license fees. Also, beginning in 2002, right-of-way permit fees were received in the Street Fund. These three sources alone however, are not sufficient, so the General Fund must subsidize the City's street maintenance programs. In 2002 this subsidy will be \$1,420,529. It will increase to \$1,430,882 in 2003 and is expected to continue to grow each year thereafter, since operating expenditures are increasing at a rate greater than the projected growth in revenues.

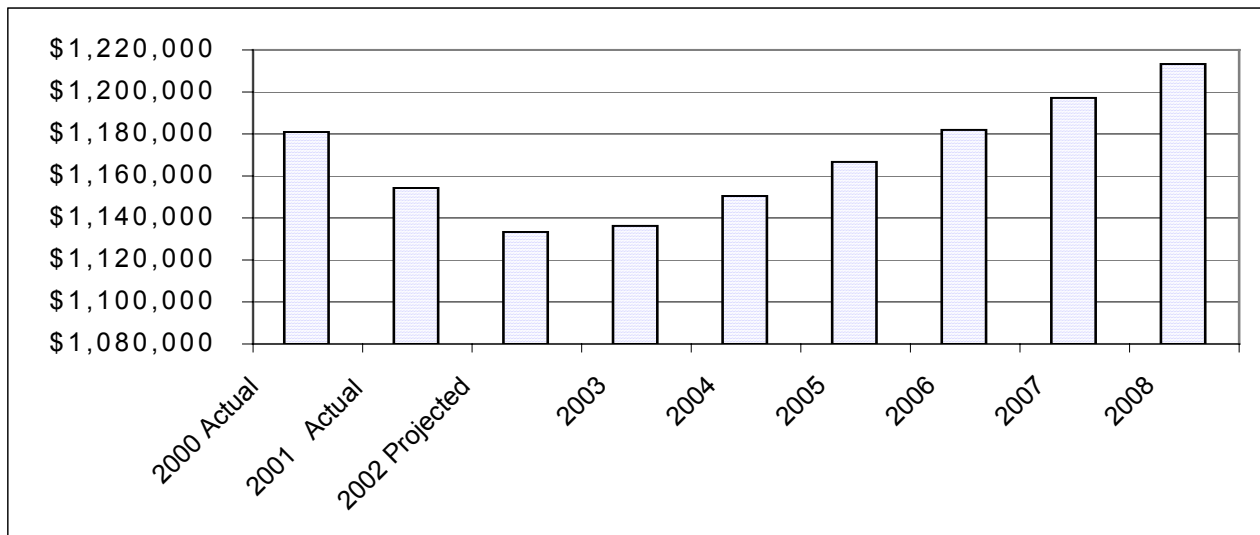
Fuel Tax

State collected gasoline and diesel fuel tax is shared with cities and towns on a per capita basis to be used for street and arterial repairs and maintenance. In 2001, a total of \$1,154,607 was collected. It is anticipated that for 2002 the revenue will be lower than 2001 collections at \$1,132,945. Projected fuel tax revenues for 2003 are \$1,135,902. This is only 0.3% higher than projected 2002 revenue. The 2002 estimate is based on State projections of per capita distributions. The tax is a flat amount per gallon sold. Consumption of gasoline and diesel fuel has fallen as the economy has slowed. For 2004 through 2008 a modest growth rate of 1.3% is forecast.

Approximately 68% of the revenue may be spent on street maintenance and the remaining funds are restricted to construction, improvement and repair of arterials and city streets. Fuel tax estimates are received annually from the State.

Fuel Tax Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
1,181,156	1,154,607	1,132,945	1,135,902	1,150,942	1,166,205	1,181,696	1,197,418	1,213,377
Annual Increase	(26,549)	(21,662)	2,957	15,040	15,263	15,491	15,722	15,959
% Increase	(2.2%)	(1.9%)	0.3%	1.3%	1.3%	1.3%	1.3%	1.3%

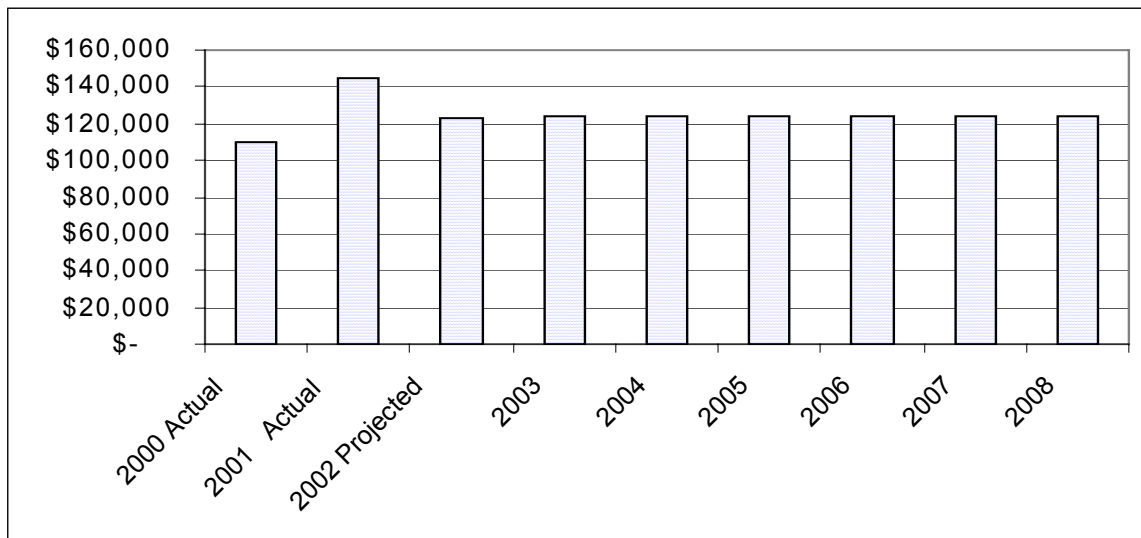


Right-of-Way Permit Fees

Fees are charged for the use of the City's right-of-way. Prior to 2002, these revenues were reported with other development fee revenue in the Development Services Fund. In 2002, all right-of-way activity was transferred to the City's Street Fund. 2003 revenue is projected to grow only slightly from 2002 projections and no growth has been built into the forecasts for the future years. Projected revenues for 2002 are down from 2001 collections by \$21,261 or 14.7%.

Right-of-Way Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
110,217	144,586	123,325	123,900	123,900	123,900	123,900	123,900	123,900
<i>Annual Increase</i>	34,369	(21,261)	575	0	0	0	0	0
<i>% Increase</i>	31.2%	(14.7%)	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%



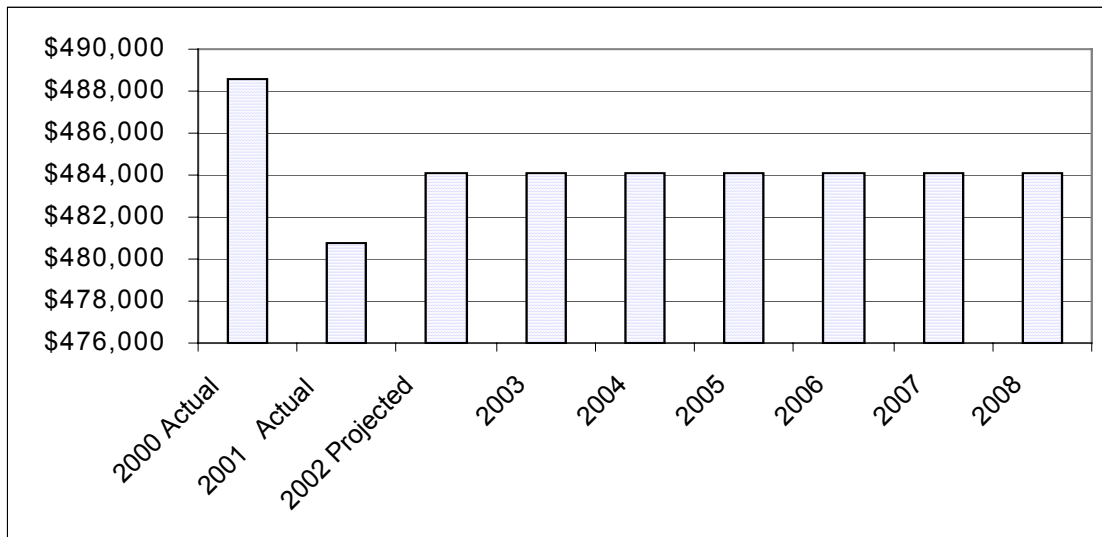
Vehicle License Fee

King, Snohomish, Douglas, and Pierce Counties have chosen to levy the optional Vehicle License Fee. These funds are collected by the State and distributed to the counties, cities and towns. These funds must be used for transportation purposes, such as street and road improvements and public transportation. In 2001, Shoreline received \$480,733 in vehicle license fee revenues and projected 2002 revenue is \$484,073. For 2003 through 2008, forecasted license fees remain flat at \$484,073 annually.

The November 5, 2002 ballot will include Initiative 776 (I-776) which if approved would repeal this Vehicle License Fee. This would result in a loss of 34.6% of the Street Fund's 2003 operating revenues.

Vehicle License Fee Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
488,577	480,733	484,073	484,073	484,073	484,073	484,073	484,073	484,073
Annual Increase	(7,844)	3,340	0	0	0	0	0	0
% Increase	(1.6%)	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



Surface Water Management Fund Revenues

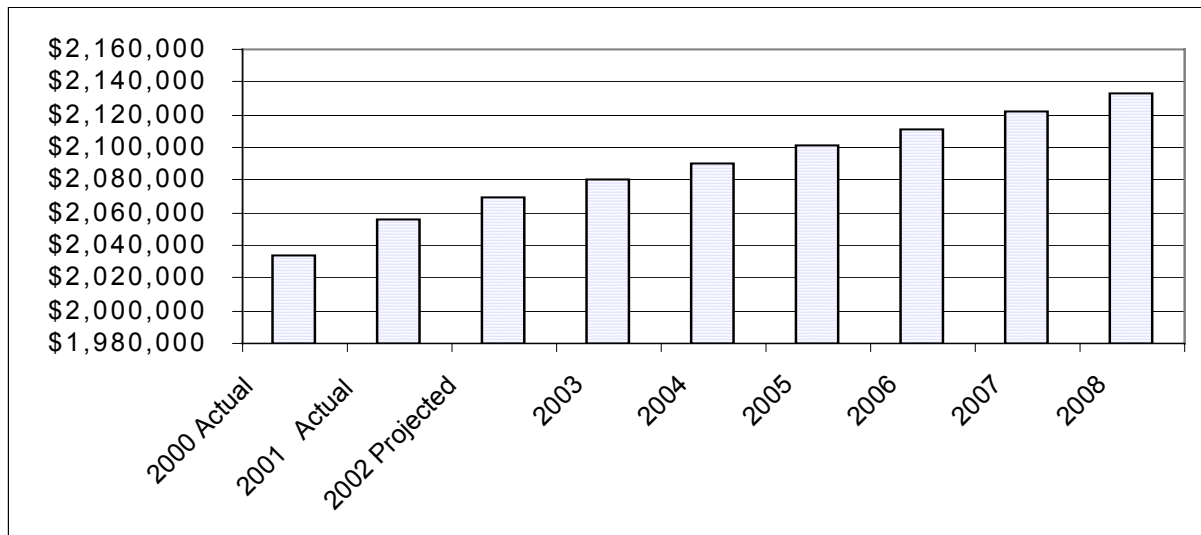
Surface Water Drainage Fee

Funds for operational and capital drainage programs come from residential and commercial user charges. Currently, single-family residences are charged a flat annual fee of \$85.02 per year, per parcel of land. Multi-family and commercial users are charged at a rate that reflects the area of drainage and the type of drainage surface. King County collects these revenues on annual property tax bills, and revenues are transferred to the City. Increases occur due to annexations or new development in the City that increases the number of parcels for which the annual surface water fee is applied. In 2003, the surface water drainage rates are proposed to be increased by 20%. This would result in the single-family residential rate increasing to \$102.02. Multi-family and commercial rates would also increase by 20%.

In 2001, the City received \$2,055,702 in drainage revenues. Projected 2002 revenues are \$2,069,907. In 2003 collections will increase by \$413,981 to \$ 2,483,888 due to the proposed rate increase. We expect future revenues to grow annually by 0.4%.

Surface Water Drainage Fee Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
2,033,339	2,055,702	2,069,907	2,483,888	2,504,639	2,515,092	2,525,598	2,536,156	2,546,767
Annual Increase	22,363	14,205	413,981	20,751	10,453	10,506	10,558	10,611
% Increase	1.1%	0.7%	20.0%	0.8%	0.4%	0.4%	0.4%	0.4%



Capital Improvement Fund Revenues

Real Estate Excise Tax (REET)

All real estate property sales in the county are taxed at a rate of 1.28%. A portion of these revenues, equal to a 0.5% tax rate, is distributed to the cities by King County on a monthly basis. The use of REET funds is restricted by State law. The first 0.25% of the REET tax rate must be spent on capital projects listed in the City's Comprehensive Plan, capital element. These projects could include local capital improvements, including streets, parks, pools, municipal buildings, etc. The second 0.25% of the REET tax rate must be spent on public works projects for planning, acquisition, construction, reconstruction, repair, replacement, or improvement of streets roads, highways, sidewalks, street lighting, etc.

In 2001, Shoreline received \$1,502,980 in real estate excise tax revenues. In 2002, the City is projected to receive \$1,203,192. The 2003 forecasted revenue is \$1,282,338.

There is no reliable method to predict this revenue source from year-to-year. The average revenue has been between \$1.0 million and \$1.3 million per year. In any given year, a single large commercial property sale could cause revenues to spike upward.

Real Estate Excise Tax (REET) Charts

2000 Actual	2001 Actual	2002 Projected	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
1,485,512	1,502,980	1,203,192	1,282,338	1,289,356	1,315,142	1,341,446	1,368,274	1,395,640
Annual Increase	17,468	(299,788)	79,146	7,018	25,786	26,304	26,828	27,366
% Increase	1.2%	(19.9%)	6.6%	0.5%	2.0%	2.0%	2.0%	2.0%

