

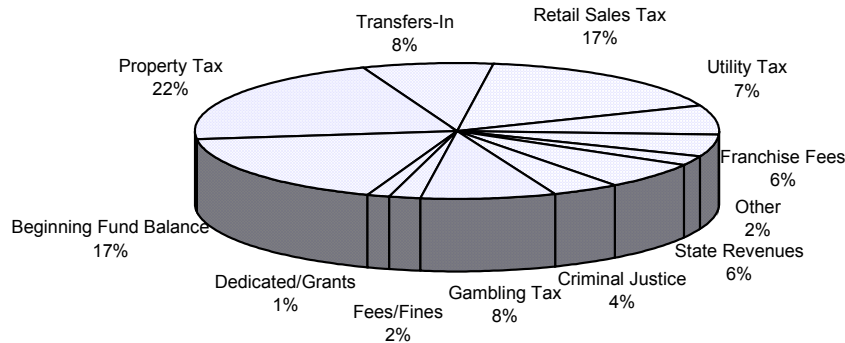
# 2002 City Revenue Sources

## 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 2002, the total revenue for all of the City's funds is \$36,746,524. This does not include beginning fund balances or transfers between funds.

## General Fund Revenue Sources

In 2002, the General Fund resource base is \$30,501,933. This is made up of the beginning fund balance (5,288,645, 17.3%), operating revenues (\$22,765,183, 74.7%), and transfers-in (\$2,448,104, 8%) from other funds for their share of the General Fund overhead and the Technology Plan expenditures.



## Property Tax

Property tax revenue for 2002 is budgeted at \$ 6,435,036 and represents 28% of the General Fund operating revenues. This \$178,593 increase over projected 2001 collections of \$ 6,256,443 is a result of new construction and a one-percent levy increase. The one-percent levy increase is the annual limit that applies to the City's property tax levy as a result of the passage of Initiative 747 (I-747) in November 2001. Previous property tax law limited property tax levy increases to the lower of the Implicit Price Deflator (IPD) or six percent. The projected IPD for 2002 is 1.89%. If a substantial financial need was found, previous tax law allowed the City Council to exceed the IPD with a supermajority vote. I-747 will require voter approval for any property tax levy increases in excess of one-percent.

The current 2001 City of Shoreline property levy is \$1.52 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. Currently, City property tax for a resident with a residence with an average property value of \$222,000, is \$3,130 per year. The City receives 10.8% of the property tax levied, which would equate to \$337.44.

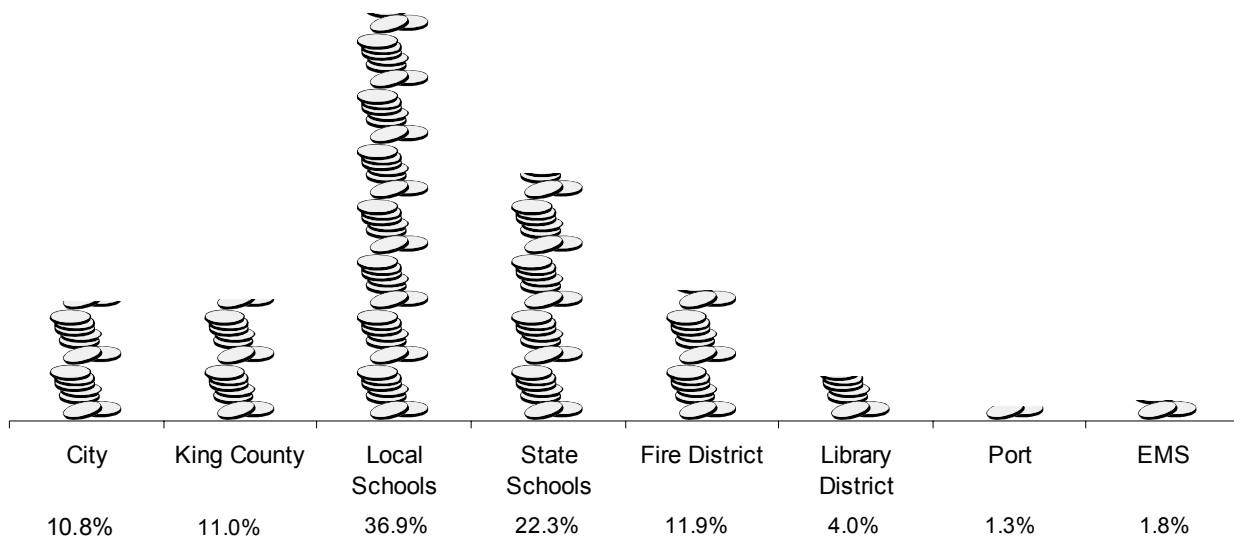
The projected tax levy rate for 2002 is \$1.44 per \$1,000 valuation, a reduction from the 2001 rate of nearly 5%. The primary reason for the decrease in rate is that the assessed value of property in the City has increased. If assessed values increase on average by 5%, the resulting tax bill will remain exactly the same as in 2001.

The total growth in Assessed Valuation is estimated at 9.05% for 2002 (new construction increases of .5% and assessment increases of 7.4%). The 2002 Budget includes the increases from the 1.0% levy increase (\$63,846), new construction (\$31,580) and previous years' refunds of \$83,166.

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.

### What a City Property Owner Pays

Property Tax Rate									
	City	King County	Shoreline School District	State Schools	Fire District	Library District	Port of Seattle	King Co. Emergency Medical	Total
Rate	1.52	1.55	5.20	3.15	1.68	0.56	0.19	0.25	\$14.10
%	10.8%	11.0%	36.9%	22.3%	11.9%	4.0%	1.3%	1.8%	100.0%



To illustrate the City property tax portion payable in 2001 by an individual owning a home valued at \$220,000. Based on the 2001 property tax rate only 10.8% of the home owner's property tax is paid to the City.

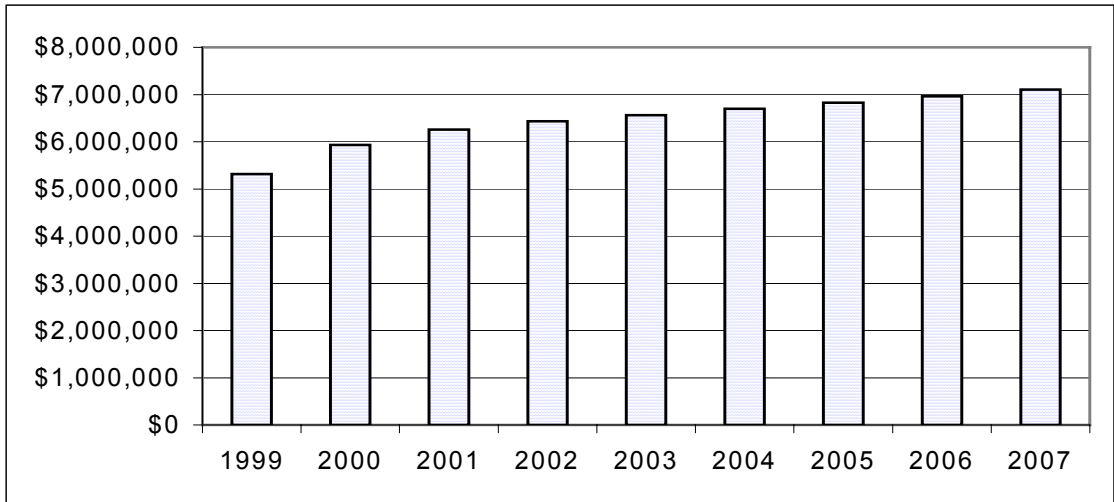
	Assessed Value	Per \$1,000 (AV/\$1,000)	Rate	Assessment	%
<b>City</b>	\$ 222,000	222 X	\$ 1.52 =	337.44	10.8%
King County	\$ 222,000	222 X	1.55 =	344.10	11.0%
Shoreline School District	\$ 222,000	222 X	5.20 =	1,154.40	36.9%
State Schools	\$ 222,000	222 X	3.15 =	699.30	22.3%
Fire District	\$ 222,000	222 X	1.68 =	372.96	11.9%
Library District	\$ 222,000	222 X	0.56 =	124.32	4.0%
Port of Seattle	\$ 222,000	222 X	0.19 =	42.18	1.3%
King Co. Emergency Medical	\$ 222,000	222 X	0.25 =	55.50	1.8%

**TOTAL**

<u>\$ 14.10</u>	<u>\$ 3,130.20</u>	<u>100.0%</u>
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Property Tax Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
5,314,462	5,933,539	6,256,443	6,435,036	6,563,736	6,695,011	6,828,911	6,965,490	7,104,799
<i>Annual Increase</i>	619,077	322,904	178,592	128,701	131,275	133,900	136,578	139,310
<i>% Increase</i>	11.6%	5.4%	2.9%	2.0%	2.0%	2.0%	2.0%	2.0%



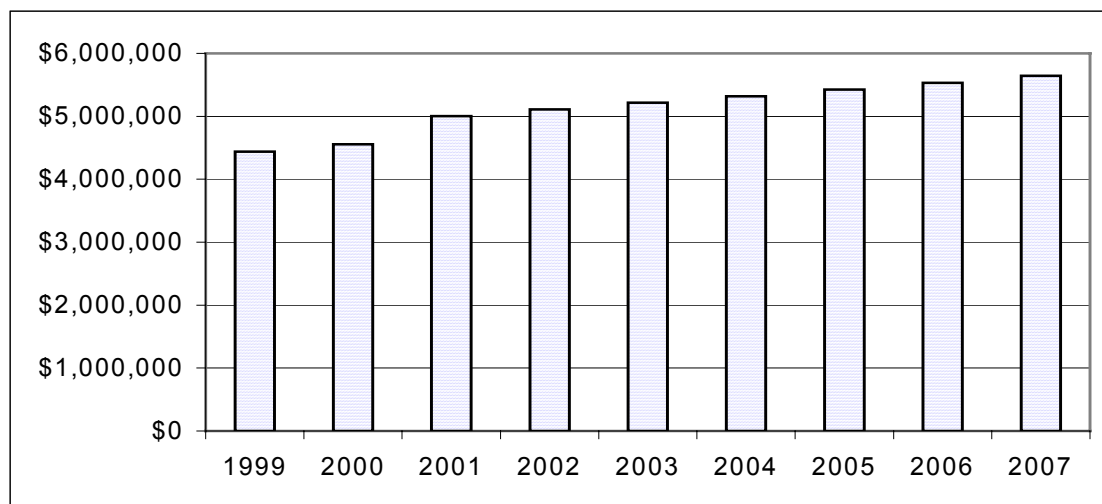
## Sales Tax

Projected sales tax revenue for 2002 is \$5,112,441 or 22% of the total General Fund operating revenues. These collections represent .85% of the total sales tax collected from sales within the City. This represents only a two-percent increase over projected 2001 collections of \$5,001,005. Sales tax revenue for 2000 was \$4,555,051, however that amount represented only January through November collections. (There is a two-month lag between the time that sales tax is paid by the consumer and the time that the City actually receives the revenue, therefore, December sales tax revenue is not received until February of the following year. In 2000 a change was made to not accrue the December sales tax, received in February, to the previous year. It is therefore credited to the following year.) Keeping that in mind, growth in collections during 2002 has been minimal when compared with previous years. Sales tax receipts increased by 4.16% between 1998 and 1999.

For future years, we are continuing to project a rate of growth of only two-percent. Both the local and national economy had begun to slow during the first two quarters of 2001. The full impact to the economy from the terrorist attacks of September 11th, is not known. However, we do know that Boeing has indicated that it may cut its local workforce by 20,000 to 30,000 people as result of the impact of the attacks on the air travel industry. Even though our region's workforce is much more diversified than it was during previous major Boeing layoffs, coupled with the recent decline in internet employment, local economists are predicting that the Puget Sound recession may last through 2003. It is anticipated that this projected recession will impact local retailers, thus causing weak sales for the near future. Therefore, the City has chosen to keep future projections at a conservative level. Some local cities are either currently experiencing declines or projecting declines for 2002 in sales tax collections. Since Shoreline's sales tax base consists largely of basic consumer goods, we are somewhat insulated from the full effects of the recession.

### Sales Tax Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
4,438,373	4,555,052	5,001,005	5,112,441	5,214,690	5,318,984	5,425,363	5,533,871	5,644,548
<i>Annual Increase</i>	116,679	445,953	111,436	102,249	104,294	106,380	108,507	110,677
<i>% Increase</i>	2.6%	9.8%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%



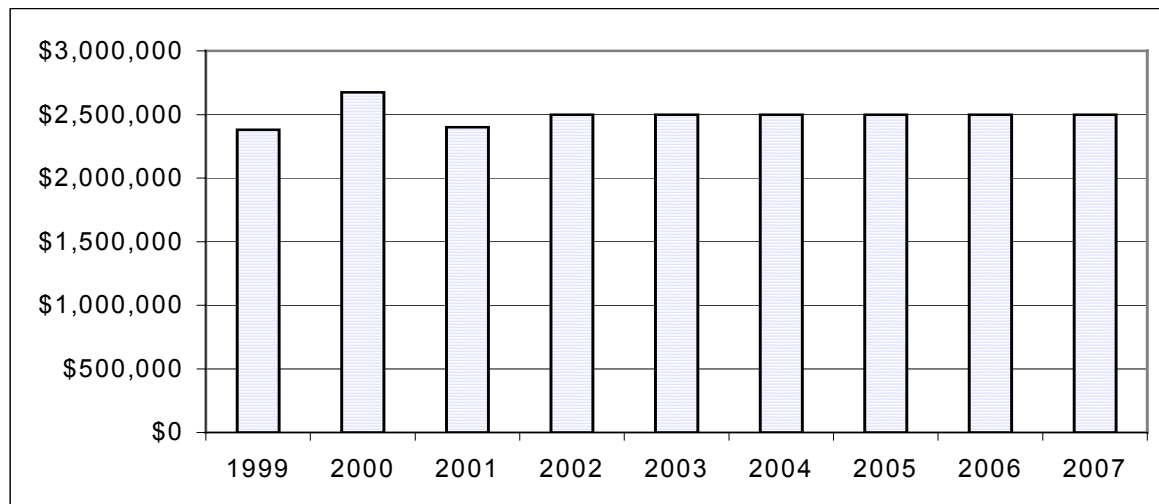
## Gambling Tax

Gambling tax is budgeted at \$2,500,000 for 2002, which is nearly 11% of the total General Fund operating revenues. This is a \$100,000 or 4% increase over 2001. 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 for different games. In 1998, the State allowed the opening of “mini-casinos” which expanded the number of cardrooms and betting limits. The expansion of these mini-casinos 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.

Currently, the City of Shoreline’s tax rate is at 11%. 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

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
2,381,190	2,674,099	2,400,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<i>Annual Increase</i>	292,909	(274,099)	100,000	0	0	0	0	0
<i>% Increase</i>	12.3%	(10.3%)	4.2%	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 2002 from utility taxes are \$2,104,561 or 9% of the total General Fund operating revenues. This is an increase of \$38,936 or slightly less than 2% over projected 2001 utility tax revenues of \$2,065,625. Projected 2001 revenues are 19% higher than those received in 2000.

In the Natural Gas category, 2002 revenues are projected to increase by two-percent over projected 2001 revenues. Puget Sound Energy implemented a 27% rate increase in August of 2000 and another rate increase of nearly 25% in January of this year. The full impact of these two rate increases is being experienced this year. At this time, Puget Sound has not indicated that they will be proposing any additional rate increases for the near future. Therefore, the City is projecting continued moderate growth of two-percent each year.

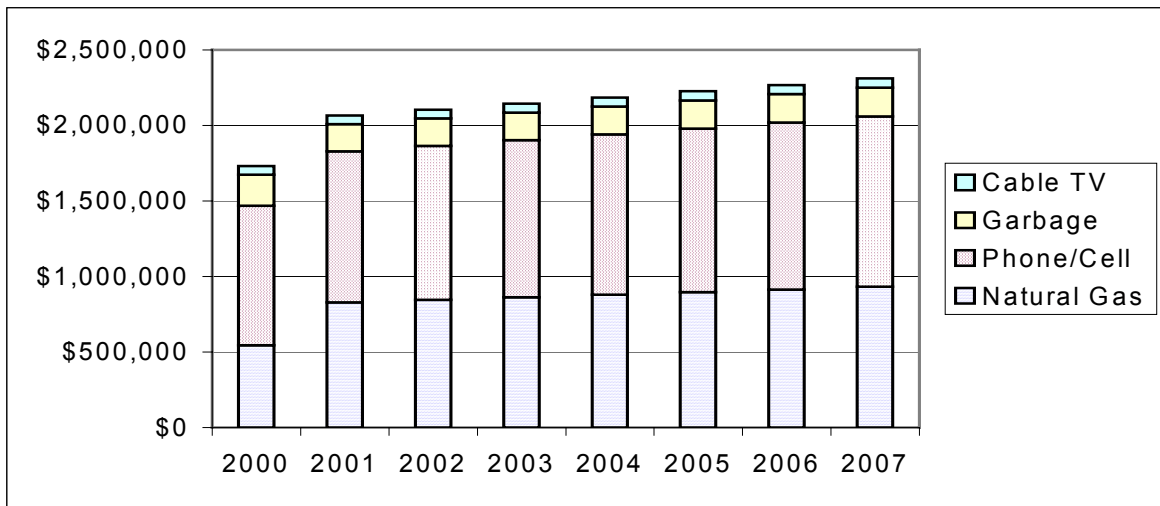
Revenues from telephone, cellular, and pager services are expected to increase by two percent for 2002 and the out years, as we continue to see growth due to more people utilizing new technologies.

Revenues from both sanitation and cable television are expected to grow more slowly than the other categories at a rate of only one-percent. 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 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
Natural Gas	544,026	827,979	844,539	861,429	878,658	896,231	914,156	932,439
<i>Annual Inc.</i>		283,953	16,560	16,891	17,229	17,573	17,925	18,283
<i>% Inc.</i>		52.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Telephone	923,502	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1,126,162
<i>Annual Inc.</i>		76,498	20,000	20,400	20,808	21,224	21,649	22,082
<i>% Inc.</i>		8.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sanitation	205,535	180,000	181,800	183,618	185,454	187,309	189,182	191,074
<i>Annual Inc.</i>		(25,535)	1,800	1,818	1,836	1,855	1,873	1,892
<i>% Inc.</i>		(12.4%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cable TV	57,650	57,646	58,222	58,805	59,393	59,987	60,587	61,192
<i>Annual Inc.</i>		(4)	576	582	588	594	600	606
<i>% Inc.</i>		(0.0%)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Total</b>	<b>1,730,713</b>	<b>2,065,625</b>	<b>2,104,561</b>	<b>2,144,252</b>	<b>2,184,713</b>	<b>2,225,959</b>	<b>2,268,005</b>	<b>2,310,867</b>

Utility Tax Charts cont.





## Franchise Fees

The City has entered into franchise agreement 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), and most recently with the Shoreline Water District. These utilities pay a franchise fee to the City in an amount equal to six-percent of their revenues.

The total projected 2002 revenue from franchise fees is \$1,687,586, which equates to just over seven-percent of the total General Fund operating revenues. This is an increase of \$124,438 or nearly eight-percent.

The cable television franchise fee is set at a rate equal to five-percent of gross cable service revenues. Projected 2001 revenues are only slightly above 2000 actual collections. We are expecting about a three percent rate of growth in this category. 2002 projected revenue is \$360,467 for this category.

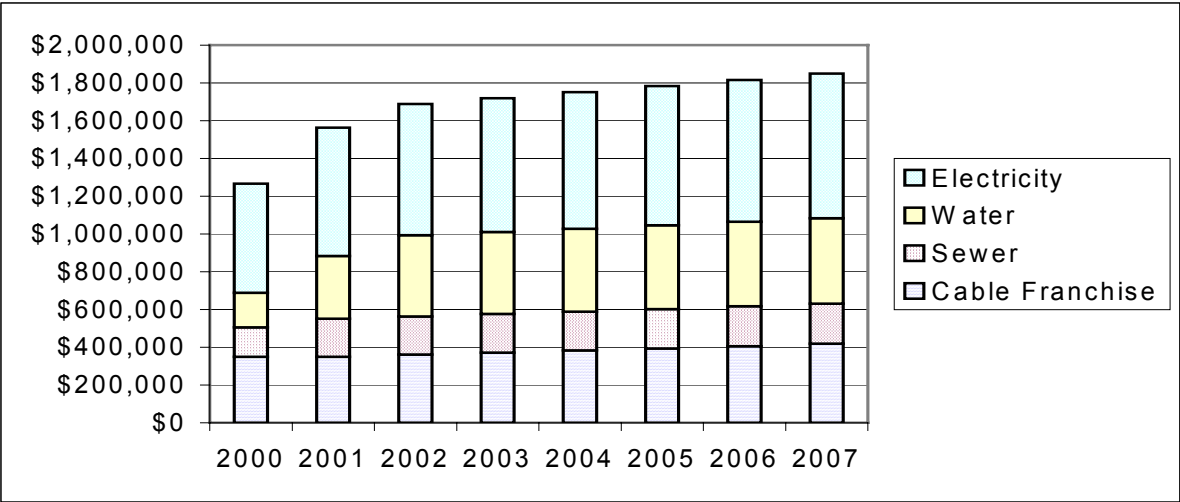
Projected fees from sewer for 2002 are \$202,444. We are projecting minimal growth of only one-percent in this category. Projected 2001 revenue of \$200,440 is 29% above 2000 actual collections, but this is due to timing of the quarterly franchise payments. The final payment for 2000 was not received until 2001, therefore the projected revenue for the current year includes five quarterly payments.

Revenues from water franchise fees for 2002 are expected to be \$430,325 an increase of \$98,320 or nearly 30% over 2001 projected revenues. This is due to the finalization of an agreement with Shoreline Water District. They began making franchise fee payments in June of the current year. Therefore a full year's collection from the District is reflected in the 2002 projections. This category is projected to grow at a minimal rate of one-percent in the future.

Electricity franchise fee payments from Seattle City Light are expected to total \$694,350 in 2002. This is an increase of \$13,615 or around 2% over the projected 2002 revenues. Revenues projected for 2001 of \$680,735 are \$103,117 or nearly 18% above 2000 actual collections. Seattle City Council has approved several rate increases this year. In January, Shoreline residents experienced an increase of just over eight-percent. This was followed by three more rate increases of 20%, 6% and 9% effective on March 1, July 1, and October 1 respectively. 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 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
Cable TV	349,971	349,968	360,467	371,281	382,419	393,892	405,709	417,880
Annual Increase		(3)	10,499	10,814	11,138	11,473	11,817	12,171
% Increase	36.1%	(0.0%)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sewer	155,045	200,440	202,444	204,469	206,514	208,579	210,664	212,771
Annual Increase		45,395	2,004	2,024	2,045	2,065	2,086	2,107
% Increase		29.3%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Water	183,692	332,005	430,325	434,628	438,975	443,364	447,798	452,276
Annual Increase		148,313	98,320	4,303	4,346	4,390	4,434	4,478
% Increase		80.7%	29.6%	1.0%	1.0%	1.0%	1.0%	1.0%
Electricity	577,618	680,735	694,350	708,237	722,401	736,849	751,586	766,618
Annual Increase		103,117	13,615	13,887	14,165	14,448	14,737	15,032
% Increase	13.8%	17.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Total</b>	1,266,326	1,563,148	1,687,586	1,718,615	1,750,309	1,782,685	1,815,758	1,849,545



## 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.

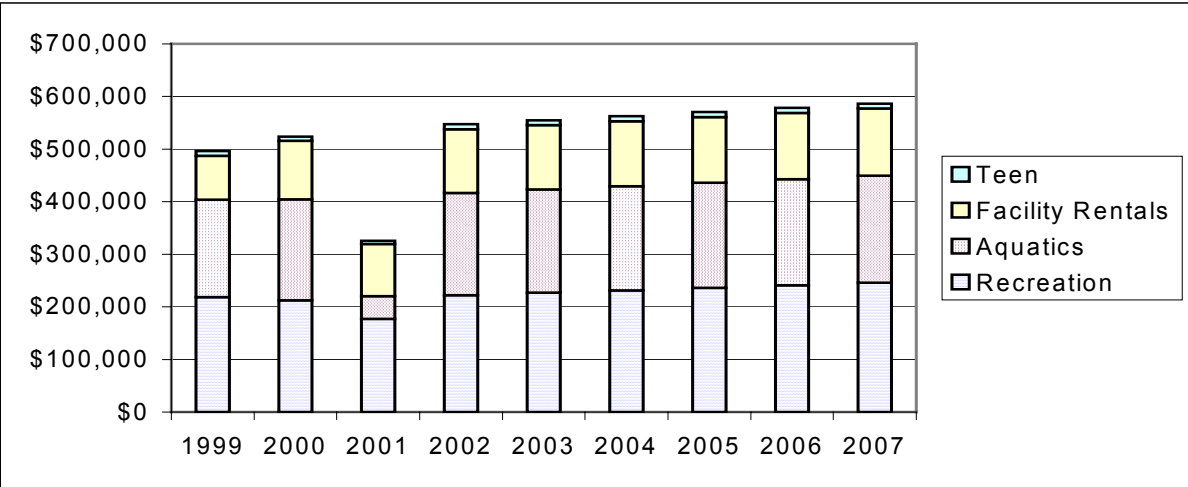
As the City of Shoreline has developed its recreation and aquatics programs over the past several years, we have continued to enjoy increases in revenue of 30% for 1998, 15% for 1999, and 5% for 2000. This was due to an increasing number of programs being offered and the number of participants as the City's programs became established. This growth in revenue appears to be stabilizing.

Projected 2002 revenue from parks and recreation fees is \$546,974 or just over two-percent of the total General Fund operating revenues. This is slightly less than a five-percent growth in revenue when compared with the actual collections experienced during 2000.

Capital Improvement Program (CIP) park facility projects have caused some disruption of programs in 2001. Projected revenues for 2001 are down from 2000 actual collections by \$197,522. This is mostly due to the scheduled closure of the Shoreline Pool for renovations. Aquatics is projected to lose \$149,006 during the closure, however there will also be an offsetting decrease in the amount of expenditures within aquatics. Recreation fees, facility rentals, and teen program fees are also down from 2000 by \$48,516. This is in part related to the closure of the "Rec" facility due to renovations and a drop in the level of participation. Overall, minimal growth in Parks and Recreation fee revenues are projected for years 2003-2007.

### *Parks and Recreation Fee Charts*

	1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
Recreation	218,346	212,177	176,969	222,466	226,915	231,454	236,083	240,804	245,620
<i>Annual Increase</i>		(6,169)	(35,208)	45,497	4,449	4,538	4,629	4,722	4,816
<i>% Increase</i>		(2.8%)	(16.6%)	25.7%	2.0%	2.0%	2.0%	2.0%	2.0%
Aquatics	185,412	192,293	43,287	193,981	195,921	197,880	199,859	201,857	203,876
<i>Annual Increase</i>		6,881	(149,006)	150,694	1,940	1,959	1,979	1,999	2,019
<i>% Increase</i>		3.7%	(77.5%)	348.1%	1.0%	1.0%	1.0%	1.0%	1.0%
Facility Rentals	83,458	111,050	99,463	121,186	122,398	123,622	124,858	126,107	127,368
<i>Annual Increase</i>		27,592	(11,587)	21,723	1,212	1,224	1,236	1,249	1,261
<i>% Increase</i>		33.1%	(10.4%)	21.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Teen Programs	9,098	7,695	5,974	9,341	9,341	9,341	9,341	9,341	9,341
<i>Annual Increase</i>		(1,403)	(1,721)	3,367	0	0	0	0	0
<i>% Increase</i>		(15.4%)	(22.4%)	56.4%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	496,314	523,215	325,693	546,974	554,575	562,296	570,141	578,109	586,205



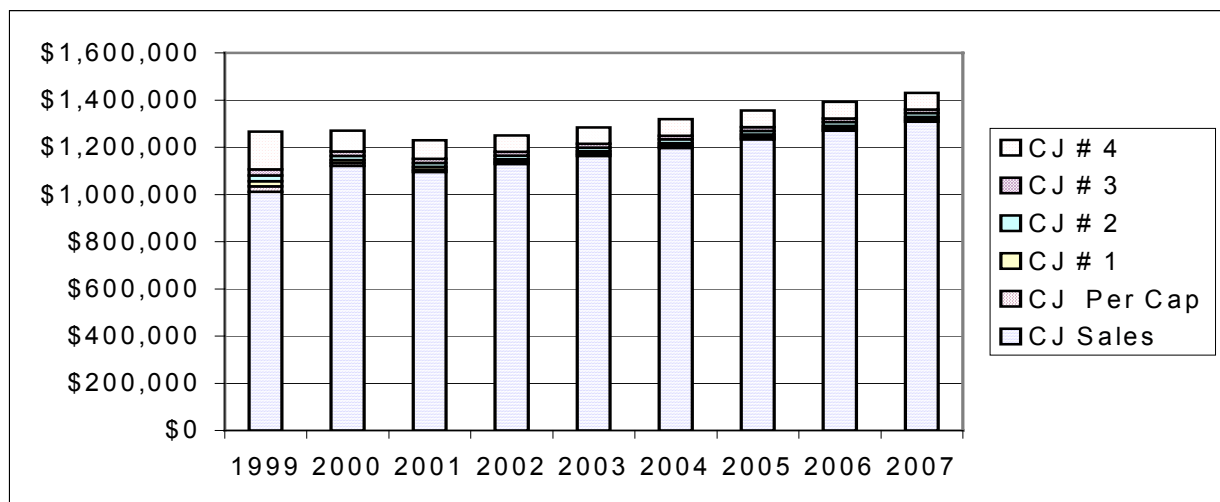
## Criminal Justice Funding

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 2002 revenue for Criminal Justice is \$1,250,643 or five-percent of the total General Fund operating revenues. This represents an increase of \$20,652 or slightly less than two-percent. Total 2001 projected revenue is \$1,229,991, which is down from 2000 criminal justice funding of \$1,269,971. Since the state portion of the funding comes from its General Fund and is subject to change due to the economic and legislative climate, we are projecting that those categories will remain flat. For the Criminal Justice Retail Sales tax, we are only projecting a growth rate of three-percent. This tax is dependent upon the stability of retail sales, but it is also distributed based upon population.

### Criminal Justice Funding Charts

	1999	2000	2001	2002	2003	2004	2005	2006	2007
	Actual	Actual	Projected	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Retail Sales - Criminal Justice	1,011,200	1,120,941	1,096,106	1,128,989	1,162,859	1,197,745	1,233,677	1,270,687	1,308,808
State - CJ - Per Capita	23,044	12,427	9,565	9,567	9,567	9,567	9,567	9,567	9,567
State - CJ - Innovative Law Enforce. #1	21,433	12,753	11,635	10,923	10,923	10,923	10,923	10,923	10,923
State - CJ - At-Risk Children #2	25,464	17,897	16,628	15,605	15,605	15,605	15,605	15,605	15,605
State - CJ - Domestic Violence #3	25,519	17,889	16,628	15,605	15,605	15,605	15,605	15,605	15,605
State - CJ - City Law Enforce. #4	159,110	88,064	79,429	69,954	69,954	69,954	69,954	69,954	69,954
Total	1,265,770	1,269,971	1,229,991	1,250,643	1,284,513	1,319,399	1,355,331	1,392,341	1,430,462

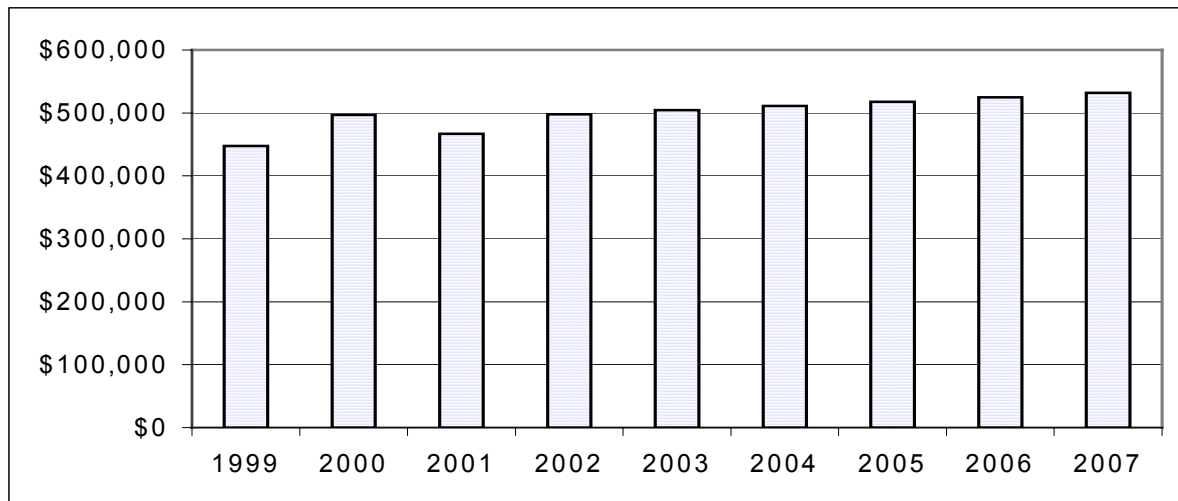


## Liquor Excise Tax & Board Profits

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 2002 revenue from these two sources is \$497,922, which is an increase of \$31,353 over 2001 projected revenue. This represents about two-percent 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 1.3%.

### Liquor Tax Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
447,685	496,756	466,569	497,922	504,426	511,061	517,828	524,730	531,771
Annual Increase	49,071	(30,187)	31,353	6,504	6,634	6,767	6,902	7,041
% Increase	11.0%	(6.1%)	6.7%	1.3%	1.3%	1.3%	1.3%	1.3%



## Grants

In 2001, Shoreline is projected to receive \$613,894 in grant funding from a variety of sources to support health and human services programs, planning work, recycling programs, and parks and teen programs. In 2000, the City received \$244,449 in grant funding in the General Fund. For 2002, the City is expecting to receive \$399,429. For the years 2003 through 2007, the City is assuming minimal growth in grants received for general operating programs.

## **Development Services Fund Revenues**

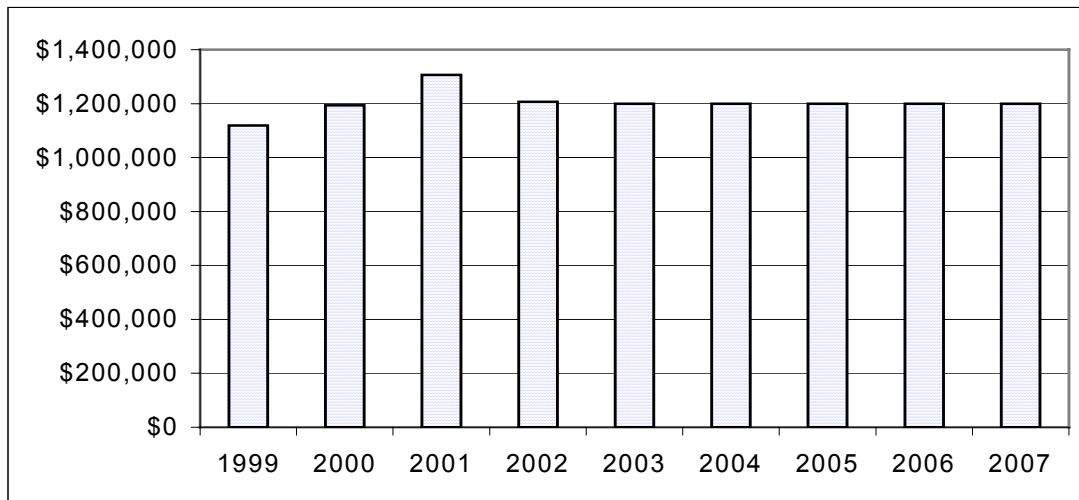
### Development Permit Fees

Fees are charged for a variety of development permits obtained through the City's Planning and Development Services Department. In 2000, development fee revenues were \$1,193,829, an increase of \$75,307 over 1999 fees, due to an increase in the hourly rate for service that is charged by the City. Projected 2001 revenues of \$1,306,000 are an increase of \$112,171 or 9.4% over 2000 collections. All right-of-way activities will transfer from Planning and Development Services to Public Works in 2002. This results in a shift in right-of-way permit revenue of \$110,000. Taking this transfer into consideration, 2002 revenues are growing by \$10,150 or less than one-percent. For 2002 and beyond, revenue is projected to remain fairly flat due to the forecasted recession for the area. Permit activity during 2001 has already dropped off significantly as developers wait to see the full impacts of the recession.

A portion of the development permit fees is set aside as a reserve to pay for the anticipated servicing of these permits over the next three years, since permit fees are collected in advance. In this way, the City ensures support for the costs of servicing permits that are already issued, even if future permit revenues drop in response to a decrease in development activity.

### *Development Permit Fee Charts*

<b>1999 Actual</b>	<b>2000 Actual</b>	<b>2001 Projected</b>	<b>2002 Forecast</b>	<b>2003 Forecast</b>	<b>2004 Forecast</b>	<b>2005 Forecast</b>	<b>2006 Forecast</b>	<b>2007 Forecast</b>
1,118,522	1,193,829	1,306,000	1,206,150	1,202,850	1,202,850	1,202,850	1,202,850	1,202,850
<i>Annual Increase</i>	75,307	112,171	(99,850)	(3,300)	0	0	0	0
<i>% Increase</i>	6.7%	9.4%	(7.6%)	(0.3%)	0.0%	0.0%	0.0%	0.0%



## **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 will be 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 2001 this subsidy will be \$1,544,822. It will decrease slightly to \$1,420,529 in 2002, but is expected to continue to grow each year thereafter, since operating expenditures are increasing at a rate greater than the projected growth in revenues.

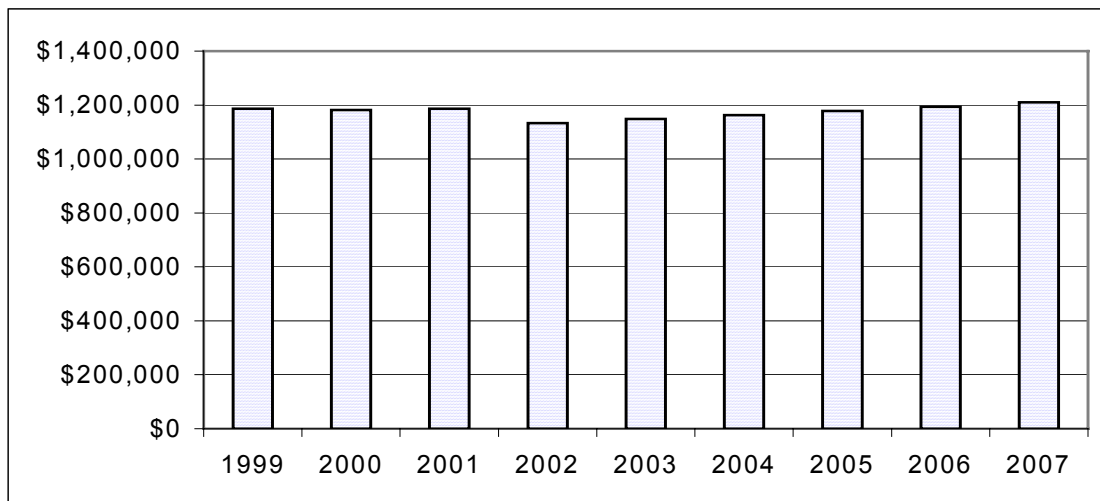
### **Fuel Tax**

State collected gas and diesel tax is shared with cities and towns on a per capita basis to be used for street and arterial repairs and maintenance. In 2000, a total of \$1,181,156 was collected. It is anticipated that for 2001 the revenue will be slightly higher at \$1,186,085. Projected fuel tax revenues for 2002 are \$1,132,945. This is 4.5% lower than projected 2001 revenue, due to a decrease in the consumption of fuel throughout the state. The tax is a flat amount per gallon sold. Consumption of gasoline has fallen as the price per gallon has risen and the consumption of diesel fuel has fallen as the economy has slowed. For 2003 through 2007 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*

<b>1999 Actual</b>	<b>2000 Actual</b>	<b>2001 Projected</b>	<b>2002 Forecast</b>	<b>2003 Forecast</b>	<b>2004 Forecast</b>	<b>2005 Forecast</b>	<b>2006 Forecast</b>	<b>2007 Forecast</b>
1,186,010	1,181,156	1,186,085	1,132,945	1,147,882	1,163,042	1,178,426	1,194,039	1,209,885
<i>Annual Increase</i>	(4,854)	4,929	(53,140)	14,938	15,159	15,384	15,613	15,846
<i>% Increase</i>	(0.4%)	0.4%	(4.5%)	1.3%	1.3%	1.3%	1.3%	1.3%



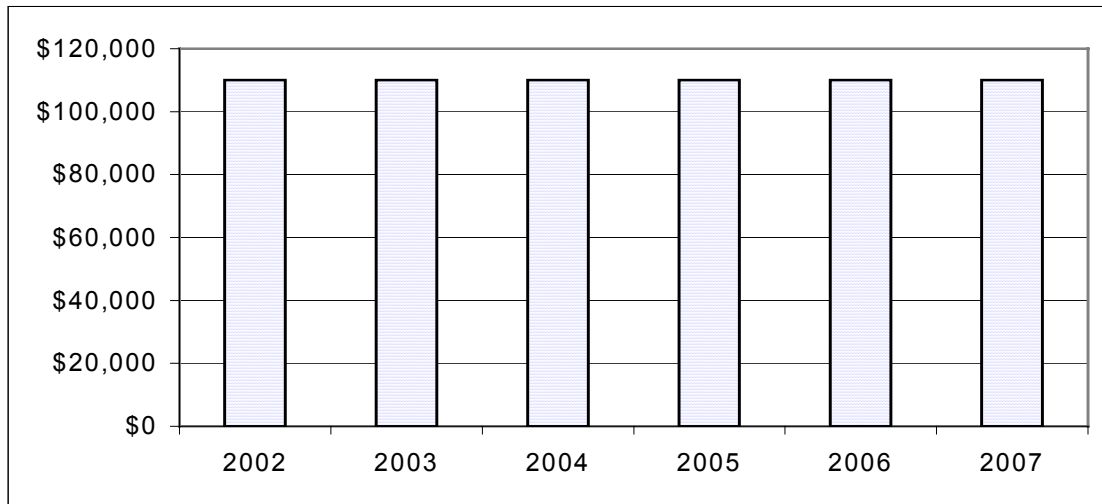


## Right-of-Way Permit Fees

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 has been transferred in to the City's Street Fund. No growth has been built into the forecasts for the future years.

### Right-of-Way Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
			110,000	110,000	110,000	110,000	110,000	110,000
<i>Annual Increase</i>				0	0	0	0	0
<i>% Increase</i>				0.0%	0.0%	0.0%	0.0%	0.0%

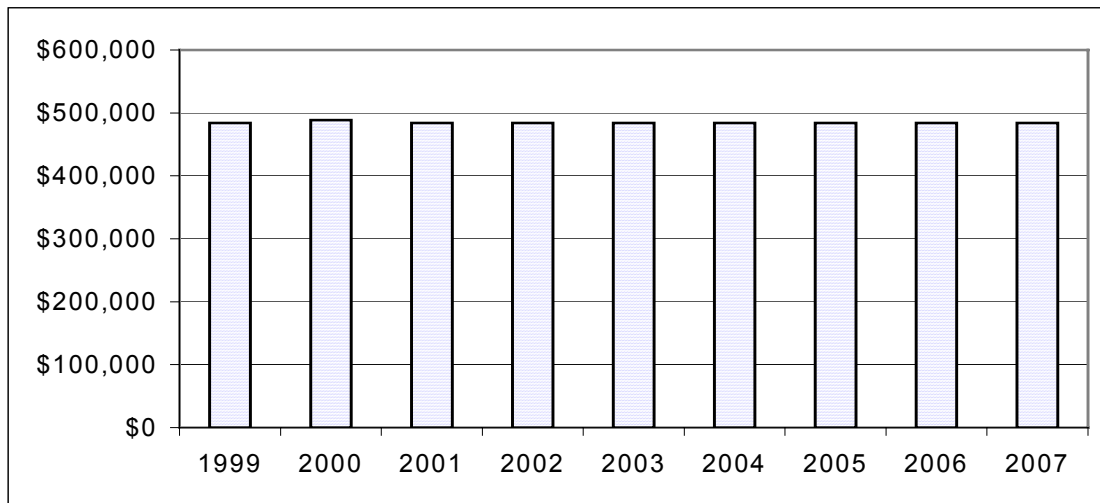


## Vehicle License Fee

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 2000, Shoreline received \$488,577 in vehicle license fee revenues and projected 2001 revenue is \$484,073. For 2002 through 2007, forecasted license fees remain flat at \$484,073 annually.

### Vehicle License Fee Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
484,073	488,577	484,073	484,073	484,073	484,073	484,073	484,073	484,073
<i>Annual Increase</i>	4,504	(4,504)	0	0	0	0	0	0
<i>% Increase</i>	0.9%	(0.9%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



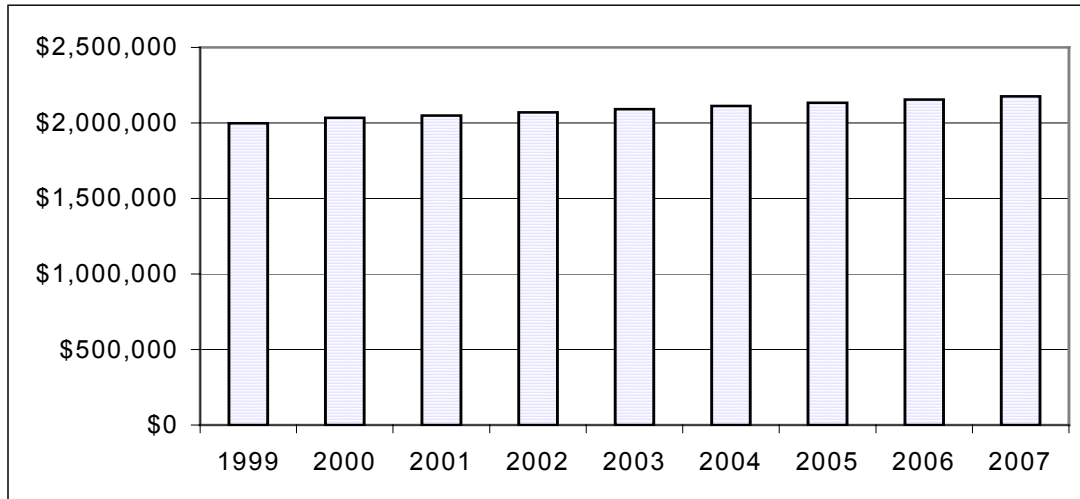
## Surface Water Management Fund Revenues

### Surface Water Drainage Fee

Funds for operational and capital drainage programs come from residential and commercial user charges. Single-family residents 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 2000, the City received \$2,033,339 in drainage revenues and projected 2001 revenues are \$2,049,414. We currently anticipate receiving a slightly higher level of \$2,069,907 in 2002. This represents growth of about 1%, which we expect to continue through 2007.

### Surface Water Drainage Fee Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
1,997,698	2,033,339	2,049,413	2,069,907	2,090,606	2,111,512	2,132,628	2,153,954	2,175,493
<i>Annual Increase</i>	35,641	16,074	20,494	20,699	20,906	21,115	21,326	21,540
<i>% Increase</i>	1.8%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%



## 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. In 2000, Shoreline received \$1,485,512 in real estate excise tax revenues. In 2001, the City is projected to receive \$1,203,192. The 2002 projected revenue remains at \$1,203,192.

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. For this reason, we are forecasting future revenues to remain fairly flat through 2007.

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.

### Real Estate Excise Tax (REET) Charts

1999 Actual	2000 Actual	2001 Projected	2002 Forecast	2003 Forecast	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast
1,390,990	1,485,512	1,203,192	1,203,192	1,203,192	1,203,192	1,203,192	1,203,192	1,203,192
<i>Annual Increase</i>	94,522	(282,320)	0	0	0	0	0	0
<i>% Increase</i>	6.8%	(19.0%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

