

# ***2005 Proposed Budget***

***October 25, 2004***

***Presented by City Manager***

***Steve Burkett***

# ***Presentation Agenda***

- ***Budget Process & Schedule***
- ***2005 Budget Highlights and Comparisons***
- ***2005 Major Operating and Capital Budget Changes***
- ***Long-Range Financial Planning***

# ***Budget Process & Schedule***

# ***Key Events in 2005 Budget Development Process***

- ***Council Planning Retreat (April)***
- ***Preliminary 2005-2010 Revenue & Expenditure Forecast (April)***
- ***2005-2010 Capital Improvement Plan Adoption (July)***
- ***Department Budget Development (June-August)***
- ***Long-term Forecast Update & 2005 Budget Update to Council (September)***
- ***Proposed City Budget Development (September - October)***
- ***Presentation of Proposed 2005 City Budget to Council - October***

# ***2005 Budget Review and Adoption Schedule***

October 25 - Transmittal of Proposed 2005 Budget

November 1 - Public Hearing & Budget Workshop

November 8 - Public Hearing including 2005 Revenues  
Budget Review Workshop

November 15 -Budget Review Workshop

November 22 -Adoption of 2005 Budget  
Adoption of Property Tax Levy

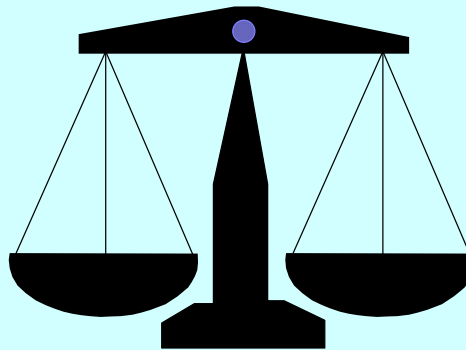
# Budget Workshop Review Schedule

<b><u>November 1</u></b>	<b><u>November 8</u></b>	<b><u>November 15</u></b>
City Council	Parks & Recreation	Salary Survey
City Manager	Planning & Development Services	Transfers & Reserves
Economic Development	Public Works	Any Other Policy Issues
City Clerk	Revenue Sources	
Communications & Intergovernmental Relations		
City Attorney		
Finance & City-Wide Charges		
Human Services		
Human Resources		
Customer Response Team		
Police		
Criminal Justice		
<b>Budget Document Pages</b>		
Pages 148-234;262-265	Pages 235-261;266-281;113-132	Pages 136;337-344

# ***Guiding Principles in the 2005 Proposed Budget***

- ***Long-Term Financial Condition***

- Based on what we know today, make commitments that can be maintained for the long-term
- Limiting the City's dependence on unstable revenue sources
- Use on-going resources to fund on-going expenditures
- Maintain reserves to provide for long-term financial stability



- ***Maintain and improve the City's parks, roads, and drainage systems***

# ***2005 Budget Highlights & Comparisons***



# ***2005 Budget Highlights***

- ***City's Current Financial Position is Excellent***
- ***Balanced and totals \$77.4 Million***
- ***Primarily provides same level of services***
  - Increased service levels in Traffic Services
  - Improve availability of Patrol Sergeants
  - Establish a Capital Facilities Repair & Replacement Fund
  - Publish 10 issues of *Currents* in 2005 (Increase of 3 Issues)
  - Allocation of \$4 million for City Hall project from general reserves, as adopted in 2005-2010 Capital Improvement Program (CIP)
- ***Incorporates 2005 CIP activity***

# ***Comparison to 2004 Budget***

- ***Operating Funds***

- Total \$35 Million

- ***8.7% Increase from 2004***

- Includes \$4 Million for City Hall

- ***3.7% Decrease***

- Excluding \$4 Million for City Hall

- 2005 General Fund on-going revenues exceed on-going expenditures by \$177,000

- ***Capital Funds***

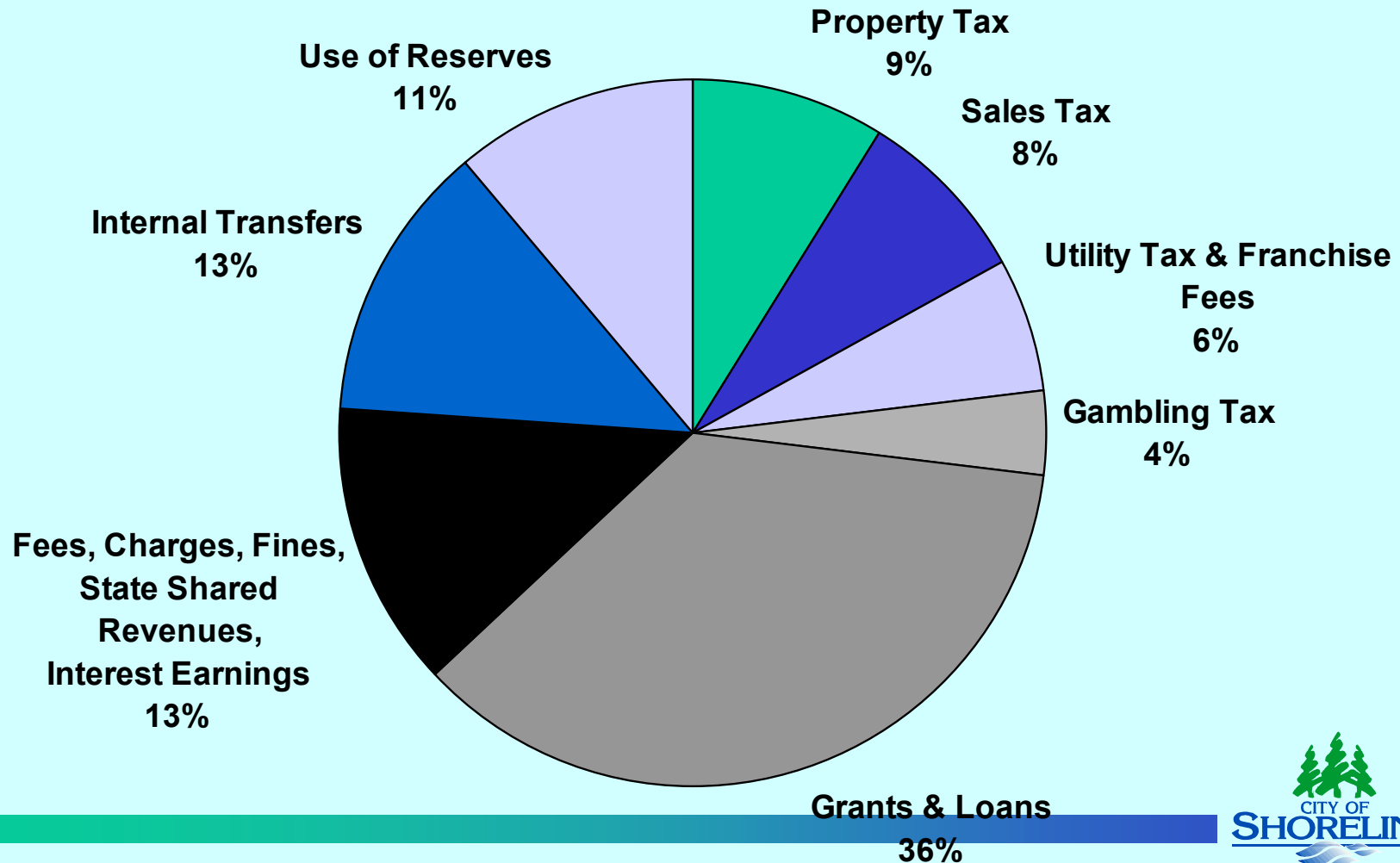
- Total \$42.1 Million

- 27.3% Greater Than 2004

# ***Where Will the Money Come From?***

## ***2005 City Resources By Category***

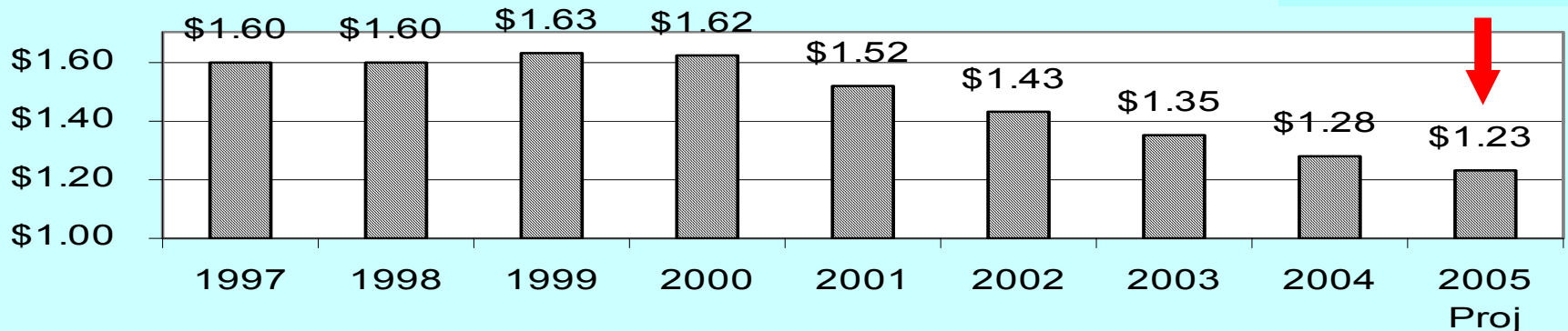
**\$77,395,975**



# Property Tax

- *Largest Source of Operating Revenue for the City*
  - \$6.8 Million
- *2005 Proposed Budget Includes a 1% Levy Increase and \$34.9 Million in New Construction*
- *Preliminary 2005 Tax Rate of \$1.23 per \$1,000 Valuation*

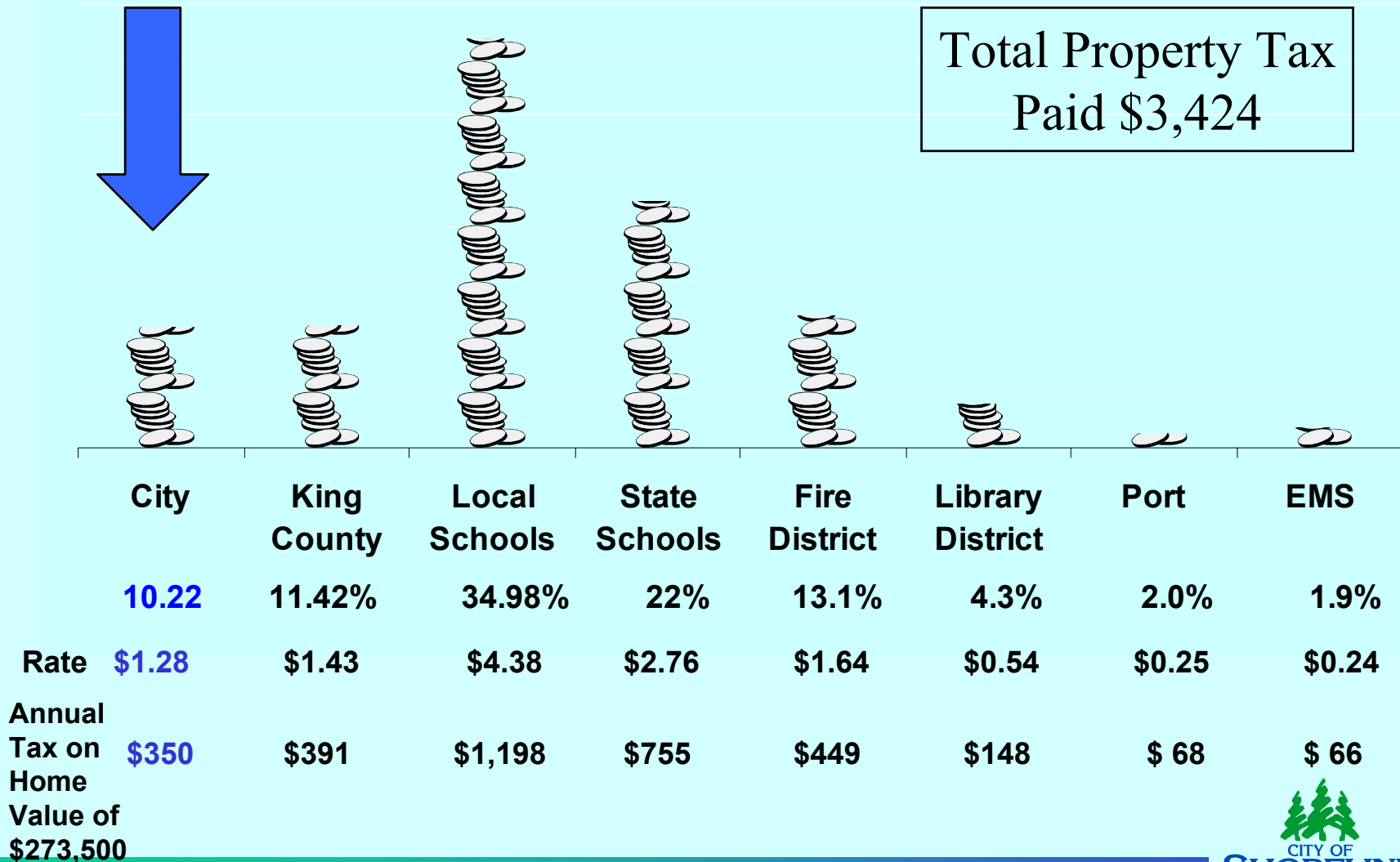
**Property Tax Rate  
Per \$1,000 Valuation  
1997-2005**



**2005 Tax Rate  
is 4% Less  
Than the 2004  
Rate**



# How Much Property Tax Does a Shoreline Property Owner Pay and Where Does It Go?



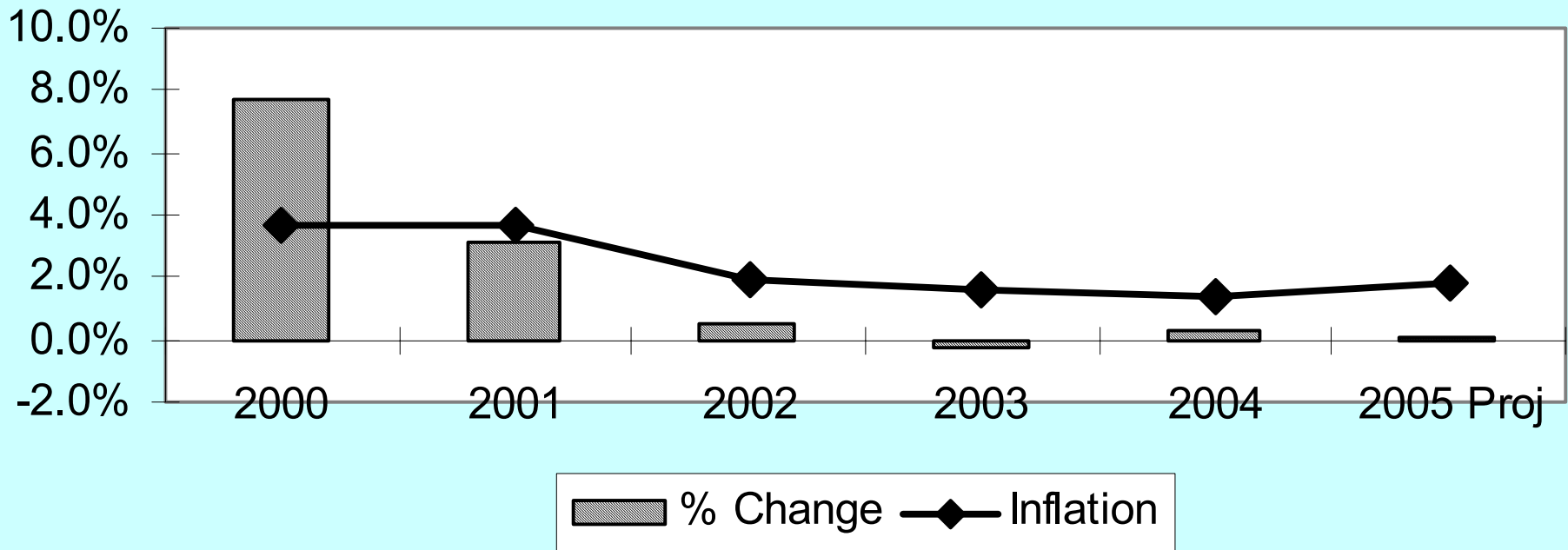
Total Property Tax  
Paid \$3,424

# Comparison of Property Tax Paid in King County

City	2004 Average Home Value (1)	Total Property Tax Rate	2004 Property Tax Paid by Average Home Owner
Hunts Point	\$ 3,085,100	\$ 7.23	\$ 22,305.27
Sammamish	\$ 429,600	\$ 11.40	\$ 4,897.44
Kirkland	\$ 374,600	\$ 10.03	\$ 3,757.24
Issaquah	\$ 362,100	\$ 10.41	\$ 3,769.46
Lake Forest Park	\$ 339,800	\$ 11.99	\$ 4,074.20
Woodinville	\$ 329,200	\$ 12.50	\$ 4,115.00
Redmond	\$ 328,100	\$ 10.11	\$ 3,317.09
Bothell	\$ 289,000	\$ 12.01	\$ 3,470.89
Unincorporated King County	\$ 284,600	\$ 12.43	\$ 3,537.58
<b>Shoreline</b>	<b>\$ 273,500</b>	<b>\$ 12.52</b>	<b>\$ 3,424.22</b>
Burien	\$ 243,700	\$ 12.05	\$ 2,936.59
Renton	\$ 233,500	\$ 11.50	\$ 2,685.25
Kent	\$ 221,100	\$ 12.87	\$ 2,845.56
Federal Way	\$ 217,900	\$ 12.21	\$ 2,660.56
Auburn	\$ 189,400	\$ 13.44	\$ 2,545.54
SeaTac	\$ 187,900	\$ 12.01	\$ 2,256.68
Skykomish	\$ 97,400	\$ 7.66	\$ 746.08

# City Property Tax Revenue Growth

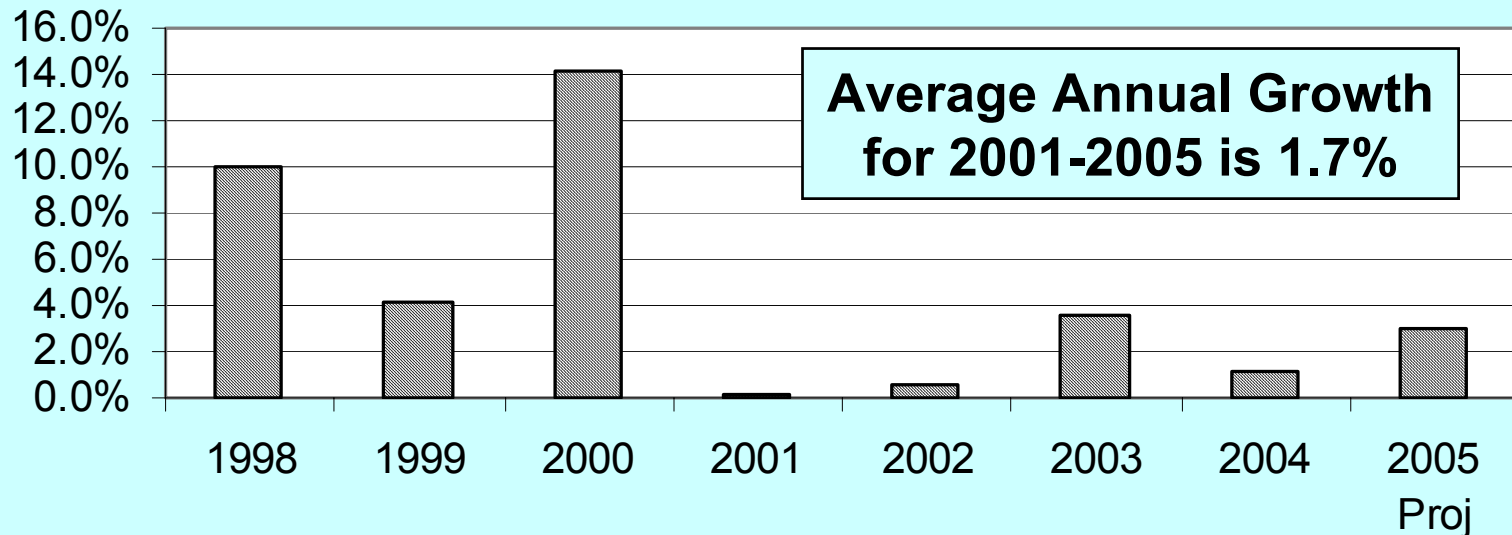
**City Property Tax Growth**  
**2000-2005**  
**(Constant Dollars)**



# Sales Tax

- ***Local Sales Tax Rate is 8.8%***
  - Each \$10 sale a total of 88 cents of sales tax paid
    - ***8.5 cents comes to the City of Shoreline (10%)***

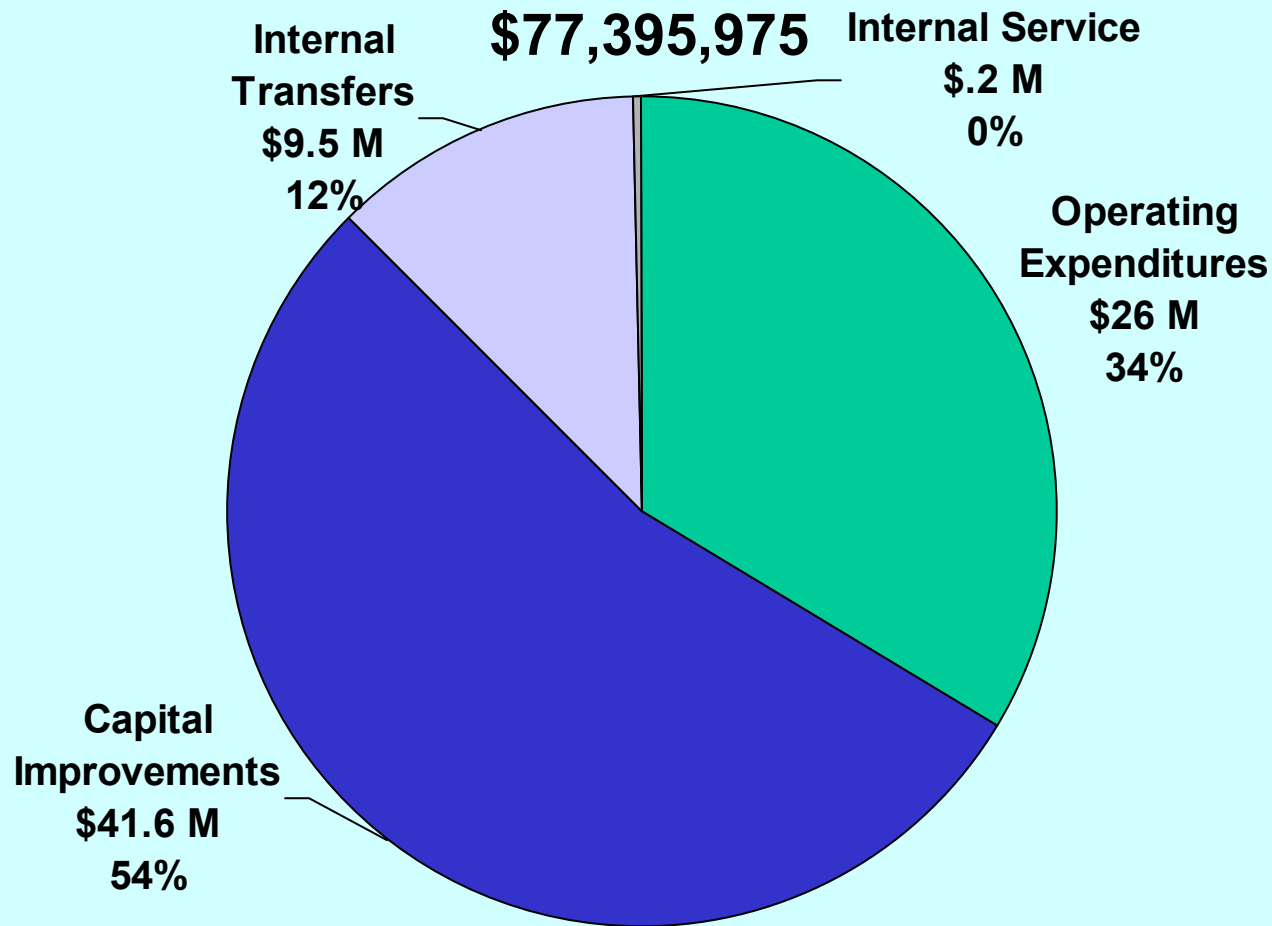
**Annual Sales Tax Growth  
1998-2005**





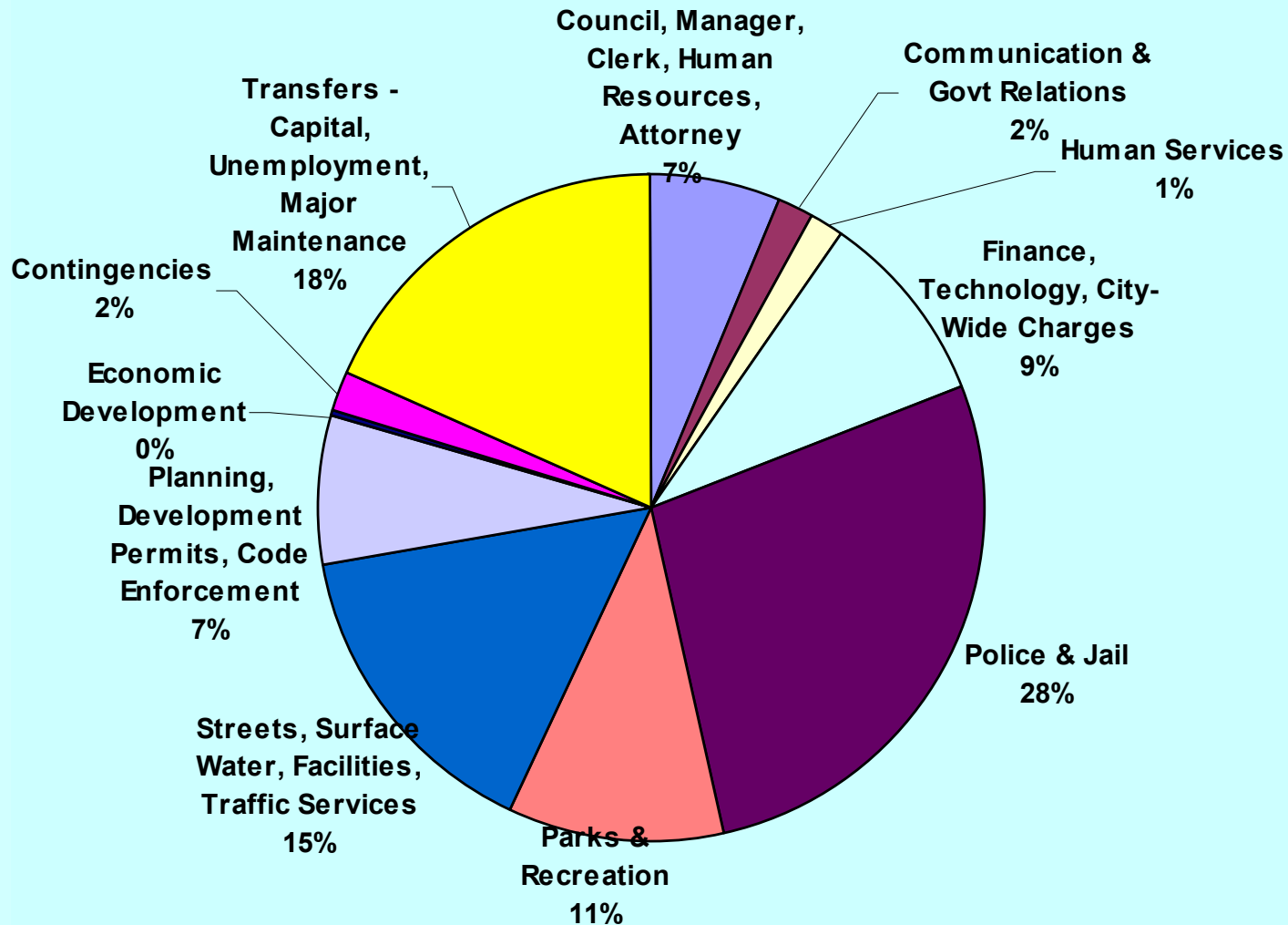
# ***Where Will The Money Go?***

## ***2003 City Expenditures by Category***



# 2005 Operating Dollars

(Operating Budget + Transfers of Operating Dollars = \$32 Million)



# ***2005 Major Operating and Capital Budget Changes***

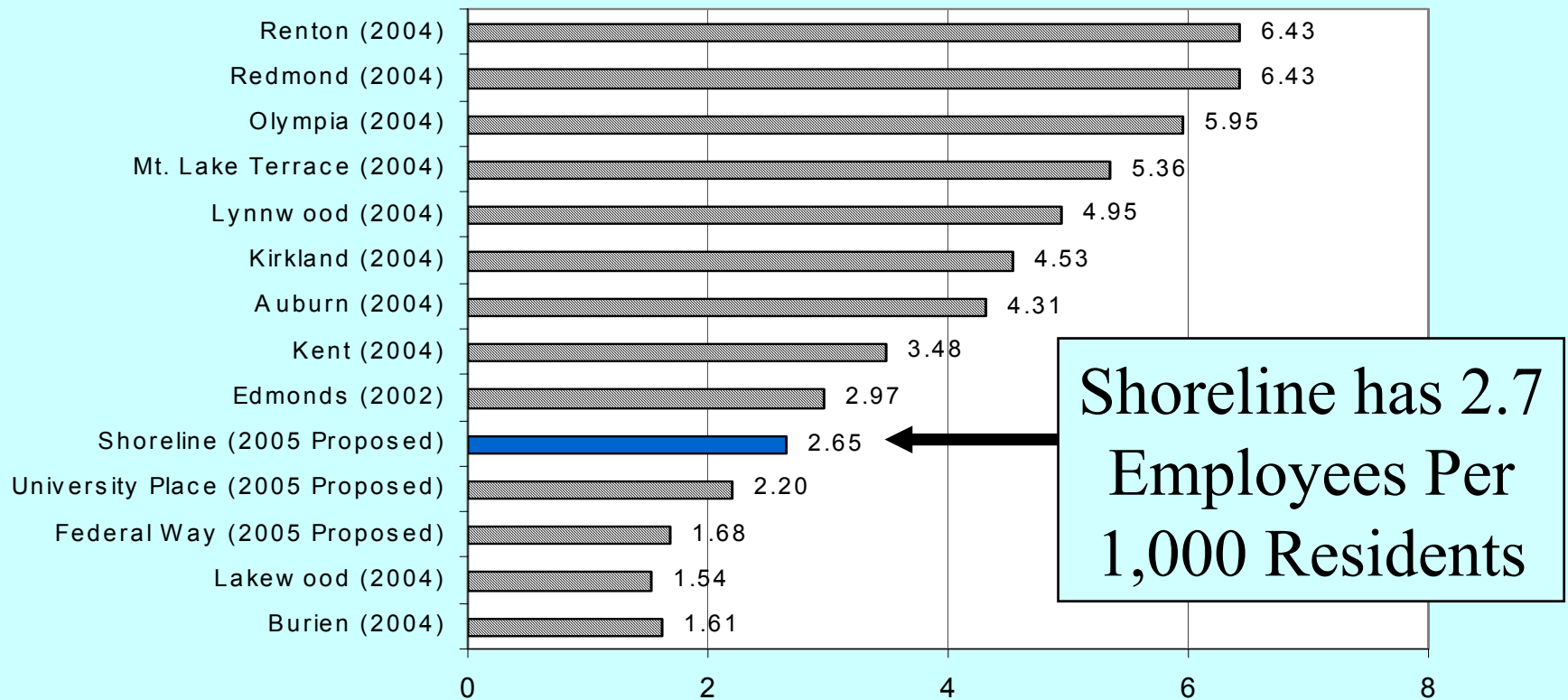
# ***Major Operating Budget Changes***

- ***Personnel Costs - \$547,000***
  - **New Positions - Net Budget Impact \$0**
    - *Associate Traffic Engineer*
    - *Capital Projects Planner - Aurora & Interurban*
    - *Increased Salary & Benefit Costs by \$144,000*
  - **Compensation Policy - Budget Impact \$212,000**
    - *Market Adjustment (2%) & Step Increases*
  - **Benefit Cost Increases - Budget Impact \$162,000**
    - *Excluding New Positions*
    - *Anticipated Increase in Washington State Retirement Contribution Rate - \$142,000*
  - **Increases in Recreation Part-Time Offset by Increased Revenues**

# Comparison of City Staffing Levels

(Excludes Police, Fire, Utilities, Special Business Enterprises)

Employees Per Thousand Population



# ***Major Operating Budget Changes***

- ***Public Safety - \$458,000 Increase***
  - Police Contract - \$393,000 (5.3%)
    - ***Primarily related to personnel cost increases***
  - Jail Contract - \$65,000 (8.1%)
    - ***Agreement to make partial payment for contracted jail bed days that are not used at Yakima County Jail***
- ***Establishment of Capital Facilities Repair & Replacement Fund - \$120,000 Annually***
- ***Debt-Service for Public Works Trust Fund Loan - \$293,000 Increase in Surface Water Fund***
  - Ronald Bog & 3rd Ave NW Projects

# ***Major Operating Budget Changes***

- ***Increased Current Publications from 7 to 10 - \$24,000***
- ***Miscellaneous Budget Changes***
  - Facilities Leases - \$81,000 Increase
  - Liability & Property Insurance - \$69,000 Increase
  - Utilities - \$169,000 Increase
  - Technology Strategic Plan - \$310,000 Reduction
- ***Department 2005 Base Budget Reductions - \$167,000***

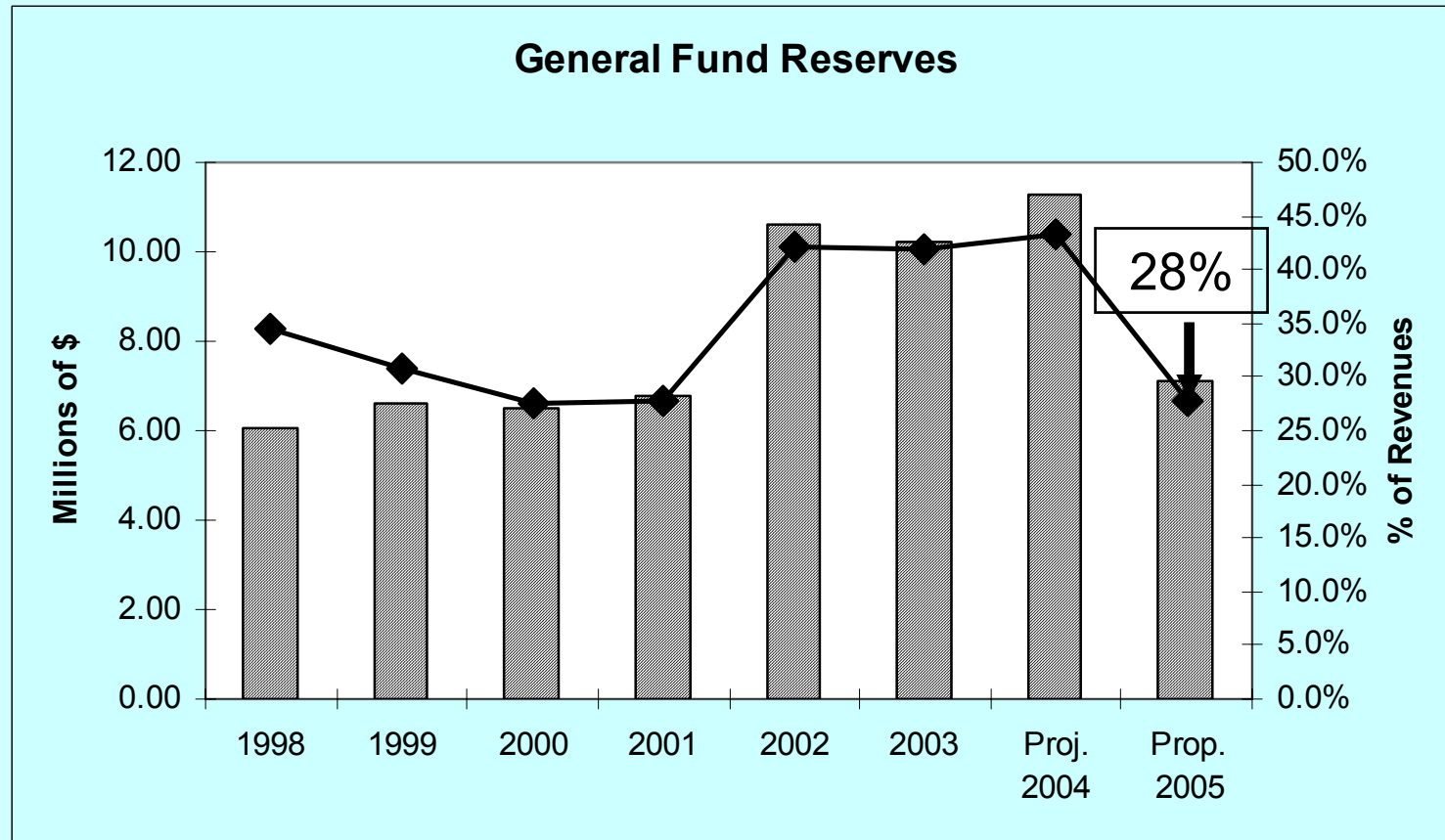
# ***One-Time Budget Allocations from General Reserves***

- ***Proposed in 2005 Budget - \$4.9 Million***
  - City Hall Project - \$4 Million
    - ***Approved in the Adopted 2005-2010 Capital Improvement Program***
  - Emergency & Insurance Contingencies - \$505,000
    - ***Budgeted Annually, but have not used***
  - Road Surface Maintenance Program - \$200,000
  - Police HVAC System - \$64,000
  - Pool Roof - \$60,000



# *General Reserves*

## *Reserve Policy Minimum of 10%*



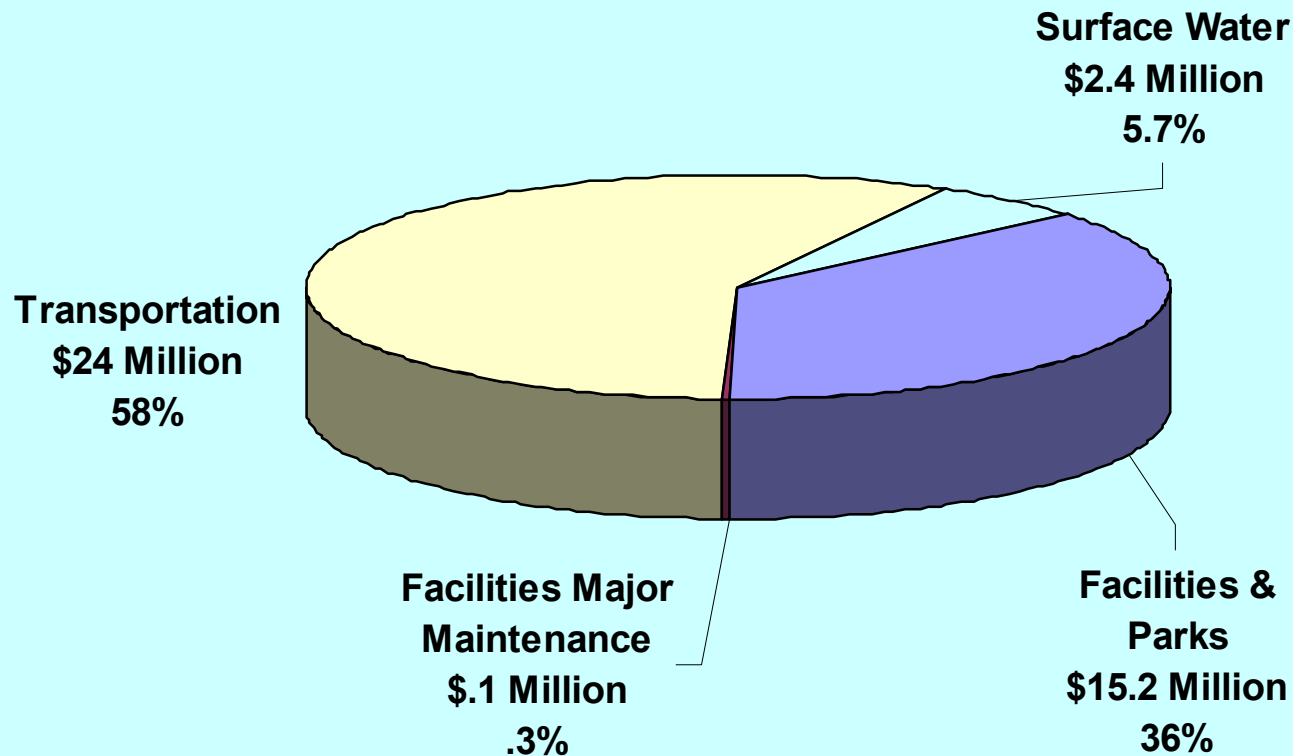
# ***Recommended Revenue & Fee Changes***

- ***Land Use & Non-Building Permit Fees***
  - Inflationary Adjustment
  - Hourly Rate increase from \$122 to \$124
- ***Recreation Fees***
  - Market Adjustment (Approximately 10%)
  - Approximately \$36,000 in net revenue
  - Resident Discount Fee Structure
- ***Surface Water Utility Tax (6%)***
  - \$150,000 in annual revenue
  - Annual impact to residential home - \$6

# ***2005 Capital Expenditures***

## ***\$41.8 Million***

### **2005 CIP Funding By Project Type**



# ***2005 Major Capital Projects***

- ***Facilities & Parks***

- City Hall - \$14.2 Million
- Spartan Gym Upgrades - \$450,000
- City Gateways - \$103,000
- Saltwater Pedestrian Bridge - \$136,000
- Police HVAC - \$64,000
- Pool Roof - \$60,000

# ***2005 Major Capital Projects***

- ***Transportation***

- Interurban Trail - \$5 Million
  - ***Includes Pedestrian Bridges***
- Richmond Beach Overcrossing - \$1.9 Million
- 15th Avenue - \$3.8 Million
- Aurora Phase 1 - \$10.2 Million
- Annual Road Surface Program - \$718,000
- Aurora Phase II - \$1.2 Million
- Retaining Wall @ Dayton Ave/N 175th - \$400,000
- Pedestrian & Traffic Improvement Program - \$443,000

# ***2005 Major Capital Projects***

- ***Surface Water Projects***
  - Ronald Bog Drainage - \$400,000
  - 3rd Ave NW - \$1.5 Million
  - Small Projects - \$205,000

# *Possible Future Impacts*

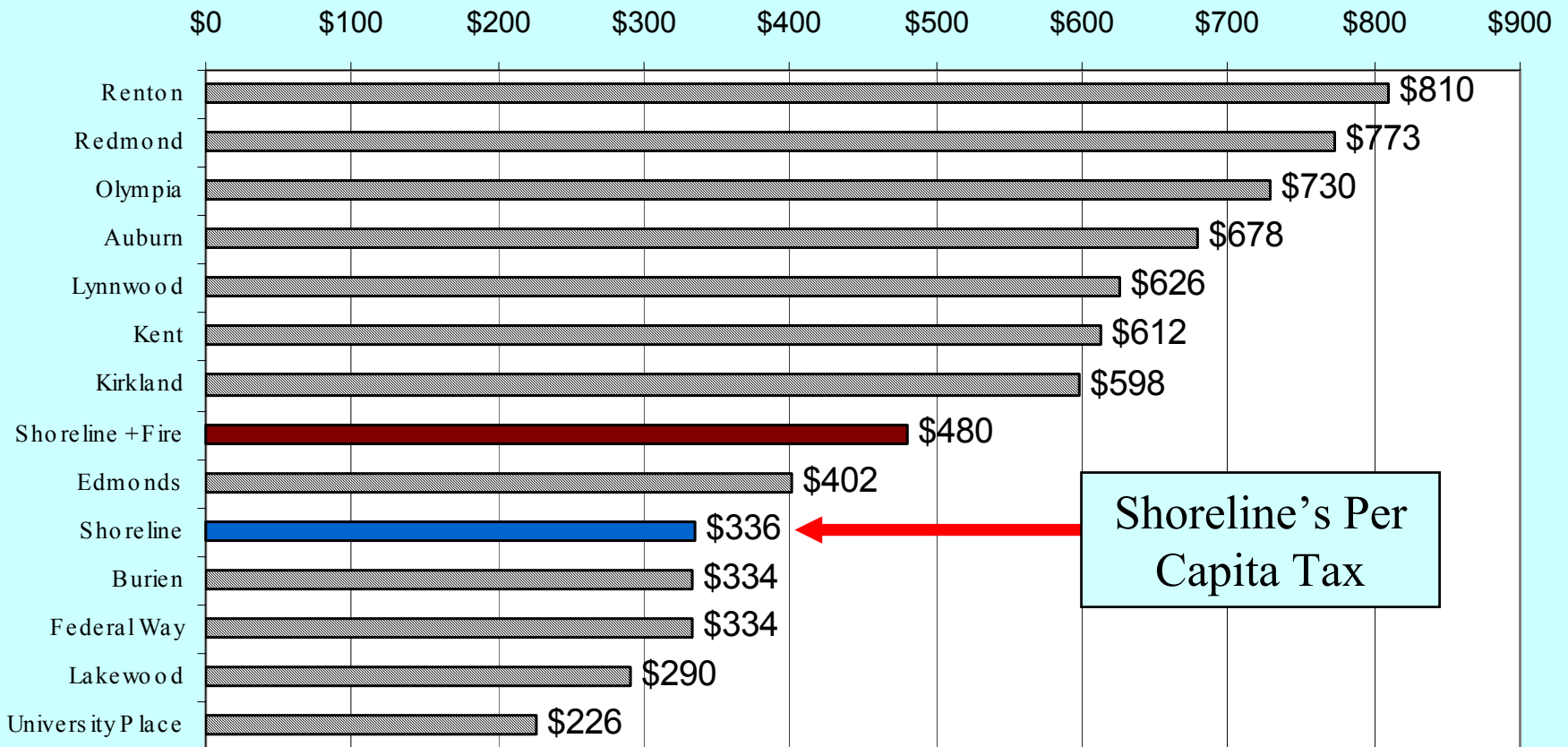
- *Master Plan Adoption*
  - Parks & Open Space, Transportation, and Surface Water
    - *20 Year Capital Priorities*
    - *Funding Scenarios*
- *Property Tax Initiatives*
- *Initiative 892 (November 2004 Election)*
  - Impact to Pull-Tab Revenues

# ***Long-Range Financial Planning***



# ***Fiscal Capacity Constraints***

**Tax Per Capita Comparison**  
(Property, Sales, B&O, Utility, Gambling Taxes)

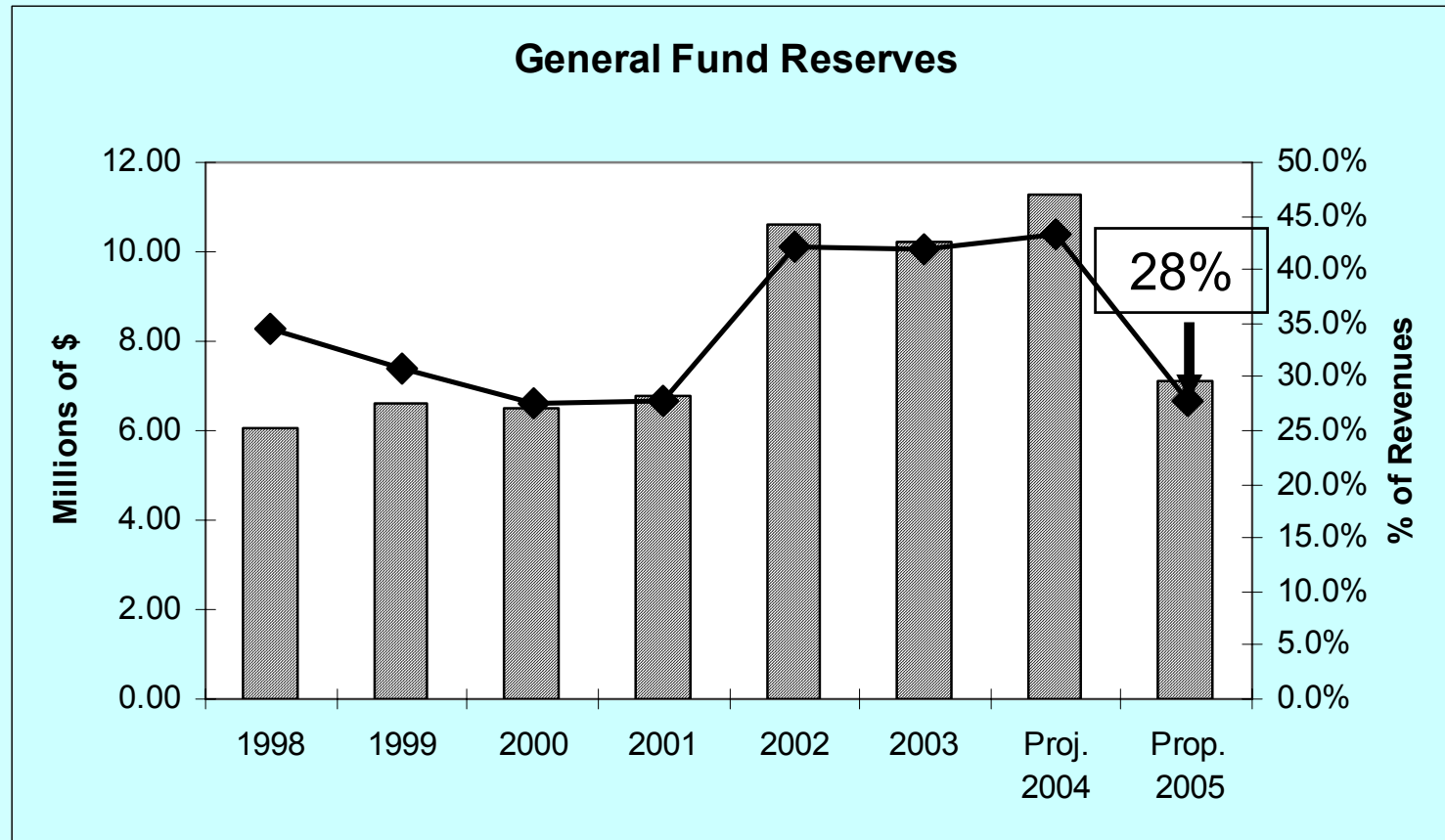


# General Obligation Debt Comparisons

	Outstanding GO Debt	Population	Per Capita
Auburn	\$ 7,777,643.00	46,135	\$ 168.58
Burien	\$ 3,270,000.00	31,130	\$ 105.04
Edmonds	\$ 25,435,000.00	39,620	\$ 641.97
Federal Way	\$ 23,247,731.00	83,590	\$ 278.12
Kent	\$ 79,130,953.00	84,560	\$ 935.80
Kirkland	\$ 16,811,494.00	45,800	\$ 367.06
Lakewood	\$ -	59,010	\$ -
Lynnwood	\$ 10,697,241.00	34,540	\$ 309.71
Olympia	\$ 9,775,886.00	43,040	\$ 227.13
Redmond	\$ 10,933,472.00	46,900	\$ 233.12
Renton	\$ 32,245,982.00	55,360	\$ 582.48
Shoreline	\$ -	52,740	\$ -
University Place	\$ 13,397,856.00	30,800	\$ 435.00

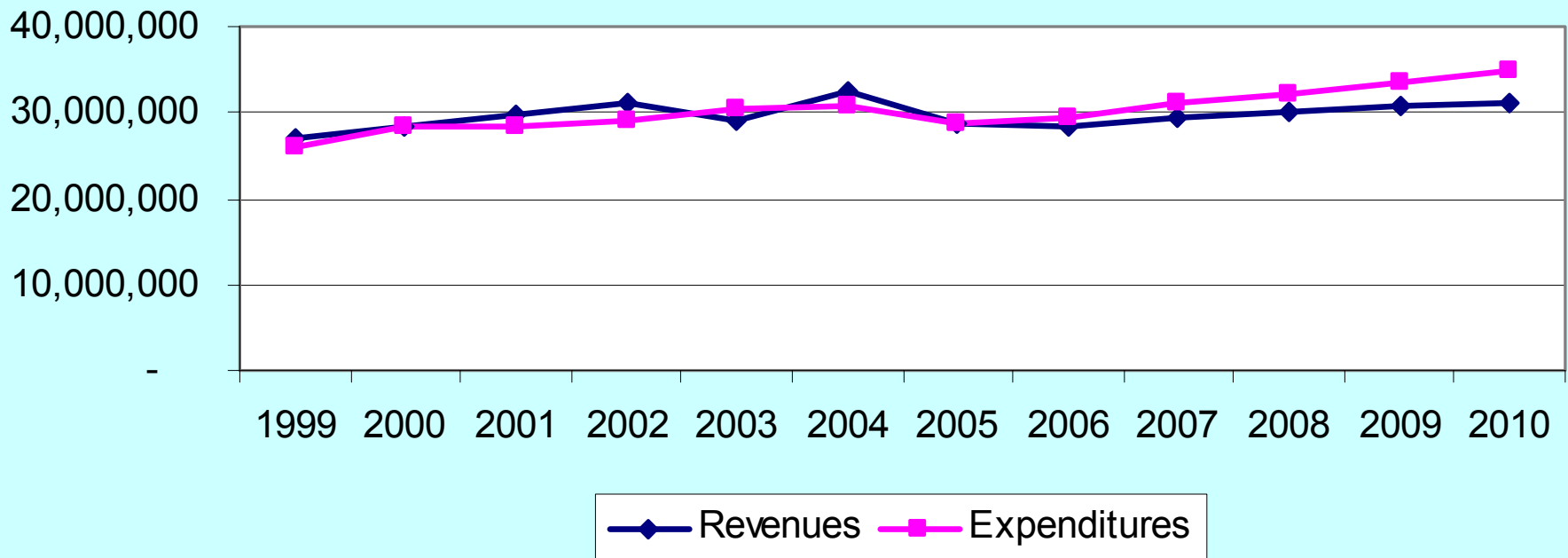
# *General Reserves*

## *Reserve Policy Minimum of 10%*



# ***Operating Budget Long-Term Forecast***

**City Operating Budget Forecast  
10 Year Operating Budget Comparison**



# ***City Manager Long-Range Financial Plan Recommendation***

<b>Action</b>	<b>Effective Year</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Reduce department base budgets by 1% and review low priority services for elimination			
Implement a utility tax on our surface water utility			
Increase recreation fees by approximately 10% and enhance the City's scholarship program			
Implement a revenue generating regulatory business license program			
Seattle City Light franchise fee (6%) on the distribution portion of the electric utility fees			
Property tax levy lid lift			

# Conclusion

- ***2005 Proposed Budget***
  - Supports City's vision and Council Goals
  - Maintains a Focus for strong Long-Term Financial Position
    - *Takes into account the City's Fiscal Capacity Constraints*
    - *Complies with adopted budget and fiscal policies*
    - *Maintains Reserves within Policy Guidelines*
  - Provides resources to maintain and improve the City's parks, roads and drainage systems
  - Conservative Revenue Projections and Modest Service Level Changes