



AGENDA

SHORELINE CITY COUNCIL REGULAR MEETING

Monday, September 18, 2017
7:00 p.m.

Council Chamber · Shoreline City Hall
17500 Midvale Avenue North

	<u>Page</u>	<u>Estimated Time</u>
1. CALL TO ORDER		7:00
2. FLAG SALUTE/ROLL CALL		
(a) Proclamation of Mayor's Day of Concern for the Hungry	<u>2a-1</u>	
3. REPORT OF THE CITY MANAGER		
4. COUNCIL REPORTS		
5. PUBLIC COMMENT		
<i>Members of the public may address the City Council on agenda items or any other topic for three minutes or less, depending on the number of people wishing to speak. The total public comment period will be no more than 30 minutes. If more than 10 people are signed up to speak, each speaker will be allocated 2 minutes. Please be advised that each speaker's testimony is being recorded. Speakers are asked to sign up prior to the start of the Public Comment period. Individuals wishing to speak to agenda items will be called to speak first, generally in the order in which they have signed. If time remains, the Presiding Officer will call individuals wishing to speak to topics not listed on the agenda generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.</i>		
6. APPROVAL OF THE AGENDA		7:20
7. CONSENT CALENDAR		7:20
(a) Approving Minutes of Regular Meeting of July 31, 2017	<u>7a-1</u>	
(b) Adopting Res. No. 416 – Amending the City's Business Expense Policy	<u>7b-1</u>	
(c) Adopting Ord. No. 793 – Amending the Shoreline Municipal Code Chapter 2.60 Purchasing Code	<u>7c-1</u>	
(d) Adopting Ord. No. 795 – Amending Shoreline Municipal Code Chapter 3.50 Sale and Disposal of Surplus Personal Property	<u>7d-1</u>	
8. ACTION ITEMS		
(a) Public Hearing and Adopting the 2018 Community Development Block Grant Funding and Contingency Plan	<u>8a-1</u>	7:20

Public hearings are held to receive public comment on important matters before the Council. Persons wishing to speak should sign in on the form provided. After being recognized by the Mayor, speakers should approach the lectern and provide their name and city of residence. Individuals may speak for three minutes. Public hearings should commence at approximately 7:20 p.m.

9. STUDY ITEMS

- (a) Discussing the 2017 Second Quarter Financial Report and a Preliminary View of the 2018 Budget and 2018-2023 Capital Improvement Plan 9a-1 7:40

10. ADJOURNMENT 8:40

The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 801-2231 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 801-2236 or see the web page at www.shorelinewa.gov. Council meetings are shown on Comcast Cable Services Channel 21 and Verizon Cable Services Channel 37 on Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Online Council meetings can also be viewed on the City's Web site at <http://shorelinewa.gov>.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Proclamation Declaring Mayor's Day of Concern for the Hungry		
DEPARTMENT:	Community Services		
PRESENTED BY:	Rob Beem, Community Services Manager		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Proclamation

ISSUE STATEMENT:

The Mayors' Day of Concern for the Hungry provides an opportunity for cities to spotlight the needs and efforts their communities are taking to address hunger as a local concern. In Shoreline, fully one in four of our residents lacks the income to assure food security. This means these residents are making difficult choices between necessities and often rely on community resources for support. These resources include the Supplemental Nutrition Assistance Program (SNAP), weekend backpack for school kids, meal programs, and food banks. The meals programs, weekend backpacks and food banks all rely on generous donations of time, funds and food to be able to meet the growing demand in Shoreline.

Hopelink is Shoreline's largest food bank and source of emergency financial support. In early 2017, Hopelink opened at their new location, Ronald Commons. In their first seven months at their new location, they have seen a 30% increase in the usage of their food bank compared to the same period last year.

Ms. Tamarah Lee, Shoreline Center Manager, Hopelink, will be accepting this proclamation on behalf of Hopelink and the community.

RECOMMENDATION

The Mayor should read and present the proclamation.

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



PROCLAMATION

WHEREAS, the City of Shoreline recognizes adequate nutrition as a basic need for each citizen; and

WHEREAS, food insecurity is a concern for one in four Shoreline residents; and

WHEREAS, many studies show the detrimental effects of hunger, whether it is the health of seniors, or the inability of children to focus as students; and

WHEREAS, the 30% increase in foodbank usage highlights the high level of need for food bank services in Shoreline; and

WHEREAS, Hopelink is the largest provider of food and emergency resources for Shoreline residents;

NOW, THEREFORE, I, Christopher Roberts, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim September 18, 2017 as the

MAYOR'S DAY OF CONCERN FOR THE HUNGRY

in the City of Shoreline and urge all citizens to support local food banks with donations of food, funds and time.

Christopher Roberts, Mayor

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, July 31, 2017
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Roberts, Deputy Mayor Winstead, Councilmembers McGlashan, Scully, Hall, McConnell, and Salomon

ABSENT: None.

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Mayor Roberts who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Roberts led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

(a) National Night Out Against Crime

Mayor Roberts read a proclamation declaring August 1, 2017 as National Night Out (NNO) Against Crime. Chris Goodman, Parkwood Neighborhood Association Chair and longtime NNO participant, accepted the proclamation. Mr. Goodman thanked staff and community residents for their contribution and participation in making NNO happen each year and for building stronger communities. Captain Mark Konoske, Shoreline Police, said NNO is a team effort of the Community, the Police Department, and Local Government, and they look forward to it every year.

3. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Councilmember McGlashan thanked staff for reconfiguring the intersection at Dayton Avenue and Carlyle Hall Road and said it functions much better.

5. PUBLIC COMMENT

There was not anyone wanting to make a public comment.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember Hall and seconded by Deputy Mayor Winstead and unanimously carried, 6-0 (Councilmember McConnell not present), the following Consent Calendar item was approved:

- (a) Adopting Resolution No. 412 Approving the 2017-2023 Parks, Recreation and Open Space Plan for the Purpose of State of Washington Recreation and Conservation Office Funding Eligibility**

8. ACTION ITEMS

- (a) Adopting Ordinance No. 786 - Park Impact Fees

Eric Friedli, Parks, Recreation, and Cultural Services Director, recalled the research Council requested staff to conduct in preparation of this meeting. He shared the three policy questions the Council will need to address are:

- Adopting Park Impact Fees based on size of unit or unit count.
- Adopting a higher Park Impact Fee rate than the rate recommended by staff.
- Changing the effective implementation date.

Councilmember Hall asked how the Park Impact Fee rates recommended by staff compare to other comparable cities. Mr. Friedli responded the recommended rates are at the median. He displayed a slide showing general development fees of Shoreline and other cities, and a table listing Alternative Park Impact Fee Rates with reductions at 0%, 25%, 50%, 60%, and 71%. Mayor Roberts asked if a 0% reduction would fund the growth to the park system needed to support increased density. Mr. Friedli replied no.

Councilmember McGlashan moved adoption of Ordinance No. 786 Park Impact Fees. The motion was seconded by Councilmember Hall.

Councilmember McGlashan said he appreciates staff's work on the project and is in agreement with staff's recommendation that accommodates more housing options and economic development, and urged Councilmembers to support staff's recommendation.

Councilmember Hall said he appreciates staff's outreach to stakeholders and their feedback throughout the process. He stated his support for the 71% reduction rate and said it places impact fee rates in the normal range for this region. He supports moving forward with the impact fee to have growth pay for growth with an effective date of January 1, 2018.

Councilmember Scully moved to amend Ordinance No. 786 to change the fee reduction rate to 0%. The motion was seconded by Councilmember Salomon.

Councilmember Scully pointed out a 0% reduction rate totals approximately \$66 Million in revenue, and less than what is needed to fund the Parks, Recreation, and Open Space Plan. He said it makes sense to have new development fund future park needs, and prevent current residents from having to fund new parks. He said a 71% reduction rate will result in a massive funding shortfall.

The motion failed 1-5, with Councilmember Scully voting yes (Councilmember McConnell not present).

Councilmember Scully moved to amend Ordinance No. 786 to adopt a park impact fee based on unit size as shown in the chart on slide #4 in the presentation. The motion was seconded by Councilmember Salomon.

Councilmember Scully said this amendment encourages the development of smaller and more affordable homes.

Councilmember Salomon said he wants to encourage development that has a mixture of housing units, and he questioned if impact fees based on unit count rather than size incentivizes multi-family apartments instead of studios.

Councilmember Hall agreed with Councilmember Salomon that a mixture of housing units is desired, and said the majority of Shoreline's future development growth will come from multi-family housing.

Councilmember Salomon explained that based on current land values, he does not foresee a developer buying land and then building a small house on it, therefore, he is leaning against the amendment.

Councilmember McConnell arrived at 7:25 p.m.

The motion failed 1-6, with Councilmember Scully voting yes.

Deputy Mayor Winstead said she is pleased that the Park Impact Fee is moving forward because the park system will need to expand as density increases, and new growth can pay for that growth. She said she supports the January 1, 2018 implementation date.

Councilmember Salomon said he appreciates the grid staff prepared showing impact fee comparisons and that it helped with the policy decision making process. He said that although it would be nice to have 100% funding for the park system, he supports staff's recommendation.

The vote on the main motion, adoption of Ordinance No. 786 Park Impact Fees passed unanimously, 7-0.

9. STUDY ITEMS

- (a) Discussing Ordinance No. 788 - Development Code Amendment to Expand Use of Civil Fees and Other Fees Collected

Paul Cohen, Planning Manager, and Kristie Anderson, Code Enforcement Officer, provided the staff report. Mr. Cohen explained tonight's discussion is about expanding the use of Civil Fees and Other Fees collected through the Abatement Fund. He described what the Abatement Fund is currently used for, and said additional code enforcement expenses the Fund would support are training, extra legal assistance, and expert investigations. He reviewed the recommended language for the code amendment and said the Ordinance is scheduled for adoption on August 14, 2017.

Councilmember McGlashan confirmed that the City does not expend all the Abatement Funds, and asked if more abatement work can be done. Ms. Anderson explained how penalties are incurred and accrued, and said there are more abatement actions that could be taken, but explained it is a long legal process and is impacted by limited staff resources.

Councilmember Hall pointed out a word was omitted in the markup version of the Ordinance and recommended the City Attorney review the language again. Mayor Roberts confirmed that the item will be on the Consent Calendar.

- (b) Discussing the North Maintenance Facility Alternatives Analysis and Preferred Alternative and Discussing the 25th Avenue Ne Flood Reduction Project Alternatives Analysis and Preferred Alternative

Randy Witt, Public Works Director, introduced the format of the presentation. Noel Hupprich, Capital Project Manager, reminded Council of the status of the North Maintenance Facility (NMF) and the additional site development costs that caused the project to be placed on hold. He explained this initiated studying lower cost alternative sites, or confirming NMF as the best site location. He said the study determined short-term and long-term options. The short term option is to use Hamlin Yard, NMF, and the Ronald Wastewater District (RWD) Property; and the long term option includes two generic full program sites at NMF, Hamlin Park, or Keough Park. He reviewed the characteristics and costs for each location. He said staff's short term recommendation is for the Public Works Maintenance Division to remain at Hamlin Yard; locate the Stormwater Program with wastewater at the RWD Property; and use the NMF site for bulk storage, salt, decanting, sweeper spoils, dumpsters, and fueling for an estimated cost of \$150,000 in 2018. He said long term recommendations are to pursue the development of a full program site at Hamlin Park; fund the mitigation for a maintenance facility and use at Hamlin Park; and expansion of Brugger's Bog Park at the NMF site all for an estimated cost of \$340,000 in 2018, and \$17 Million in 2020 to 2023. He reviewed budgetary requirements, proposed funding, and the 5-Year Funding Goal.

Councilmember McGlashan confirmed that Parks Maintenance and Public Works Maintenance will remain at Hamlin Yard. Councilmember Scully asked if retrofitting Hamlin Yard, RWD, and adding the Brightwater location would provide sufficient capacity and what the combined

cost of retrofitting those three properties is. Mr. Witt responded that it would not be enough space for both departments, and said he would report back on costs. Mayor Roberts asked what elements would be missing if you included the backside of the NMF. Mr. Witt responded that they have not reviewed that option.

Mayor Roberts proposed that there are existing facilities to meet the City's needs and questioned the need to consolidate services. He asked if the short term options presented by staff could satisfy the City's long term requirement needs, and asked about the benefits of consolidation. Mr. Witt replied anything is possible but it would need to meet the Departments' needs. He said consolidation allows everything to be at one place; avoids the duplication of facilities and equipment; minimizes driving from site to site; provides dedicated conference rooms; and eliminates redundancy. He explained the benefits of having all the crew in one space, and said it allows for collaboration and better coordinated operations. He said Hamlin Yard could be used to better serve the Town Center.

Councilmember Salomon said he does not think the duplication factor is problematic, and driving from point A to B would not take long in a city of this size. He has the same questions as Councilmember Scully regarding the use of Hamlin Yard, RWD, Brightwater, and then using the NMF for Brugger's Bog restoration and stream habitat enhancement.

John Featherstone, Surface Water Engineer, shared that the 25th Avenue NE Flood Reduction Project addresses flooding of Ballinger Creek. He provided a historical overview of flooding in the area and said there have been sixteen flooding incidents since 2001. He said the Lyon Creek Basin Plan recommended it as a priority project and it is included in the Surface Water Master Plan as a priority project. He talked about pipe conditions and capacity, and the need to replace the pipes. He noted the 25th Avenue NE System and the NE 195th Street Culvert are undersized. He displayed a picture of the area and said a portion is owned by the Washington State Department of Transportation (WSDOT) and the other portion by the City of Lake Forest Park.

Mayor Roberts asked who is responsible for the NE 195th Street Culvert. Mr. Featherstone responded that the culvert is owned by Lake Forest Park. Mayor Roberts pointed out that WSDOT was issued a court order to make culverts fish passable and asked if NE 195th Street Culvert is on their list. Mr. Featherstone replied that it is not on their list.

Mr. Featherstone reviewed stakeholder outreach and feedback received regarding the project, and said there was consensus that if the conveyance system was touched, then the creek would require daylighting. He reviewed objectives and challenges with replacing the NE 195th Street Culvert, and said the 25th Ave NE Alternative Analysis recommendations are:

- Alternatives 1 and 2: Daylight Ballinger Creek and install Culverts within the 25th Avenue NE right-of-way; and replace the NE 195th Street Culvert.
- Alternative 3: Daylight Ballinger Creek within the City's NMF property; Daylight channel and Culverts along 25th Avenue NE south of NMF; Alternative 3-1 daylight more along west side; or Alternative 3-2 more along the east side; and replace NE 195th Street Culvert.

- Alternative 3A: Daylight Ballinger Creek within the School District's Aldercrest Annex property; Daylight channel and culverts along 25th Ave NE east side south of Aldercrest Annex; and Replace NE 195th Street Culvert

Mr. Featherstone said staff is recommending Alternative 3 with phased implementation to eliminate flooding up to the 100-year event, restore the creek, and provide an amenity to the Community. He reviewed short-term and long-term phasing proposals and financial impacts.

Councilmember Salomon said he does not have a good sense of how the creek flows and asked if the creek is daylighted downstream where it flows into Lake Washington. Mr. Featherstone explained how the creek flows and said it is generally daylighted with the exception of where it crosses roadways, and said it is a partial fish passage barrier. Councilmember Salomon asked if all phases of the projects need to be done to improve fish passage. Mr. Featherstone responded that performing upstream improvements will improve the habitat, but the flooding would not be solved until the NE 195th Street Culvert is replaced.

Councilmember Hall stated that any culvert that blocks salmon from getting to their spawning grounds need to be replaced, and that replacing the NE 195th Street Culvert is someone else's responsibility. He said the City could assist WSDOT in getting a grant, and perform the upstream work that will also benefit Lake Forest Park in their grant process. He said the No Action Alternative will result in WSDOT and Seattle Public Utilities taking further action at a certain point. He said it is not unreasonable to invest in upstream improvements and leave NE 195th Street to another day.

Councilmember McGlashan asked about expanding Hamlin Yard to accommodate all of the services and questioned what the NMF would be used for if stormwater improvements are done. Mr. Witt responded that you can make the stormwater improvements and have maintenance activities occur in the front, closer to Ballinger Way. Councilmember McGlashan said he is supportive of the maintenance consolidation, but he does not think it is feasible due to land constraints.

Mr. Witt reviewed the coordinated recommendations which locates the Maintenance Facility in Hamlin Park, develops the NMF Property as an expansion of Brugger's Bog Park, and reviewed the order of work.

Councilmember Hall said he appreciates the creative alternatives, and seeing if all the needs are met along with corresponding financials. He said he likes getting the same functionality for less cost if it is desirable. He said the tradeoff between restoring wetlands and streams for removing trees is difficult, but noted restoring wetlands and streams has a broader set of ecological functions than the forest.

Councilmember Scully said he believes Alternative 3-2 is the right way to proceed. He said he is not sure about spending \$2.2 million to replace the NE 195th Culvert because it is the responsibility of Lake Forest Park. He stated he is unsure about the environmental tradeoffs because although he understands the desire to consolidate, he is not convinced that it is

necessary. He said he does not want to cut trees or take a park out of the system, and would like to exhaust other possibilities at existing sites first.

Deputy Mayor Winstead recalled the tour of the NMF and Hamlin Yard, visualizing conditions, and recommended another tour. She said it would be helpful to see the confined spaces that the departments are currently housed in. She believes it will be great to see staff at one or two site locations, and explained the cost efficiency of keeping people together. She said she prefers Alternative 3-2 and wants to do whatever the City can within the confines of the Budget. She talked about the benefits of having dedicated conference rooms, and encouraged working with Lake Forest Park to get them to replace NE 195th Street Culvert.

Councilmember Salomon said he agrees with Councilmember Scully. He said it is difficult for the City to pay for Lake Forest Park's responsibility, but it also pains him to do improvements upstream and not see the NE 195th Street Culvert project get done. He said discussing taking away a portion of a park for a City maintenance facility while talking about expanding the park system is contradictory. He supports Deputy Mayor Winstead's recommendation of another tour. He said he does not want to pay \$5 million to have the facilities located in one location to resolve logistical problems, like driving from point A to B.

Councilmember McConnell said Hamlin Yard is inadequate to house both the Public Works and Parks maintenance teams and that the NMF could be sold for a profit if needed. She urged consolidation as much as possible to support collaboration, creativity, and time efficiency. She said she does not have a problem repurposing Hamlin Park to accommodate the expansion of Hamlin Yard because the park is underutilized.

Councilmember McGlashan pointed out that the 25th Street Sidewalk Project was removed from the priority list, and recommended staff look for grants to move the project up and get it done sooner.

Councilmember Hall said he is comfortable going through to the next steps, taking a tour of the facilities, looking at sizes, public access, and environmental benefits, and what scenario is more beneficial. He said he would like to move forward with the process.

Mayor Roberts said he is not convinced that consolidation makes the most sense. He asked staff to provide consolidation and non-consolidation cost comparisons. He asked how much space is usable at the back of the NMF and what it can be used for. He said he is unsure that building a new facility is a City priority, or worth the cost, when residents will be asked to approve bonds for a new aquatics center and sidewalks. He said he also wants to see the ecological comparison of restoring a stream versus losing some of the forest in Hamlin Park.

Councilmember Hall recommended moving forward with the feasibility of expanding Hamlin Yard; deciding if the City should have one utility yard for stormwater, wastewater, public works, and parks; designing what it would look like; and evaluating the benefit of consolidation versus non-consolidation.

Mayor Roberts confirmed that Council wants to move forward with Alternative 3-2 phased implementation approach, and agreed with staff's short term recommendations. Councilmember Hall recommended looking for funding from the Water Resource Inventory Areas (WRIA) 8 and other funding options.

Councilmembers commended staff for the work put into the staff report and for the creative alternative proposals.

10. EXECUTIVE SESSION

At 9:14 p.m., Mayor Roberts recessed into Executive Session for a period of 10 minutes as authorized by RCW 42.30.110(1)(i) to discuss with legal counsel matters relating to agency enforcement actions, or litigation, and announced that the Council is expected to take action. Staff attending the Executive Session included City Manager Debbie Tarry, Assistant City Manager John Norris, and City Attorney Margaret King. The Executive Session ended at 9:24 p.m., and Mayor Roberts reconvened the Council Meeting.

Councilmember Salomon moved to authorize the City Attorney, under the direction of the City Manager, to file an appeal of the Snohomish County Boundary Review Board's July 11, 2017 Findings and Decision, and to take all necessary and appropriate steps to defend that appeal before the Superior Court. The motion was seconded by Councilmember McGlashan, and passed unanimously, 7-0.

11. ADJOURNMENT

At 9:26 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting Resolution No. 416 - Amending the City's Business Expense Policy
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director
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:

While conducting a review of existing City financial policies as part of the Ronald Wastewater District transition, City staff discovered necessary housekeeping changes needed to improve existing City polices and codes. Staff discussed these proposed changes with the City Council on August 14, 2017.

One of the changes identified pertains to the City's Business Expense Policy, which details policies regarding the reimbursement of business expenses by the City including travel, subsistence and related expenses, and certain non-travel related expenses incurred by authorized persons while conducting City business or providing a service for the City. Proposed Resolution No. 416 (Attachment A) would provide for these amendments to the City's Business Expense Policy (Exhibit A).

RESOURCE / FINANCIAL IMPACT:

There are no financial impacts anticipated from the policy changes recommended in proposed Resolution No. 416.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 416.

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

BACKGROUND

On August 14, 2017, staff discussed recommended financial policy revisions, code changes, and customer service policies with the City Council. The staff report for this discussion is available at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport081417-8c.pdf>.

City and Ronald Wastewater District (RWD) staff worked together with the FCS Group, a consultant experienced in the merger of utilities, to conduct a review of RWD and City policies to identify any changes needed to ensure adopted policies follow best practices. Within the same review, City staff also conducted an independent internal review of existing City financial policies and codes to identify and address any housekeeping changes needed to improve existing City practices. One of the changes identified and recommend by staff related to the City's Business Expense Policy.

DISCUSSION

Proposed Resolution No. 416 (Attachment A) would provide for amendments to the City's Business Expense Policy (Exhibit A). The specific recommended changes to the City's Business Expense Policy include the following:

Section 1.0: General Purpose

- Adds a statement that expenses should fit within the framework created by the City's core values and pass the Reasonable Person Test: "Would the average, reasonable Shoreline resident agree that the expense was a legitimate use of their taxes?"
- Adds the statement that individual employees are responsible for becoming knowledgeable about the policy and documentation requirements.

Section 3.1: Prior Approval

- Clarifies requirement for prior approval for overnight and international travel.

Section 3.2: Documentation

- Language has been added to allow a "Declaration of Lost Receipt" after all reasonable attempts have been made to obtain a copy.
- A provision was added which clarifies that reimbursement is not allowed when payment was made with non-cash items such as gift cards, airfare credits, and frequent flyer miles.

Section 3.3: Reimbursable Meal Costs

- Revised to provide that meal reimbursements while in travel status shall be based on per diem for the travel destination rather than on actual meal costs.
- Retains option for reimbursement of actual costs in limited situations (i.e., in the event of a meal attended by multiple employees.)

Section 3.5 C: Rental Vehicle

- Expanded to explain that when an exception to policy is granted to allow a rental car, employee's insurance coverage is primary for the rental vehicle and outlining the coverage offered by the City's insurance policy. It also provides for reimbursement of CDW coverage purchased from the rental car company.

Section 3.6: Air Travel

- Removed language relating to use of a travel agent to obtain government fares since those reduced fares are no longer available to the City.
- Added verbiage to clarify the requirements when personal travel is combined with business travel.

Section 6: Food and Beverages at City Meetings

- Clarified to specifically highlight several additional covered events.

Section 12: Sister City Program

- This section has been removed.

If adopted, proposed Resolution No. 416 would become effective October 1, 2017.

RESOURCE/FINANCIAL IMPACT

There are no financial impacts anticipated from the policy changes recommended in proposed Resolution No. 416.

RECOMMENDATION

Staff recommends that Council adopt Resolution No. 416.

ATTACHMENTS

Attachment A – Proposed Resolution No. 416
Attachment A, Exhibit A – Business Expense Policy

RESOLUTION NO. 416

**A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON,
REVISING THE CITY BUSINESS EXPENSE POLICY FOR EMPLOYEES
AND OFFICIALS REGARDING ALLOWABLE BUSINESS EXPENSES**

WHEREAS, the City Council wishes to revise the Business Expense Policy No. 2.130408, as adopted on April 8, 2013, under Resolution No. 342, to revise the sections related to travel and meal costs and remove the section regarding the Sister City; now therefore:

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON, AS FOLLOWS:**

1. The City Council hereby repeals *Business Expense Policy* No. 2.13.0408 Allowable Business Expenses in its entirety.
2. The City Council hereby adopts *Business Expense Policy* No. 2.170918 Allowable Business Expenses, as set forth in Exhibit A to this resolution.
3. The City Council makes this Business Expense Policy revision effective October 1, 2017.

ADOPTED BY THE CITY COUNCIL ON SEPTEMBER 18, 2017.

Christopher Roberts, Mayor

ATTEST:

Jessica Simulcik Smith, City Clerk

Business Expense Policy

Shoreline Policy and Procedure – 2.170918

ALLOWABLE BUSINESS EXPENSES

Category and Number: Finance No 2.170918	Receiving Number: 8870
Code and statutory authority:	Authorized: Effective Date: October 1, 2017
Supersedes: Finance No. 2.130408	By: City Council

1.0 GENERAL PURPOSE

This document is the policy of the City of Shoreline, Washington for the reimbursement of business expenses by the City including travel, subsistence and related expenses, and certain non-travel related expenses incurred by authorized persons while conducting City business or providing a service for the City. To qualify for reimbursement, expenses must be reasonable and prudent under the circumstances and directly related to the conduct of business or service for the City. Expenses should fit within the framework created by the City’s core values. They should pass the Reasonable Person Test: “Would the average, reasonable Shoreline resident agree that the expense was a legitimate use of their taxes?” Reimbursement will be made subject to the rules contained in this policy and with Chapter 42.24 RCW.

It shall be the responsibility of individual employees for becoming knowledgeable about appropriate expenditures and documentation requirements. It shall be the responsibility of the Administrative Services Department to ensure that these policies are adhered to and to provide the forms and instructions necessary for their implementation. Exceptions to the rules set forth herein may be made only for unusual or extenuating circumstances when such expenses reasonably relate to a benefit or service received by the City and compliance was not feasible. Policy exceptions may be authorized in writing by the City Manager or his/her designee.

2.0 DEPARTMENTS AFFECTED

All departments and City Council.

3.0 OVERNIGHT TRAVEL EXPENSES

This section covers expenses related to travel that requires an overnight stay. Section 4.0 covers guidelines for expenses related to local (non-overnight) activities.

The City will follow the US General Services Administration (GSA) schedules that provide for maximum reimbursement rates for lodging, meals and incidental expenses for authorized staff traveling on official business. Amounts exceeding those rates, except as noted in Section 10, may be deducted from reimbursement claims or repaid by the employee. These rates are adjusted annually by the General Services Administration.

3.1 PRIOR APPROVAL

Prior approval for overnight travel is required for all employees except City Council and City Manager. A Travel/Training Authorization form must be completed and approved by the Department Director or City Manager. City Manager approval is required for international travel by all employees except City Council and City Manager (see Section 3.10). The approved form should be forwarded to the Administrative Services Department prior to travel.

3.2 DOCUMENTATION

No claim for reimbursement shall be paid unless it is accompanied by a Business Expense Report form, a copy of the Travel/Training Authorization Form and bona fide vendor receipts, except for meal per diem claims. Such receipts should detail the following information when applicable: date, description of purchase, vendor identification and amount paid. Meal ticket stubs are not considered adequate documentation for reimbursement. Expense reports shall include name(s) of individual(s) incurring the expense and how the expense relates to City business.

A Declaration of Lost Receipt or Declaration of Lost Itemized Receipt is acceptable only after all reasonable attempts to locate or obtain a copy have been exhausted.

Credits such as gift cards, airfare credits and frequent flyer miles, whether earned on personal or business travel, are not reimbursable as there is no cash outlay for such a transaction.

Specific rules for the approval of a reimbursement claim are included in Section 7.0.

3.3 REIMBURSABLE MEAL COSTS

All City employees and officials shall be entitled to reimbursement for meals consumed while traveling overnight on City business. Reimbursement will be based on the current per diem rate of the final destination of travel. The Meal and Incidental Expense rates are established by the GSA and are adjusted annually.

Per diem rates differ based on locations defined by the GSA; tax and tip are included. Current rates can be found at www.gsa.gov/perdiem or by calling Accounts Payable (Ext. 2314).

City of Shoreline Policy – Allowable Business Expenses

Per diem rates may be claimed for the first through the last day of travel provided the person is in travel status at the following times:

- 6:00 am for breakfast
- 12:00 pm for lunch
- 6:00 pm for dinner

Travel status begins at the time the employee would have left City Hall and ends at the time they would return to City Hall.

Receipts are not required for per diem reimbursement.

Actual meal costs may be submitted for reimbursement only in the event of meals attended by multiple employees (and invited business guests, i.e., lobbyists) in connection with conferences and business meetings. Employees will be responsible for keeping their cost as close as possible to the per diem rate; however, any reasonable excess will be paid by the City. Costs of invited business guests will be borne by the City. Costs of significant others will be reimbursed to the City based on a pro-rata share of the total bill.

If reimbursement is claimed for actual meal costs, an itemized restaurant receipt is required. Meal ticket stubs alone are not considered adequate documentation for reimbursement. In no event shall any single meal be reimbursed in excess of the equivalent per diem rate for that meal, unless approved in writing by the City Manager (except as allowed in the prior paragraph). If the excess is approved, it will reported as taxable wages.

Payment for table service at a restaurant, commonly referred to as a tip, not to exceed 20% of the restaurant prices of the meal, is reimbursable as a reasonable and necessary cost for such service and as a reasonable and necessary part of the cost of the meal. Tips are included in the per diem rates as referenced above but may not exceed 20% whether or not the total cost of the meal exceeds the rate.

Any planned meals, the cost of which is included in a City-paid registration fee, whether or not the employee or official actually partakes of the meal, will not be reimbursable or eligible for per diem. Planned meals include box lunches and banquets. Receptions at which hors d'oeuvres are the primary offering are not considered meals.

When a meal is included in a meeting and the costs cannot be segregated, the actual cost of the event is reimbursable. A vendor receipt or copy of the meeting agenda is required as documentation.

3.4 EXPENDITURES NOT ALLOWED AS ACTUAL MEAL COSTS

Unauthorized expenditures include, but are not limited to:

- Liquor (including beer and wine)
- Expenses of a spouse or other persons not authorized to receive reimbursement under this policy.

3.5 VEHICLE EXPENSES

A. CITY VEHICLE

Costs of transportation and vehicle operation are acceptable, such as gas, oil, tires, tolls, ferry charges, parking and necessary repairs. Except in emergency situations, employees should contact the Fleet & Facilities Manager before incurring any repair expenses.

B. PERSONAL VEHICLE

Expenses shall be reimbursed for travel within a 300 mile radius of City Hall at the current maximum rate allowed by the United States Internal Revenue Service for reimbursement of such expenses for purposes of business travel expense deductions. Trips beyond this limit will be reimbursed in an amount equal to the lowest appropriate round trip air fare to the destination offered by a regularly scheduled commercial air carrier, plus an allowance for ground transportation based on the circumstances.

Mileage reimbursement will be calculated based on the round trip distance between City Hall and your destination or your actual mileage, whichever is less.

When travel is scheduled by public conveyance (bus, train, air, etc.) outside a 300 mile radius, surface transportation to and from the conveyance depot/airport is appropriate.

Employees should exercise appropriate judgment and discretion in selecting a parking site when it is required to park a car while using other modes of transportation such as a plane. Often it is more cost effective to use parking services other than those provided directly within airports.

City employees and City officials who receive an automobile allowance in lieu of City provided transportation shall not be entitled to further reimbursement for surface transportation costs within a 300 mile radius of the City. Travel outside of a 300 mile radius will be calculated as described above, except that no mileage reimbursement for surface

transportation shall be allowed for travel to and from any Seattle area airport.

C. RENTAL VEHICLE

The cost of vehicle rental is considered an exception to this policy and its justification must be clearly stated on the Travel/Training Authorization Form. The employee's automobile insurance will be considered the primary coverage on the vehicle. The employee should purchase Collision Damage Waiver insurance provided by the car rental company to ensure full coverage for property damage to the rental vehicle. The cost of the CDW insurance is reimbursable. The City's insurance policy provides excess liability coverage while the employee is conducting City business but only after the employee's coverage is totally exhausted. The City's insurance policy does not cover damage to the rental vehicle.

3.6 AIR TRAVEL

Employees are expected to make their own air travel arrangements. They may use their own funds and submit a request for reimbursement or they may use a City credit card that has been designated for travel purposes. If they have been given authorization to use their P-card for travel expenses, they may also use that method.

When personal travel is combined with business-related travel, the traveling employee shall be responsible for paying the increase in airfare necessary to accommodate the personal part of the flight. The City shall pay for the lowest reasonable and available airfare for the round trip between a Seattle area airport and the business-related destination.

When personal travel is combined with business-related travel, the employee shall provide documentation showing the cost of airfare for travel for City business only (at the time the reservation is made) as well as the receipt for the actual cost which includes personal travel. If the addition of personal travel makes the cost higher, the employee should use their own funds to pay the fare and request reimbursement of the lesser amount. If the addition of personal travel makes the cost lower, the employee may use a City travel credit card or their P-card to pay the fare.

When changes in travel plans occur that are the result of City business requirements, (i.e. delays in departure, cancellations, extended stays, or revised itinerary) any associated costs shall be paid by the City. However, all increases in cost of travel due to changes for personal convenience will be borne by the employee.

3.7 ACCOMMODATIONS

Directors may authorize lodging within the Puget Sound metropolitan region for multi-day functions but should use discretion when doing so. Factors that should be considered are length of travel from the employee's regular work place, length of meeting and budget.

Reasonable hotel/motel accommodations for employees and officials are acceptable and will be reimbursed or paid at a rate not to exceed the GSA maximum lodging rate for the area of travel. Rates may be obtained from the GSA website at www.gsa.gov/perdiem or by calling Accounts Payable (Ext. 2314). Note that rates listed by the GSA are for the base room rate only and do not include taxes or surcharges. These rates are adjusted annually by the GSA.

A vendor's itemized receipt for this category is required for all claims.

In the following situations, the maximum allowable lodging amounts may not be adequate and the Department Director or City Manager may approve payment of lodging expenses that exceed the allowable amount. Justification for exceeding the per diem lodging rate must be stated on the Travel/Training Authorization Form.

- When lodging accommodations in the area of travel are not available at or below the maximum lodging amount and the savings achieved from occupying less expensive lodging at a more distant site are consumed by an increase in transportation and other costs.
- The traveler attends a meeting, conference, convention, or training session where local hotels offer conference rates. Further, it is anticipated that maximum benefit will be achieved by authorizing the traveler to stay at the lodging facilities where the meeting, conference, convention or training session is held.
- To comply with provisions of the Americans with Disabilities Act, or when the health and safety of the traveler is at risk.

3.8 INCIDENTAL EXPENSES

Incidental expenses allowed as part of the daily per diem rates include fees and tips given to porters, baggage carriers, bellhops and hotel maids. A vendor's receipt is not required; however, the daily total may not exceed \$5.00.

3.9 MISCELLANEOUS EXPENSES

This category includes all reasonable and necessary miscellaneous expenses and includes, but is not limited to, the following:

1. ALLOWABLE MISCELLANEOUS EXPENSES

- Bus, taxi, bridge or other tolls.
- Parking fees.
- Ferry costs.
- Laundry expenses if away from home three (3) or more working days.
- Baggage checking.
- Business telephone and postage expenses.
- One telephone call home per day if away from home for more than 24 hour duration is considered a business telephone expense. Phone calls home should not exceed 15 minutes per day.

2. NON-ALLOWABLE MISCELLANEOUS EXPENSES

- Personal entertainment.
- Theft, loss or damage to personal property.
- Expenses of a spouse, family or other persons not authorized to receive reimbursement under this policy.
- Barber or beauty parlor.
- Airline and other trip insurance.
- Personal postage, reading material.
- Personal toiletry articles.
- Fines or penalties, including parking or traffic violations.

A vendor's receipt will be required only when the single item cost of this type of expense exceeds \$10.00.

3.10 INTERNATIONAL TRAVEL

All international travel requires the prior approval of the City Manager.

4.0 LOCAL TRAVEL EXPENSES (NO OVERNIGHT STAY)

This section covers expenses related to meals and transportation for trips not requiring an overnight stay. See Section 3.0 for guidelines on overnight travel expenses.

The City will follow the US General Services Administration (GSA) schedules that provide for maximum reimbursement rates for meals and incidental expenses for authorized staff while on official business. Amounts exceeding those rates may be deducted from reimbursement claims or repaid by the employee. These rates are adjusted annually by the General Services Administration.

4.1 DOCUMENTATION

No claim for reimbursement shall be paid unless it is accompanied by a Business Expense Report form, a copy of the Travel/Training Authorization Form and bona fide vendor receipts. Such receipts should detail the following information when applicable: date, description of purchase, vendor identification and amount paid. Meal ticket stubs are not considered adequate documentation for reimbursement. Expense reports shall include name(s) of individual(s) incurring the expense and how the expense relates to City business.

A Declaration of Lost Receipt or Declaration of Lost Itemized Receipt is acceptable only after all reasonable attempts to locate or obtain a copy have been exhausted. No claim shall be paid for the value of items such as coupons used in lieu of cash.

Specific rules for the approval of a reimbursement claim are included in Section 7.0.

4.2 REIMBURSABLE MEAL COSTS

All City employees and officials shall be entitled to reimbursement for the actual cost of meals consumed while on City business. (Per diem rates apply only as a maximum allowable reimbursement.) In order to be eligible for reimbursement, justification must be provided which describes the public purpose, a list of people included in the meal claim and an agenda or details of the meeting to support the public purpose.

Requests for reimbursement of actual meal costs may not exceed the M&IE (Meals and Incidental Expenses) rate for the area. These rates are set by the General Services Administration and are adjusted annually. Current rates can be found at www.gsa.gov/perdiem or by calling Accounts Payable (Ext 2314).

Examples of allowable meal expenses include:

City of Shoreline Policy – Allowable Business Expenses

- A. Meal expenses incurred while attending trade or professional association sponsored events (WFOA, APWA, etc.), conferences, business-related functions or approved professional training.
- B. When a City employee or official conducts business with a customer or employee during a meal, reimbursement may be claimed for the cost of both meals; however, business meetings should not be scheduled during meal times unless another time is not practical. In the event of a group meeting during a meal involving employees and invited business guests (more than 4), per diem rates should be kept in mind; however, the City will absorb a reasonable amount of excess cost.

An itemized restaurant receipt is required. Meal ticket stubs alone are not considered adequate documentation for reimbursement. In no event shall any single meal be reimbursed in excess of the equivalent per diem rate for that meal, unless approved in writing by the City Manager. If the excess is approved, it will be reported as taxable wages.

Payment for table service at a restaurant, commonly referred to as a tip, not to exceed 20% of the restaurant prices of the meal, is reimbursable as a reasonable and necessary cost for such service and as a reasonable and necessary part of the cost of the meal. Tips are included in the GSA per diem rates as referenced above and may not exceed 20% whether or not the total cost of the meal exceeds the rate.

Payment for meals picked up or delivered may include a tip of 10-20% of the price of the meal, depending on the circumstances; for instance, difficulty of delivery.

Any planned meals, the cost of which is included in a City-paid registration fee, whether or not the employee or official actually partakes of the meal, will not be reimbursable or eligible for per diem. Planned meals include box lunches and banquets. Receptions at which hors d'oeuvres are the primary offering are not considered meals.

When a meal is included in a meeting and the costs cannot be segregated, the actual cost of the event is reimbursable. A vendor receipt or copy of the meeting agenda is required as documentation.

4.3 EXPENDITURES NOT ALLOWED AS ACTUAL MEAL COSTS

Unauthorized expenditures include, but are not limited to:

- Liquor (including beer and wine)

- Expenses of a spouse or other persons not authorized to receive reimbursement under this policy.

4.4 VEHICLE EXPENSES

A. CITY VEHICLE

Costs of transportation and vehicle operation are acceptable, such as gas, oil, tires, tolls, ferry charges, parking and necessary repairs. Except in emergency situations, employees should contact the Fleet & Facilities Manager before incurring any repair expenses. When using a City vehicle to cross the Evergreen Point Bridge or travel on Highway 405, a Good to Go pass may be checked out to use for tolls. Contact the Facilities Department for more information.

B. PERSONAL VEHICLE

Expenses shall be reimbursed for travel within a 300 mile radius of City Hall at the current maximum rate allowed by the United States Internal Revenue Service for reimbursement of such expenses for purposes of business travel expense deductions.

Mileage reimbursement will be calculated based on the round trip distance between City Hall and your destination or your actual mileage, whichever is less.

City employees and City officials who receive an automobile allowance in lieu of City provided transportation shall not be entitled to further reimbursement for surface transportation costs within a 300 mile radius of the City.

Employees crossing the Evergreen Point Bridge or traveling on Highway 405 may check out a Good to Go pass from the Facilities Department or request reimbursement for toll costs.

4.5 MISCELLANEOUS EXPENSES

This category includes all reasonable and necessary miscellaneous expenses and includes, but is not limited to the following:

1. ALLOWABLE MISCELLANEOUS EXPENSES

- Bus, taxi, bridge or other tolls.
- Parking fees.

- Ferry costs.
- Business telephone and postage expenses.

2. NON-ALLOWABLE MISCELLANEOUS EXPENSES

- Personal entertainment.
- Theft, loss or damage to personal property.
- Expenses of a spouse, family or other persons not authorized to receive reimbursement under this policy.
- Personal postage, reading material.
- Fines or penalties, including parking or traffic violations.

5.0 MOVING EXPENSES

The reasonable moving expenses of new employees in certain management and “hard-to-fill” positions are reimbursable at the discretion of the City Manager. Moving expenses shall mean the costs of moving household goods, furniture, clothing and other personal effects of the new employee.

The City Manager may also approve reimbursements for reasonable transportation and lodging expenses. Expenses may not exceed GSA reimbursement rates. All moving expense reimbursement requests will be reviewed for taxation pursuant to IRS Publication 521. Reimbursed expenses that are not considered deductible under an accountable plan will be reported as taxable wages. For example, according to the IRS, only lodging reimbursement for the day of arrival is considered deductible. Approved lodging reimbursement for additional days after arrival will be reported as taxable wages.

6.0 FOOD AND BEVERAGES AT CITY MEETINGS, EVENTS AND EMERGENCIES

Food and beverages may be provided for events such as those listed below. Efforts should be made to keep the costs within per diem rates.

6.1 CITY COUNCIL MEETINGS

- At regular Workshop dinner meetings and special meetings over meal times, food and beverages may be provided for Council members, the City Manager, other staff, and invited guests directly involved in the business discussed at the meeting.

6.2 CITY SPONSORED PUBLIC MEETINGS/EVENTS

- The City may expend reasonable funds for food and beverages at City sponsored public meetings to encourage attendance and interaction. This includes, but is not limited to, Planning Commission, Park Board, Citizen Advisory Committee meetings and the State of the City event.

6.3 CEREMONIES/CELEBRATORY EVENTS

- Food and beverages may be served at employee appreciation celebrations (i.e., employee picnic and retirement celebrations which recognize an employee's years of service) held during normal office hours.
- Meals consumed in connection with recognition of nominees for employee of the year. (Per diem rates should be kept in mind; however, the City will absorb a reasonable amount of excess cost.)
- Food and beverages may be served at volunteer recognition events (including, but not limited to annual events honoring the contributions of volunteers).

6.4 TRAINING SESSIONS AND STAFF MEETINGS

- Food and beverages may be provided at staff meetings and training sessions of four hours or more.
- Food and beverages of minimal value may be provided to volunteers during staff supervised work or training sessions.
- Food and beverages may be provided during interviews with candidates for City positions.

6.5 COUNCIL AND STAFF RETREATS

- Food and beverages may be provided at both Council and staff retreats and should be budgeted for and provided as part of the retreat process.

6.6 WORKPLACE

- Beverage of minimal value may be provided to City employees at the worksite during business hours.

6.7 EMERGENCIES

Emergency situations are events where it is determined that City assets or infrastructure and/or the public for which it protects is at risk. In these cases, City staff may be required to remain on-site outside of their normal work shift.

- Food and beverages may be provided when an emergency situation is expected to span over a regular meal period and employees are required to remain on-site or available to respond to an emergency.
- Reimbursement or direct City purchases may be made for food and beverage expenses incurred within an employee's official capacity to continue the operations of the City's programs or services that are necessary for the life, health or safety of Shoreline's citizens.
- The cost for City provided meals should generally be in line with allowable costs under the City's business expense policy.

7.0 CLAIMS AND APPROVAL PROCEDURE

An approved Business Expense Report Form must be submitted to the Administrative Services Department within fifteen (15) days after completion of each business trip, regardless of the method of payment of the travel expenses. Travel and subsistence expenses will not be paid from any Petty Cash Fund except as allowed by Petty Cash procedures.

Receipts must be attached to the Expense Report for all expenses incurred, with the exception of per diem calculations for meals and miscellaneous travel costs less than \$10. If the travel was related to a meeting, conference or seminar, attach a copy of the itinerary or similar document detailing dates, times and meals provided as a part of the registration cost. If documentation is not available, attach a brief memo with that information.

The Expense Report should detail expenditures individually applicable to the use of a City P-Card, City Travel Card, and/or cash expended out of pocket.

A copy of the Travel/Training Authorization form shall be attached to the Expense Report. Any special approvals required by this policy shall be obtained by employees prior to applicable travel and shall accompany the Business Expense Report when submitted to the Administrative Services Department. Such approvals shall be by separate memo, which identifies the policy exception being authorized and explains the reasons therefor.

All non-Council reimbursement claims must be authorized by the claimant's supervisor, Department Director, City Manager, or a management employee authorized to act on their behalf.

Claims may include the reimbursable cost of other City officials or employees who would be entitled in their own right to claim business expenses.

Claims of Council members must be approved by the City Manager or his/her designee.

Claims shall be reviewed by the Administrative Services Department for compliance with these policies. Claims that are rejected may be referred for review and disposition to the City Manager or his/her designee.

8.0 SEMINAR OR CONFERENCE REGISTRATION FEES

Payment of seminar or conference registration fees may be processed by the Administrative Services Department by initiating a Check Request. Fees may also be paid by P-card or by following the appropriate reimbursement policy. Details of the conference/seminar should be included in the body of the Check Request. Items such as dates, location, sponsoring organization, and registration deadline are useful information to assure prompt payment of the registration fee. If the conference or seminar is out of town and will result in overnight accommodations and/or travel expense, the traveling employee is responsible for obtaining a Travel/Training Authorization through his/her department which adheres to this business expense policy. Travel arrangements, i.e. airline passage or automobile travel, are subject to the applicable sections of this policy. A copy of the approved Travel/Training Authorization must be attached to the Check Request.

9.0 EMPLOYEE DUES AND MEMBERSHIPS

It is the policy of the City of Shoreline to pay for the annual dues and memberships for employees in professional and civic organizations which directly relate to their specific job classification and directly benefit the City and the employee by providing staff with the network and information to further develop themselves in their professional capacity.

10.0 RECRUITING COSTS

The reasonable expenses of candidates for certain management and “hard-to-fill” positions are reimbursable when such candidates are invited to visit Shoreline for a personal interview. Approval by the City Manager or designee is required for all expenses to be reimbursed.

At the time the invitation is made, the candidate shall be informed of the specific expenses and/or maximum amount which will be reimbursed. A Recruiting Expense form will be filled out and signed by the Candidate and Human Resources. The candidate will be informed of the requirement that the expenses be documented with itemized receipts and turned over to Human Resources, who will prepare the reimbursement claim. Unless otherwise directed by the City Manager, the invitation for interview and offer of reimbursement will be made by the Human Resources Director or designee.

Expenses which may be reimbursed include air fare, hotel expenses, car rental, meals and incidental expenses. Incidental expenses include transportation to and from Sea-Tac Airport and necessary telephone calls with City staff.

City of Shoreline Policy – Allowable Business Expenses

A check request, a copy of the Recruiting Expense form and copies of travel receipts will be used as the customary vendor's statement.

The expense guidelines contained in Sections 3.0 and 4.0 of this policy will be applied to recruiting claims.

11.0 GIFTS

Gifts of public funds are prohibited under Washington State Constitution Article VIII which states:

No county, city, town or other municipal corporation shall hereunder give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm, or become directly or indirectly the owner of any stock or bonds of any association, company or corporation.

In keeping with this law, the City will not expend funds which would be considered a gift. The City does occasionally award gift cards under its employee appreciation or Wellness programs; however, they are considered taxable fringe benefits and are reported as such on the employees' W-2 forms.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting Ordinance No. 793 – Amending Shoreline Municipal Code Chapter 2.60 Purchasing Code
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

While conducting a review of existing City financial policies as part of the Ronald Wastewater District transition, City Staff discovered necessary housekeeping changes needed to improve existing City polices and codes. Staff discussed these proposed changes with Council on August 14, 2017.

One of the changes identified pertains to Shoreline Municipal Code (SMC) Chapter 2.60, which sets forth regulations for the procurement of public works, goods, services and real property at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. These proposed amendments reflect a recent change to state law, make some housekeeping updates, and provide some operational efficiency. Proposed Ordinance No. 793 (Attachment A) would provide for these amendments to the City’s Purchasing Code (Exhibit A).

RESOURCE/FINANCIAL IMPACT:

There are no financial impacts anticipated from the regulatory amendments recommended in proposed Ordinance No. 793.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 793.

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

BACKGROUND

On August 14, 2017, staff discussed recommended financial policy revisions, code changes, and customer service policies with the City Council. The staff report for this discussion is available at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport081417-8c.pdf>.

City and Ronald Wastewater District (RWD) staff worked together with the FCS Group, a consultant experienced in the merger of utilities, to conduct a review of RWD and City policies to identify any changes needed to ensure adopted policies follow best practices. Within the same review, City staff also conducted an independent internal review of existing City financial policies and codes to identify and address any housekeeping changes needed to improve existing City practices. One of the changes identified and recommend by staff related to the City's Purchasing Code.

DISCUSSION

Shoreline Municipal Code (SMC) Chapter 2.60 sets forth regulations for the procurement of public works, goods, services and real property at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. The City Council last amended SMC Chapter 2.60 in 2011. While there were no changes recommended to the City's Purchasing Code to accommodate the operation of a wastewater utility, staff's review of the code identified some changes that will provide consistency with a recent change in state law and will also make some housekeeping updates and provide some operational efficiency. The following table summarizes the recommended amendments included in proposed Ordinance No. 793 (Attachment A):

Purchasing Code Update Table

Section	Current	Proposed	Reason
Housekeeping			
2.60.050 C (6) 2.60.060 D (1) and 3	Purchasing officer	Administrative Services Director	Edited to eliminate title and simplify. Former title no longer exists. The Administrative Services Department already has responsibility for implementing this section, so further delegation in the code is not necessary.

Public Works			
2.60.030 F	\$200,000 threshold specifically set in Code	Link code to RCW “than the threshold for small public works projects as provided under RCW 39.04.155 as amended”	Ensures that code is consistent with RCW public works thresholds. This change was made throughout the code in 2007 code, but this particular reference was missed.
2.60.060 G	Bond level specifically set in code at 50 percent	“ request to have the city accept the percentage allowed by RCW 39.08.010”	Changing to point to RCW levels as amended and give the city the option to accept the in lieu of bond or not
Services			
2.60.070 B	Requires that a contract be created for purchase of services over \$3,000	Recommend that a contract or purchase order be required for services over \$3,000	Allowing low risk services over \$3,000 to be executed on a purchase order or other streamlined agreement would simplify the procurement process and create efficiencies.

COUNCIL GOAL ADDRESSED

This item addresses City Council Goal 2: Improve Shoreline's infrastructure to continue the delivery of highly-valued public services. The development of financial policies and code changes are necessary to comply with best practices.

RESOURCE / FINANCIAL IMPACT

There are no financial impacts anticipated from the regulatory amendments recommended in proposed Ordinance No. 793.

RECOMMENDATION

Staff recommends that Council approve Ordinance No. 793.

ATTACHMENTS

Attachment A – Proposed Ordinance No. 793

Attachment A, Exhibit A – Amendments to SMC Chapter 2.60

ORDINANCE NO. 793

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING CHAPTER 2.60 PURCHASING OF THE SHORELINE
MUNICIPAL CODE**

WHEREAS, with Chapter 2.60 of Shoreline Municipal Code (SMC) the City has adopted regulations to direct the contracting for public works, goods, services, and real property; and

WHEREAS, SMC 2.60 requires housekeeping amendments to delete the defunct title of Purchasing Officer and replace it with the current title of Administrative Services Director and to delete specific dollar or percentage amounts that are based on Revised Code of Washington (RCW) provisions that are subject to amendment; and

WHEREAS, in the 2017 Legislative Session, with the passage of SB 5734, RCW 39.08.010 was amended to increase the dollar threshold amount for when the City may, in lieu of a bond, retain a percentage of the contract amount from \$35,000 to \$150,000 and SB 5734 also reduced the percentage amount the City may retain from fifty percent (50%) to ten percent (10%); and

WHEREAS, SMC 2.60.070(B) establishes a \$3,000 threshold from when contracts are required for the purchase of services and is recommended to be update to reflect current purchasing practices; and

WHEREAS, on August 14, 2017, the City Council held a study session on the proposed amendments to SMC Chapter 2.60; and

WHEREAS, the City Council has determined that the proposed amendments are in the best interests of the City of Shoreline;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment to SMC Chapter 2.60. Shoreline Municipal Code Chapter 2.60 is amended as set forth in Exhibit A to this Ordinance.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

Section 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 18, 2017.

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2017
Effective Date: , 2017

Shoreline Municipal Code
Chapter 2.60 PURCHASING

Chapter 2.60

PURCHASING

Amendment to Section 2.60.030 Definitions – Subsection (F)

F. “Small works roster” is a roster of qualified contractors maintained for use in a modified formal bid process. When the contract amount for a public works project is ~~\$200,000 or less~~ than the dollar threshold for small public works projects as provided under RCW 39.04.155, as amended, a the city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements.

Amendment to Section 2.60.050 Purchase of materials, supplies or equipment - Subsection (C)

C. Informal Competitive Quotes.

1. A city representative shall make an effort to contact at least three vendors. The number of vendors contacted may be reduced if the item being sought is only available from a smaller number of vendors. When fewer than three quotes are requested or if there are fewer than three replies, an explanation shall be placed in the procurement file.
2. Whenever possible, quotes will be solicited on a lump sum or fixed unit price basis.
3. At the time quotes are solicited, the city representative shall not inform a vendor of any other vendor’s quote.
4. A written record shall be made by the city representative of each vendor’s quote on the materials, supplies, or equipment, and of any conditions imposed on the quote by such vendor.
5. All of the quotes shall be collected and presented at the same time to the city manager or designee as appropriate for consideration, determination of the lowest responsible vendor and award of purchase.
6. Whenever there is a reason to believe that the lowest acceptable quote is not the best price obtainable, all quotes may be rejected and the city may obtain new quotes or enter into direct negotiations to achieve the best possible price. In this case, the ~~purchasing officer~~ Administrative Services Director or his/her designee shall document, in writing, the basis upon which the determination was made for the award.

Amendment to Section 2.60.060 Public works projects- Subsections (D) and (G)

D. Small Works Roster. There is established for the city of Shoreline a small works roster contract award process for accomplishment of public works projects with an estimated value threshold as provided under RCW 39.04.155, as amended. The city may create a single small works roster, or may create small works rosters for different categories of anticipated work.

1. Roster List. The ~~purchasing officer shall establish the~~ small works roster or rosters which shall consist of all responsible contractors who have requested to be on the list, and where required by law, are properly licensed or registered to perform such work in the state of Washington. In addition to mandatory criteria for determining a responsible vendor under RCW 39.04.350, ~~the purchasing officer may add~~ other criteria listed in SMC 2.60.050(E) may be added, including the basis for evaluation, in determining responsible vendors.
2. Publication. At least once a year, the city shall publish in a newspaper of general circulation within the city the notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records. The city may require master contracts to be signed that become effective when a

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specific award is made using a small works roster. An interlocal contract or agreement between the city of Shoreline and other local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the small works roster provisions.

3. Prequalification and Appeal. Any contractor whose request to be on the list has been denied may appeal within 10 days after the denial ~~by the purchasing officer~~ to the city manager, and the city manager will make a decision within 30 days of the notice of appeal. Any contractor whose appeal to be on the list has been denied by the city manager may appeal, within 10 days after the denial by the city manager, to the city council, and the city council shall hold a hearing on the issue and make a decision within 45 days of the notice of appeal. A denial that is not appealed or that is appealed and results in a final decision against the contractor prevents the contractor from applying to be on the list for a period of one year from the initial application.

4. Process. Whenever work that has received city council approval in the current budget, or otherwise been approved by the city council, is sought to be accomplished using a small works roster, a city representative shall obtain telephone, written or electronic quotations from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder as follows:

a. A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.

b. Quotations may be invited from all appropriate contractors on the appropriate small works roster, sending a notice to these contractors by facsimile or other electronic means.

c. For purposes of this policy, “equitably distribute” means that the city may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. At the time bids are solicited, the city representative shall not inform a contractor of the terms or amount of any other contractor’s bid for the same project.

d. A written record shall be made by the city representative of each contractor’s bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

e. At least once every year a list of the contracts awarded under this process are to be furnished to the city council and made available to the general public. The list shall contain the name of the contractor or vendor awarded the contract, the amount of the contract, a brief description of the type of work performed or items purchased under the contract, and the date it was awarded. The list shall also state the location where the bid quotations for these contracts are available for public inspection.

5. Determining Lowest Responsible Bidder. Where bidders have not been prequalified, the city shall award the contract for the public works project to the lowest responsible bidder; provided, that whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the city may call for new bids.

6. Cancellation of Invitations for Quotations. An invitation for quotations may be canceled at the discretion of the administrative services director. The reasons shall be made part of the contract file. Each invitation for quotations issued by the city shall state that the invitation may be canceled. Notice of cancellation shall be sent to all parties that have been provided with a copy of the invitation. The notice shall identify the invitation for quotations and state briefly the reasons for cancellation.

G. Bid Deposit and Performance Bond for Public Works Improvement Projects. Whenever competitive quotes or bids are required, a bidder shall make a deposit in the form of a certified check or bid bond in an amount equal to not

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less than five percent of the total bid, which percentage shall be specified in the call for bids. As part of any bid submitted, the bidder shall be required to warrant that the bid is a genuine bid, and that he/she has not entered into collusion with any other bidder or any other person.

All public works contractors shall furnish a performance bond in an amount equal to the total amount of the contract on a form approved by the city attorney. In lieu of a performance bond on contracts less than the dollar threshold provided under RCW 39.08.010, as amended, a contractor may request to have the city accept the percentage allowed by RCW 39.08.010 ~~choose to have 50 percent~~ of the contract retained for a period of 30 days after the date of final acceptance or until receipt of all necessary releases from the Department of Revenue and the Department of Labor and Industries and settlement of any liens filed under Chapter 60.28 RCW, whichever is later. Following the provisions of RCW 39.08.030 the city may, at its option, reduce the amount of a performance bond to not less than 25 percent of the total contract amount for on-call and scheduled maintenance contracts.

Amendment to Section 2.60.070 Services – Subsection B

B. Contract or Purchase Order Required. The purchase of services require that the city enter into a contract or purchase order for that service, with the exception of temporary employment agency services, and ~~standard~~ services with a total cost of \$3,000 or less in a calendar year, ~~such as auto repair, title reports, printing and messenger/process service~~. Departments are allowed to make these purchases administratively in accordance with procedures adopted and approved by the city manager.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting Ordinance No. 795 - Amending Shoreline Municipal Code Chapter 3.50 Sale and Disposal of Surplus Personal Property
DEPARTMENT:	Administrative Services Department
PRESENTED BY:	Sara Lane, Administrative Services Director
ACTION:	<input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

While conducting a review of existing City financial policies as part of the Ronald Wastewater District transition, City Staff discovered necessary housekeeping changes needed to improve existing City polices and codes. Staff discussed these proposed changes with Council on August 14, 2017.

One of the changes identified pertains to Shoreline Municipal Code (SMC) Chapter 3.50, which governs the sale and disposal of surplus personal property. The changes to SMC Chapter 3.50 include:

- Guidance procedures when surplus asset items purchased with grant funding.
- Alignment of capital asset values of \$5,000 or greater including sales taxes for vehicle and equipment assets versus small and attractive assets valued at \$5,000 or lower.

These amendments are intended to expedite the sale of surplus vehicles and equipment in accordance with adopted policies and codes and reduce operating costs while expediting return of sale revenue back to the City. Proposed Ordinance No. 795 (Attachment A) would provide for these amendments to SMC Chapter 3.50 (Exhibit A).

RESOURCE/FINANCIAL IMPACT:

There are no financial impacts anticipated from the amendments recommended in proposed Ordinance No. 795.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 795.

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

BACKGROUND

On August 14, 2017, staff discussed recommended financial policy revisions, code changes, and customer service policies with the City Council. The staff report for this discussion is available at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport081417-8c.pdf>.

City and Ronald Wastewater District (RWD) staff worked together with the FCS Group, a consultant experienced in the merger of utilities, to conduct a review of RWD and City policies to identify any changes needed to ensure adopted policies follow best practices. Within the same review, City staff also conducted an independent internal review of existing City financial policies and codes to identify and address any housekeeping changes needed to improve existing City practices. One of the changes identified and recommend by staff pertained to SMC Chapter 3.50 - Sale and Disposal of Surplus Personal Property.

DISCUSSION

SMC Chapter 3.50 governs the sale and disposal of surplus personal property for the City. Staff's review of the code identified some changes that address the impacts of inflation in approval levels, gain consistency and provide some operational efficiency.

SMC Chapter 3.50 also requires City Council approval for the sale of surplus property for an individual item valued in excess of \$2,000. Staff is requesting that the City Council amend SMC Chapter 3.50 to increase the City Manager's authority to approve surplus of individual items valued up to \$5,000. Staff is also recommending the addition of a new section (Section E) in SMC Chapter 3.50 which provides guidance on surplus of asset items that were purchased through grant funds to ensure compliance with any granting agency requirements. The table below provides a summary of the amendments:

Section	Current	Proposed	Reason
3.50.010	N/A	New section E with guidance on surplus of items purchased with grant funds to ensure compliance with granting agency requirements.	
3.50.020 & 3.50.030	\$2,000	\$5,000	1. Align with capital asset values at \$5,000 or greater including sales taxes for vehicle and equipment assets versus small and attractive assets that are valued at \$5,000 or lower. 2. Expedites the sale of surplus vehicles and equipment that ultimately reduces City storage space, reduces insurance coverage expenditures and returns revenue back to the City.

The request to surplus property is always contingent upon a review and determination that the surplus property which is owned by the City is no longer of public use. Once surplus is approved, SMC Chapter 3.50 allows the sale of the surplus property by sealed bids and live auction. The code also allows trade-in when purchasing new

equipment provided the City receives appropriate trade-in value for the surplus equipment.

Staff researched other cities, such as the City of Mountlake Terrace and the City of Edmonds, and learned that they also have \$5,000 in their surplus limitation for capital assets before city council authorization is required. Staff will continue to research asset values through the use of the Kelly Blue Book and other appraisal sources.

Proposed Ordinance No. 795 (Attachment A) would provide for these amendments to SMC Chapter 3.50 (Exhibit A).

COUNCIL GOAL ADDRESSED

This item addresses City Council Goal 2: Improve Shoreline's infrastructure to continue the delivery of highly-valued public services. The development of financial policies and code changes are necessary to comply with best practices.

RESOURCE/FINANCIAL IMPACT

There are no financial impacts anticipated from the amendments recommended in proposed Ordinance No. 795.

RECOMMENDATION

Staff recommends that Council Adopt Ordinance No. 795.

ATTACHMENT

Attachment A – Proposed Ordinance No. 795
Attachment A, Exhibit A – Amendments to SMC Chapter 3.50

ORDINANCE NO. 795

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON
AMENDING CHAPTER 3.50 SALE AND DISPOSAL OF SURPLUS
PERSONAL PROPERTY OF THE SHORELINE MUNICIPAL CODE**

WHEREAS, with Chapter 3.50 of Shoreline Municipal Code (SMC) the City has adopted regulations to govern the sale and disposal of surplus personal property owned by the City; and

WHEREAS, since adopted in 2001, SMC 3.50.020 has permitted the City Manager to sell or dispose of a surplus item with a value of \$2,000 or less while SMC 3.50.030 and SMC 3.50.020 have required City Council approval for the sale or trade in of a surplus item with a value in excess of \$2,000; and

WHEREAS, City Staff has analyzed these values given the impacts of inflation since 2001, in comparison with similarly-situated municipalities, and in regards to operational efficiency; and

WHEREAS, an increase in the value of a surplus item to require City Council approval for items in excess of \$5,000 would serve to expedite the disposition of surplus personal property so as to economically benefit the City; and

WHEREAS, clarification is needed in SMC Chapter 3.50 to ensure any city-owned personal property that was purchased with grant funds is disposed of in compliance with the grant requirements; and

WHEREAS, on August 14, 2017, the City Council held a study session on the proposed amendments to SMC Chapter 3.50; and

WHEREAS, the City Council has determined that the proposed amendments are in the best interests of the City of Shoreline;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE,
WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Amendment to SMC Chapter 3.50. Shoreline Municipal Code Chapter 3.50 is amended as set forth in Exhibit A to this Ordinance.

Section 2. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

Section 3. Severability. Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

Section 4. Publication and Effective Date. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 18, 2017.

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2017
Effective Date: , 2017

Shoreline Municipal Code
Chapter 3.50 SALE AND DISPOSAL OF SURPLUS PERSONAL PROPERTY

Chapter 3.50

SALE AND DISPOSAL OF SURPLUS PERSONAL PROPERTY

Sections:

- 3.50.010 Sale or donation of surplus and personal property owned by the city – General requirements.
- 3.50.020 Sale of surplus personal property with an individual item value of ~~\$2,000~~ \$5,000 or less.
- 3.50.030 Sale of surplus personal property with an individual item value in excess of ~~\$2,000~~ \$5,000.
- 3.50.040 Sale of surplus personal property to another governmental entity.
- 3.50.050 Trade-in of surplus equipment with an individual item value in excess of ~~\$2,000~~ \$5,000.
- 3.50.060 Sale of property originally acquired for public utility purposes.

3.50.010 Sale or donation of surplus and personal property owned by the city – General requirements.

A. Subject to this chapter, the city manager may authorize department directors to sell property that is in the custody of the departments and owned by the city when said property is no longer of public use to the city.

B. Department directors shall certify in writing to the city manager or duly authorized agent that city-owned property is no longer of public use to the city, or that the sale thereof would be in the best interests of the city.

C. The city manager may declare personal property that is of no current or future public use to the city with an individual item value of less than \$500.00 as scrap. Personal property declared scrap may be disposed of as prescribed by the city manager or sold by private sale at prices established by current market conditions.

D. The city manager may also authorize a donation of surplus property when the cost of disposition of the property is equal to or exceeds the current fair market value of the property, to a specific bona fide charitable organization which is tax exempt pursuant to Internal Revenue Code Sec. 501(c)(3).

E. If any surplus property is purchased with grant funds, the department directors shall consult with the granting agency to ensure sale or disposal of the property is consistent with any grant requirements or restrictions prior to providing certification to the city manager.

3.50.020 Sale of surplus personal property with an individual item value of ~~\$2,000~~ \$5,000 or less.

A. Approval of the city council is not required for the sale or disposition of any city-owned personal property with an individual item estimated value of ~~\$2,000~~ \$5,000 or less.

B. When such property has been certified for disposition by a department director, sale or disposition shall be made by the city manager or duly authorized agent in accordance with informal procedures. No member of the city council or members of their immediate family, and/or city employees or members of their immediate family, may acquire such property if the city employee or official had any role in establishing the valuation or price of said property.

3.50.030 Sale of surplus personal property with an individual item value in excess of ~~\$2,000~~ \$5,000.

Upon approval by the city council, surplus property owned by the city which is no longer of public use and which is valued at more than ~~\$2,000~~ \$5,000 shall be sold by calling for sealed bids or by live auction, at the council's discretion.

A. Sale by Sealed Bidding.

1. The call for sealed bids shall contain a description of the property to be sold, the location thereof, the name and address of the person with whom the bid is to be filed, the last date for filing bids, and any other pertinent information required by the city manager. Such call shall be published at least once in the official newspaper of the city not less than five days before the last date for filing of bids.

2. Each bid shall be accompanied by a deposit in the form of a certified or cashiers check in the amount equal to but not less than 10 percent of the amount of the bid. All such deposits so made shall be returned to the unsuccessful bidders after award of a bid, if any. The deposit of the successful bidder shall be applied toward the

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Chapter 3.50 SALE AND DISPOSAL OF SURPLUS PERSONAL PROPERTY

bid price, or upon failure of such bidder to consummate the purchase, such deposit shall be forfeited as liquidated damages and such deposit shall be credited to the appropriate account.

3. Sealed bids shall be opened in public by the city clerk or duly authorized agent at the time and place specified in the call for bids. The city clerk or duly authorized agent shall make a tabulation of all bids received and forward the bids to the city manager for approval or rejection. The city manager shall accept the highest bid that exceeds the city's estimated value.

4. In the event no bids are received, all bids are rejected, or no bid exceeds the city's estimated value, the city manager may either ask for new sealed bids or direct the sale or disposition of such surplus property under the procedures adopted pursuant to SMC 3.50.020.

B. Sale by Live Auction.

1. Notice of the live auction, a description of the property to be sold and any other pertinent information required by the city manager shall be published at least once in the official newspaper of the city not less than five days before the auction.

2. The auction shall be conducted by the city manager or at his direction. The city shall accept the highest bid.

3. In the event no bids are received, the city manager may direct the sale or disposition of such surplus property under the procedures adopted pursuant to SMC 3.50.020

3.50.040 Sale of surplus personal property to another governmental entity.

A. Sale or disposition of surplus and personal property with an individual item value of \$50,000 or less to another governmental entity shall be in accordance with SMC 3.50.020.

B. Sale or disposition of surplus and personal property with a value of more than \$50,000 to another governmental entity shall be in accordance with the procedures for public notice and hearing in RCW 39.33.020.

3.50.050 Trade-in of surplus equipment with an individual item value in excess of ~~\$2,000~~ \$5,000.

A. Notwithstanding SMC 3.50.030, approval of the city council is not required for the trade-in of surplus equipment with an individual value of more than ~~\$2,000~~ \$5,000 when purchasing new equipment, so long as the city receives appropriate trade-in value for the surplus equipment. Appropriate trade-in value shall be determined by reference to "The Blue Book" or other similar published reference book.

B. When surplus city equipment has been certified for trade-in by a department director in accordance with this chapter, such trade-in may be approved by the city manager in accordance with informal procedures. No member of the city council or members of their immediate family, and/or city employees or members of their immediate family, may acquire such property if the city employee or official had any role in establishing the valuation or price of said property.

3.50.060 Sale of property originally acquired for public utility purposes.

Sale or disposition of surplus and personal property originally acquired for public utility purposes shall be in accordance with the procedures for public notice and hearing in RCW 35.94.040.

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Adoption of the 2018 Community Development Block Grant Funding and Contingency Plan
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Community Services Division Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Biannually the City adopts a Human Services Funding Plan. The 2017-2018 Human Services Funding Plan allocates both General Fund and Community Development Block Grant (CDBG) funds to 10 human service agencies to deliver services through 19 separate programs to Shoreline residents. While the City adopts a two-year spending plan for human services funding, it must make or review decisions about the use of CDBG funds annually.

For 2018, the City Manager recommends use of CDBG funds to support continued operation of the Interlocal Agreement with King County for administration of our grants, continued support to the Minor Home Repair Program and Hopelink's Emergency Food Program, and to support future development of affordable housing.

Tonight, Council will hold a public hearing on the proposed 2018 CDBG Funding and Contingency Plan and is scheduled to adopt the plan following Council discussion.

FINANCIAL IMPACT:

The 2018 CDBG Funding and Contingency Plan anticipates that the City of Shoreline will be eligible to receive \$280,296 in CDBG funds in 2018. The proposed funding plan would allocate all of these CDBG funds. Projections for the 2018 General Fund indicate that there will be an increase of almost \$21,000 in the overall funding for the second year of the Human Services Funding Plan for a total of \$337,772.

RECOMMENDATION

Staff recommends that the City Council hold a public hearing and adopt the 2018 Community Development Block Grant Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

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

INTRODUCTION

The City financially supports Human Services delivery by non-profit agencies using General Fund and CDBG funds. Each year, the Council must hold a public hearing on the proposed use of CDBG funds and take action to adopt an allocation plan. CDBG funding is proposed to be used for housing repair, public services and capital projects as well as for planning and administration. This is outlined in the 2018 Community Development Block Grant Funding and Contingency Plan (Attachment A).

BACKGROUND

Biannual Human Services Funding Plan

Biennially the City develops a Human Services Funding Plan to specify how it will allocate funds to address residents' human service needs. The current plan, adopted in 2016, funds 19 separate programs serving an estimated 4,700 Shoreline residents annually. See Attachment B for a list of agencies and the amounts of funding allocated to each agency in 2017 and projected for 2018.

In 2016, the City Council adopted a policy that sets a goal for support of Human Services to be equal to 1.00% of net General Fund revenues by 2022. To reach this goal, each year, the percentage will be increased by .05% of net General Fund revenues until the 1.00% level is reached. In 2017, the percentage was set at 0.75% and in 2018, it will be 0.80% of net General Fund revenues. In dollar terms, the 2017 Budget allocated \$303,000 and projections estimated an allocation of \$317,000 in 2018.

Updated projections for General Fund revenues in 2018 indicate that nearly \$21,000 in additional funds will be available to allocate for these services for a total of \$337,772. The allocation of \$337,772 will be included in the 2018 Proposed Budget scheduled to be delivered to Council on October 9, 2017. Specific recommendations for the allocation of these additional funds will be discussed during department budget presentations scheduled on October 16, 2017 with a motion amending the 2017-2018 Human Services Funding Plan scheduled on November 20, 2017.

While the City develops a two-year plan for human service allocations, a separate action is required to adopt the CDBG allocation plan each year. Federal regulations require that the City Council hold an annual public hearing before adopting the annual CDBG allocation plan.

CDBG Program

The Federal CDBG Program is one of the most enduring programs providing federal support to local jurisdictions. It was created under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG program is the development of viable urban communities, by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. CDBG funds can serve households with incomes up to 80% of the King County median income (\$57,600 for a two person household). CDBG funds can be used for the following activities: acquisition and rehabilitation of housing for low-income and special needs populations; housing repair for homeowners and renters; acquisition and rehabilitation of community facilities; public infrastructure improvements;

delivery of human services; historic preservation; planning; CDBG program administration; and economic development.

The City has an Inter-local Agreement with King County for the administration and management of the City's CDBG grant. This agreement calls for the City's annual CDBG Plan to allocate 48% of the available revenues to local projects. These typically include human services and capital projects. The balance of the CDBG funds is allocated to the delivery of regional programs which serve Shoreline residents, and to program planning and administration of the grant funding. Regional programs include a homeless prevention program (5%) and the King County Major Home Repair program (25%). Planning and administrative costs are agreed to be 10% for the City and 12% for the County.

DISCUSSION

The total amount of new CDBG funding that is available to the City of Shoreline in 2018 is projected to be \$280,296. The CDBG Interlocal Agreement between King County and the City of Shoreline specifies the percentages of funding for regional projects. The City uses the maximum allowable to support direct services, or \$30,030, and the balance of 43%, or \$103,511, for capital projects. The City's 2018 CDBG Funding and Contingency Plan (Attachment A) specifies how the full amount of CDBG revenue is allocated.

2018 Public Service Funds Recommendation

Hopelink – Emergency Food: \$30,030

The overall 2017- 2018 Human Services Funding Plan provides funding to 19 separate programs (Attachment B). In order to achieve greater administrative efficiency, the CDBG Public Services funds are allocated to one program. The 2018 CDBG Funding Plan fully allocates the maximum amount of funding for public services allowed (\$30,030) to the Emergency Food program operated by Hopelink.

2018 Capital Funding Recommendation

Sound Generations - Minor Home Repair: \$69,181

This program fills the gap between the major home repair program - targeted to larger planned projects - and emergency repairs and small electrical, carpentry and plumbing repairs needed by home owners on a frequent basis to keep their homes safe and in good repair. In 2016, the program completed 168 repairs at 42 different residences.

The Minor Home Repair program is targeted to income eligible residents and most are older adults and are in households with "very-low" incomes. Home owners pay \$10.00 per hour for the service, plus the cost of materials. The grant pays for personnel costs relating to the program. Given the age of Shoreline's housing stock, the high number of older adults aging in place, and the number of low and moderate income home owners, this program is in high demand. The program is contracted to Sound Generations and there is no other non-City funding source for this program.

In 2017, the City allocated CDBG funds to support this program for 16 months. The 2018 CDBG funding will be added to the remaining 2017 CDBG funds, bringing the total funds available for the Minor Home Repair program in 2018 to \$93,354.

Future Affordable Housing Development - \$34,330

After funding the full operation of the Minor Home Repair program, the balance of \$34,330 is recommended to be programmed for future use to support the development of affordable housing. This is a relatively small amount of funding and carries with it some potentially expensive requirements. At this time there are no projects far enough along in the development process to make a decision on the appropriate way to use CDBG funding. While there are some projects under some consideration, their development timeline and needs are as yet uncertain and it would be premature to make a commitment of federal funds for such a project. Staff anticipates that there will be future allocations of CDBG funding in the coming years of similar size. As the development opportunities are better understood, staff would look to combine multiple years of CDBG funding to provide a more impactful level of support to a specific project. This was the process used to support the Ronald Commons affordable housing project, and would be replicated here.

Local Delivery of Regional Programs

Shoreline's Interlocal Agreement with King County allocates City CDBG funds to two regional programs that serve Shoreline residents. The amount of funding to each program is set by formula in the Interlocal Agreement. The total funding for these regional programs is \$85,089.

The Housing Stability Project: \$15,015

A key strategy towards preventing homelessness involves keeping families in their current housing. The Housing Stability Program makes one-time loans and/or grants to homeowners and tenants in danger of eviction or foreclosure because of short-term financial difficulties. It also provides loans or grants to homeless families and individuals who need assistance moving to permanent housing, and limited assistance for other types of moves. Support for this program is set at 5% of all Consortium Cities' CDBG funding.

Major Home Repair: \$70,074

The King County Housing Repair Program administers the Major Home Repair program on Shoreline's behalf. The allocation to this program for each city is set in the Interlocal Agreement at 25% the City's total CDBG amount. Shoreline has made this service available to its residents since it first chose to participate in the CDBG Consortium. This program provides emergency grants and interest free loans to income eligible homeowners. Loans are recouped as revenue to the program when a home sells; hence the amount available to disperse varies from year to year. In 2016, the program funded three (3) projects. In the half of 2017 four (4) new applications were filed.

ALTERNATIVES ANALYZED

After holding a public hearing on the use of CDBG funds, the City Council has two alternatives to consider:

1. Council could approve the proposed use of CDBG funds in 2018 as recommended and authorize the City Manager to take the actions necessary to implement these spending objectives. (Recommended)
2. Council could make changes to the recommended spending plan in response to public testimony or to reflect a change in Council policy objectives.

FINANCIAL IMPACT

The 2018 CDBG Funding and Contingency Plan anticipates that the City of Shoreline will be eligible to receive \$280,296 in CDBG funds in 2018. The proposed funding plan would allocate all of these CDBG funds. Projections for the 2018 General Fund indicate that there will be an increase of almost \$21,000 in the overall funding for the second year of the Human Services Funding Plan for a total of \$337,772.

RECOMMENDATION

Staff recommends that Council hold a public hearing and adopt the 2018 Community Development Block Grant Funding and Contingency Plan and authorize the City Manager to execute agreements for implementing the funded projects.

ATTACHMENTS

Attachment A: 2018 CDBG Funding and Contingency Plan
Attachment B: 2017-2018 Human Services Allocation Plan

2018 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING AND CONTINGENCY PLAN

Since the Community Development Block Grant (CDBG) funds for 2018 are an estimate from the federal government, Shoreline must adopt both a funding and a contingency plan to deal with possible variations in the amount available. Plans must be made in case the amount available increases or decreases by up to 10% of the amount currently estimated. In addition, if an applicant later declines funds, the adoption of a contingency plan of action will expedite the process of reallocation.

2018 Estimated CDBG Funding Totals by Source	Amount
Share of 2017 Entitlement Grant Allocation	\$280,296
Program Income*	\$0
<i>Total CDBG Revenue</i>	<i>\$280,296</i>
<hr/>	
2018 Estimated CDBG Allocation	Amount
<u>Local Allocation (48%)</u>	
Hopelink – Emergency Food	\$30,030
Total CDBG Public Service Funds (<i>Funding Shown on Human Services Funding Plan</i>)	\$30,030
CDBG Capital Projects	
Sound Generations – Minor Home Repair	\$69,181
Future Affordable Housing Development	\$34,330
Total CDBG Capital Project Funding	\$103,511
<u>Total Local CDBG Allocation</u>	<u>\$133,541</u>
<hr/>	
<u>Regional Allocation and Program Administration (52%)</u>	
King County Housing Stability Program (5%)	\$15,015
King County Major Home Repair Program (25%)**	\$70,074
Total CDBG Regional Program Funding	\$85,089
King County Administration and Planning (10%)**	\$28,030
King County Capital Set Aside (2%)	\$5,606
City of Shoreline Administration and Planning (10%)**	\$28,030
Total CDBG Administration and Planning Funding	\$61,666
<u>Total Regional CDBG Allocation and Program Administration</u>	<u>\$146,755</u>
<i>Total 2018 CDBG Allocation</i>	<i>\$280,296</i>

*Fluctuates depending on loan repayments each year

**Percentage set in the Inter-local Agreement

Contingency Plan

Shoreline must adopt a contingency plan if the amount of federal funds available increases or decreases by up to 10% of the estimate. In addition, if an applicant later declines funds, the adoption of a contingency plan will expedite the process of reallocation.

1. If additional funding becomes available:
 - a. **Public Services**
In the event CDBG Public Service funds become available in 2018, any additional revenue will be allocated to the Hopelink Emergency Food Program.
 - b. **Capital Projects**
If additional CDBG Capital funds become available in 2018, any additional revenue will be allocated to the Sound Generations Minor Home Repair Program.
 - c. **Planning & Administration**
If additional CDBG Planning and Administration funds become available in 2018, the City will use these funds for planning and administration purposes.

2. If funding reductions are necessary:
 - a. **Public Services**
In the event CDBG Public Service funds are reduced in 2018, the revenue allocated to the Hopelink Emergency Food Program will be reduced.
 - b. **Capital Projects.**
In the event CDBG Capital funds are reduced in 2018, the Affordable Housing Development Program will be reduced accordingly.
 - c. **Planning & Administration**
In the event CDBG Planning and Administration funds are reduced in 2018, the City will reduce the amount of revenue allocated to planning and administration purposes.

2017-18 Human Service Agency Allocations

Agency/Program	2017/18 Requested	2017 Amended Allocation	2018 Proposed Allocation
Catholic Community Service - Volunteer Chore Services	\$5,000	\$3,750	\$3,750
Child Care Resources - Consumer Education & Quality Improvement	\$5,230	\$5,000	\$5,000
Center for Human Services - Clinical Programs	\$102,000	\$78,500	\$82,000
Center for Human Services - Family Support Centers	\$80,000	\$68,500	\$65,000
Crisis Clinic - Crisis Line	\$7,500	\$7,000	\$7,500
Crisis Clinic - King County 211	\$10,000	\$9,500	\$10,000
Harborview - Sexual Assault and Traumatic Stress Services	\$72,000	\$5,000	\$5,000
Hopelink - Adult Education	\$17,000	\$3,000	\$5,000
<i>Hopelink - Emergency Food (CDBG Funded)</i>	<i>\$48,500</i>	<i>\$26,000</i>	<i>\$30,000</i>
Hopelink - Emergency Services Financial Assistance*	\$50,000	\$21,000	\$23,000
Hopelink - Employment	\$19,000	\$10,000	\$10,000
Hopelink - Family Development Program	\$27,000	\$10,000	\$11,000
Hopelink - Housing	\$20,000	\$20,000	\$20,000
King County Sexual Assault Resource Center	\$7,793	\$8,000	\$8,000
Prince of Peace/Lake City Partners - Rotating Winter Shelter	\$43,000	\$10,000	\$15,000
Sound Generations - Meals on Wheels	\$5,603	\$5,000	\$5,000
Sound Generations - Volunteer Transportation	\$10,010	\$3,750	\$3,750
Sound Generations Community Dining	\$5,000	\$3,000	\$3,000
Wonderland Developmental Center	\$6,000	\$6,000	\$5,000
Total	\$540,636	\$303,000	\$317,000

*This program also gets \$25,000 from the Utility program bringing the total to \$48,000

Adopted 11/21/2016

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Preview and Discussion of Preliminary 2018 Budget and update on 2017 Revenues and Expenses
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor Tricia Juhnke, City Engineer
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Tonight staff will provide an update on 2017 revenues and expenditures through the second quarter, a preview of the 2018 proposed preliminary budget, and an update to the long-term operating budget financial projections. The 2018 proposed preliminary budget is balanced and continues to allocate resources that support the Council’s goals and priorities. The City Manager will present the 2018 Proposed Budget and 2018 – 2023 Capital Improvement Plan to the City Council on October 9, with adoption scheduled for November 20, 2017.

The City continues to maintain a healthy financial position. As a result of the Council’s strong financial policies, diligent financial management, and conservative budget planning, the City continues to maintain its AA+ bond rating and a Standard & Poor’s (S&P) ratings outlook of “stable.” The City has had several years of clean audit opinions with no findings from the State Auditor’s Office. The 2018 budget will continue to be in compliance with the City’s financial and reserve policies.

RECOMMENDATION

No action is required by the City Council. This item is for informational purposes and to provide the City Council with a preview of the 2018 proposed preliminary budget. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this review.

Approved By: City Manager **DT**

City Attorney **JAT**

INTRODUCTION

Staff is preparing the City Manager's 2018 Proposed Budget, 2018 – 2023 Capital Improvement Plan, and updating long-term financial projections as part of the budget process. Tonight's discussion will provide an opportunity for staff to share the latest financial projections, and introduce some of the major policy issues that will be discussed during the 2018 budget process. The 2018 budget adoption schedule is, as follows:

<u>Topic</u>	<u>Meeting Date</u>
Preview of Proposed Preliminary 2018 Budget	September 18
Transmittal of Proposed 2018 Budget	October 9
Department Budget Reviews	October 16
Continued Department & CIP Reviews	October 23
Public Hearing on Revenue Sources & 2018 Property Tax Levy	November 6
Public Hearing on 2018 Budget & CIP	November 13
Adoption of 2018 Property Tax Levy	November 20
Adoption of 2018 Budget	November 20

BACKGROUND

2017 Operating Budget

Projected 2017 Operating (General and Street Funds) Budget Savings:

Routine monitoring and reporting on the City's actual revenues and expenditures is a critical part of the City's financial planning process. As discussed below, departments have prepared detailed estimates of revenues and expenditures for the current fiscal year. The City's Second Quarter Financial Report provides more details and is available as Attachment A.

It is projected that 2017 revenues, excluding transfers in, of \$42.248 million will be less than the current budgeted revenues, as amended in the third quarter, by \$226,000. The most significant projections for under collected revenues embedded in staff's year-end estimates are:

- a \$506,000 reduction in the amount of reimbursement from Sound Transit for the work performed in 2017 as the project continues into 2018;
- a \$260,000, or -2.1%, reduction in property tax revenues as the year-over-year growth in assessed valuation for the City was less than 8%, not 10% as originally indicated by the King County Assessor's Office; and,
- a \$78,000, or 17.4%, reduction in traffic infraction revenue.

The most significant projections for over-collected revenue in excess of budget, offsetting much of the above include:

- Development revenue (+\$167,000, or +7.9%), mostly as a result of a higher mechanical fees/permits, land use fees/permits, and plan check fees, as well as one-time permit revenues related to some of the Shoreline School District's projects.

- Receipts from sales tax are projected to be \$270,000, or 3.4%, more. Receipts from the retail trade sector are projected to be slightly more than the budget projection (+\$57,000, or +1.1%) and receipts from the construction sector are projected to be \$184,000, or 19.3%, more than the budget projection. Utility Tax and Franchise Fees receipts are anticipated to be \$105,000, or 1.2%, more. Park and recreation revenue receipts are anticipated to be \$67,000 more.

It is projected that 2017 expenditures, excluding transfers between the General and Street Funds, of \$45.905 million will be less than the current budgeted expenditures by \$3.485 million, with no anticipated need to use any funds from the operational contingency or insurance reserve. While the 2017 current budget includes the use of \$7.318 million of fund balance; current estimates anticipate the use of only \$2.260 million

The General Fund is projected to end 2017 with \$10.800 million of fund balance, which will be well above the minimum required balance of \$4.046 million. The Street Fund is projected to end 2017 with \$854,000, which will be well above the minimum required balance of \$249,000.

2017 Operating Budget Savings Recommendation:

As will be discussed later in this report, the 2018 supplemental budget requests include one-time requests to support the Council's adopted goals and priorities. Staff anticipates that some of the projected one-time savings from 2017 will be used to fund one-time supplemental requests in 2018 or other one-time needs as approved by the City Council.

DISCUSSION

Overall Financial Health

The City continues to maintain a healthy financial position. As a result of the Council's strong financial policies, diligent financial management, and conservative budget planning, the City continues to maintain its AA+ bond rating and a Standard & Poor's (S&P) ratings outlook of "stable." The City has had several years of clean audit opinions with no findings from the State Auditor's Office. The 2018 budget will continue to be in compliance with the City's financial and reserve policies with projected ending General Fund and Street Fund reserves in excess of requirements.

2018 Proposed Preliminary Budget

At this time the 2018 proposed preliminary budget is balanced in all funds. The City Manager will be recommending new expenditures that will support the accomplishment of Council goals and priorities.

Personnel:

The 2018 proposed preliminary budget increases the number of regular full-time equivalent (FTE) positions in the City's personnel complement by 8.20 FTE. This number includes the conversion of three positions identified as on-going extra help to

regular positions, both a City Manager and City Council priority. The addition also includes several positions necessary to support priority projects, some with dedicated funding, as well as those needed to support the Surface Water Master Plan as discussed below.

Extra Help Conversion: The functions of the following positions have been performed by Extra Help in recent years but the conversion to regular positions is necessary to ensure the efficient delivery of services. Given the on-going nature of the need for these positions, the City Manager is recommending that they be considered regular benefited positions. Staff had also been reviewing capacity that would come with the Ronald Wastewater District (RWD) assumption over the last two years, and has determined that there would not be capacity from the unification of RWD and the City to fulfill the demand for these positions.

- *1.00 FTE GIS Technician for the Administrative Services Department (General Fund: \$70,800):* The City has been utilizing one-time funding for extra help for GIS support for the asset management system (Cityworks) until the staff capacity resulting from assumption of Ronald Wastewater District could be fully analyzed. The Wastewater Utility staffing model developed shows there is no capacity to absorb the City's GIS support needed to update Cityworks assets in the GIS database, as well as provide support to the City's other geospatial requests (research, maps, etc.). This position is budgeted in 2018 with an April 1 start date. The full annual cost for the position will be approximately \$90,500.
- *0.50 FTE IT Systems Specialist (General Fund: \$51,200 ongoing):* The Administrative Services Department has utilized one-time funding for Extra Help since 2015 to address a work backlog and current workload demand. The addition of the 0.50 FTE IT Systems Specialist will provide stability, consistency, and speed to the delivery of critical desktop services to enable other City staff to perform their job functions. This position is budgeted in 2018 with a January 1 start date.
- *0.50 FTE Public Disclosure Specialist (General Fund: \$41,500):* In 2015, the City experienced a significant increase in public records requests, and the workload has remained constant. In 2016 and 2017, one-time extra help was utilized to help address the increased volume of public records requests, which has improved the City's response time on complex requests and has allowed the City Clerk time to work on other essential duties. This request will provide the City with an appropriate staffing level to handle the volume of records requests and make it possible to perform thorough searches for responsive records, provide the fullest assistance to requestors, and deliver records in a timely manner. The position will also focus on process improvement and begin developing a mature records management program that addresses electronic records. This position is budgeted in 2018 with a January 1 start date.

Positions Necessary for Specific Projects: The following positions are needed to accomplish specific projects. While not all of them are term-limited, should the future

demand for these positions diminish and supporting revenue not be available, the positions would be eliminated.

- *1.00 FTE Combination Inspector* (General Fund: \$78,300 ongoing / \$26,900 one-time): Increased permit volumes and complexity since 2012 and enhanced stormwater standards have resulted in performing more inspections. Additionally, the Shoreline School District will require one time inspection services for the replacement of three schools and one major remodel in 2018-2021. The City will also need inspection resources for the Lynnwood Link Extension project starting in mid/late 2018-2023. This resource would be supported by permit revenues. Start-up costs include a vehicle for the position. This position is budgeted in 2018 with an April 1 start date. The full annual cost for the position will be approximately \$100,400.
- *1.00 FTE Construction Inspector* (General Fund: \$86,700 ongoing / \$30,400 one-time – funded through Sound Transit Expedited Permitting and Reimbursement Agreement): Additional right-of-way (ROW) construction inspection resources are needed to provide inspection of Sound Transit (ST) construction activities. The cost of this position will be covered by the current ST Expedited Permitting and Reimbursement Agreement and an anticipated amendment or separate agreement with ST for construction services staffing from spring 2018 through 2022 or early 2023. Construction of the light rail system is currently planned to start in spring of 2018 and is estimated to require 1.00 FTE of ROW construction inspection services starting in spring of 2018 for inspection of work within the City ROW related to construction of the light rail system. Based on the length of the construction activity and the anticipated future need due to increased development and capital construction this position is being requested as a permanent FTE in Public Works and not a term-limited position. Start-up costs include a vehicle for the position. This position is budgeted in 2018 with an April 1 start date. The full annual cost for the position will be approximately \$111,500.
- *Financial System Replacement Backfill – 1.00 FTE Staff Accountant* (Term-Limited through 12/31/2019; General Fund: \$103,800): This creates a limited term position for a limited term employee who has been underfilling the Finance Manager vacancy. With the transition of Ronald staff the Finance Manager position will be filled and a limited term position is necessary to continue this important backfilling function. In essence this action is needed to make sure the FTE count that will exist in 2018 is authorized. The work in 2018 will focus on backfill support to Accounting and Budget staff during the implementation of the Financial and Human Resources system (e.g., routine operations, business process improvements, system configuration and testing, etc.). The position is anticipated to be necessary through the system stabilization period, possibly into 2019 if project budget is available. The costs for this position are fully supported within the existing project budget funded with the use of General Fund fund balance.

Surface Water Master Plan and Public Works Staff reallocation:

- *1.00 FTE Public Works Maintenance Worker II* (General, Street and Surface Water Funds: \$35,900 new ongoing costs / new total ongoing is \$89,900 / \$1,950 one-time): Street and surface water maintenance staffing levels have remained unchanged since 2012. However, during this time period work priorities and focus of the work group has changed as a result of external regulatory drivers, standard practices and internal initiatives to implement asset and computerized maintenance management programs (Cityworks). These considerations are directing work efforts to specific activities resulting in fewer productive hours available to apply to other equally important work activities. This position is allocated 20% in the General Fund, 60% in the Street Fund, and 20% in the Surface Water Fund. This position is also associated with delivery of the proactive management strategy of the 2017 Surface Water Master Plan (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport080717-9a.pdf>). The full annual cost for this position will be approximately \$89,900 with \$54,000 offset by specific reductions in the operating budgets of the General (\$17,000), Street (\$20,000) and Surface Water (\$17,000) funds.
- *1.00 FTE Public Works Sr. Maintenance Worker* (Street and Surface Water Funds: \$98,600 ongoing / \$33,500 one-time): This position is associated with delivery of the proactive management strategy of the 2017 Surface Water Master Plan (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport080717-9a.pdf>) and is allocated 10% in the Street Fund and 90% in the Surface Water Fund. Start-up costs include a vehicle for the position.
- *1.00 FTE Engineering Technician* (Surface Water Fund: \$94,600): This position is associated with delivery of the proactive management strategy of the 2017 Surface Water Master Plan (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport080717-9a.pdf>) and is allocated 100% in the Surface Water Fund.
- *1.00 FTE Engineer 1 – Surface Water* (Surface Water Fund: \$123,800): This position is associated with delivery of the proactive management strategy of the 2017 Surface Water Master Plan (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport080717-9a.pdf>) and is allocated 100% in the Surface Water Fund.

Part Time Position Adjustments: The following positions were added to the budget in 2017 at 0.50 FTE each. Further evaluation of the workload and need for these positions revealed that a 0.60 FTE allocation is the more appropriate staffing level.

- *Increase of 0.10 FTE to Cultural Diversity Coordinator* (General Fund: \$11,600): The increase of the position from 0.50 FTE to 0.60 FTE will allow for a constant level of service. As the Cultural Diversity Coordinator's program fills out the

internal support aspects of the program, time spent flexing to attend, and production of ten to twelve outward facing events annually (such as Culture Share, Celebrate Shoreline or Immigration Forums), results in the need to be gone during typical work week hours.

- *Increase of 0.10 FTE to Administrative Assistant I (Spartan Recreation Center)* (General Fund: \$8,700): This proposal will increase a 0.50 FTE Administrative Assistant I to 0.60 FTE. The 2016 budget provided for the conversion of extra-help to a 0.50 FTE to provide at least one regular staff position at Spartan Gym during all operating hours. As schedules were finalized it was determined that there was still a four hour gap on Saturdays without regular staffing coverage. The increase in the number of hours for this position will address this. This cost is offset by a \$10,000 reduction to other line-items in the department's budget.

The history of the City's personnel compliment is shown in the *City of Shoreline Regular FTE Summary by Department* chart below:

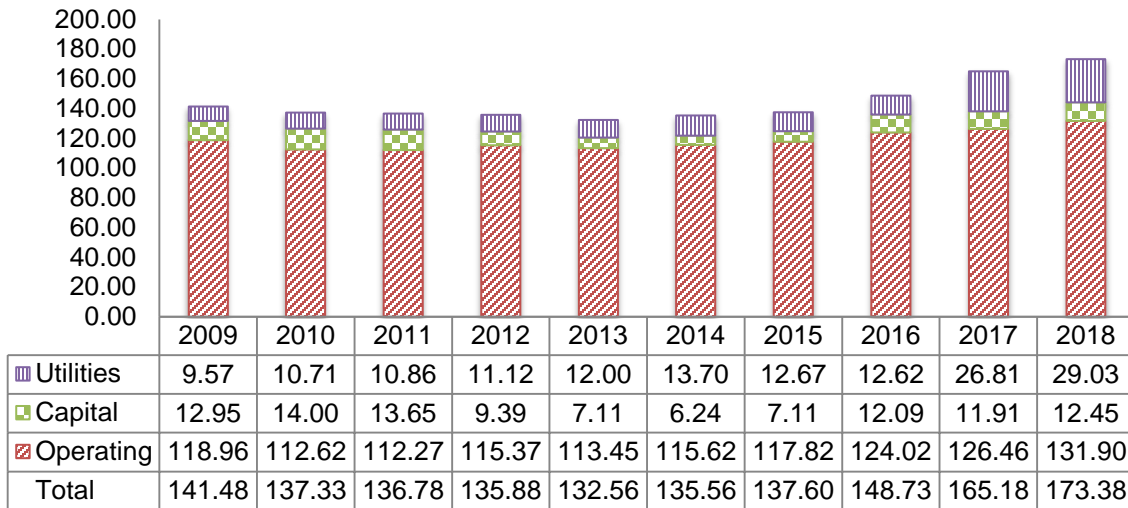
City of Shoreline Regular FTE Summary by Department											
Department	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
										Prop.	Changes
City Manager ^c	9.50	9.50	8.75	8.75	13.00	13.00	13.00	13.00	16.75	18.50	1.75
City Clerk	3.80	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Services ^a	9.68	8.68	8.68	10.18	8.68	8.68	8.68	8.68	8.68	8.78	0.10
City Attorney	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Administrative Services ^{b, d, e}	18.20	18.50	18.70	21.20	21.20	21.20	21.45	21.45	21.45	24.65	3.20
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Police	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planning & Community Development ^c	27.00	24.35	24.35	20.45	20.00	20.00	21.00	22.00	23.00	24.00	1.00
Parks, Recreation & Cultural Services	27.30	27.30	27.30	27.80	27.68	28.68	29.48	30.60	31.30	31.40	0.10
Public Works	29.43	28.29	28.14	30.38	24.00	24.30	25.45	34.38	31.31	31.14	(0.17)
Surface Water Utility	9.57	10.71	10.86	11.12	12.00	13.70	12.55	12.62	12.69	14.78	2.09
Wastewater Utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14.00	14.13	0.13
Total FTE	141.48	137.33	136.78	135.88	132.56	135.56	137.60	148.73	165.18	173.38	8.20
Staffing for Sound Transit Lynnwood Link Extension Project ^c								4.00	3.75	4.75	1.00
Net FTE	141.48	137.33	136.78	135.88	132.56	135.56	137.60	144.73	161.43	168.63	7.20

- a. Includes 0.50 FTE funded by the Emergency Management Program Grant since 2008
 b. Excludes term-limited 1.00 FTE IT Projects Manager for 2016 - June 2019
 c. Excludes term-limited 1.00 FTE Senior Planner for 2017 - 2019
 d. Excludes term-limited 1.00 FTE Staff Accountant for 2018
 e. Excludes term-limited 0.37 FTE increase for Finance Technician for 2018 - 2020

The 2018 changes reflect those amendments approved by Council in 2017 that added non-utility personnel; the reallocation of existing City staff; staffing increases discussed in this staff report; and, changes in allocation of City staff and staff transitioned from Ronald Wastewater District to reflect the proportion of time that will be spent on wastewater functions versus other City functions.

The following chart exhibits the changes in staffing levels for operating, capital, and utility funds since 2009:

CHART 8 City of Shoreline Regular FTE Summary by Fund Type



Salary and Benefit Considerations

- **2017 Market Adjustment - Cost of Living Adjustment (COLA):** The City’s practice has been to use 90% of the June-to-June percentage change of the Seattle/Tacoma/Everett June Consumer Price Index-All Urban Consumer (CPI-U) to determine the annual market adjustment. The 2018 proposed preliminary budget will include a recommended 2.70% COLA based on 90% of the June-to-June change in the CPI-U of 3.00%.
- **Health Benefits:** The City obtains medical plans through the Association of Washington Cities (AWC) and the AWC is terminating the medical plans the City offered in 2017 on January 1, 2018. The next best available medical plans from the AWC will replace the 2017 medical plans January 1, 2018. The City Manager has recommended that the City maintain its monthly contribution toward employee health benefits at the 2017 levels, which are a maximum of \$1,876 and a minimum of \$1,003 per month. In order to do so an amendment to Shoreline Municipal Code 2.30.040 will be brought to the City Council for consideration during the 2018 budget process.

Extra Help Salary Table: The extra help salary table has been adjusted to accommodate minimum wage mandated by Initiative 1433, passed by voters in November 2016. I-1433 sets the minimum wage at \$11.50 in 2018, \$12.00 in 2019, and \$13.50 in 2020. The proposed adjustment to the City’s table set the lowest hourly rate at \$13 in 2018, which should provide that all Extra Help classifications will meet minimum wage requirements by 2020 as the table is adjusted annually by CPI. This will also allow for a smoother transition in adjusting fees for recreation fees, such as day camp registration, to off-set the anticipated increase in personnel costs of those programs. Following the full implementation of I-1433 in 2020, the State minimum wage will be adjusted annually by 100% of CPI. The City Manager anticipates recommending that as I-1433 is implemented over the next few years, that the City’s policy be modified to

provide COLA at 100% of CPI-U instead of the current 90%, to maintain equity between the two tables.

Council Goal Investments

The City Manager is recommending various supplemental requests to meet organizational priorities that allow for the effective delivery of priority public services and completion of council goals. The City Manager's 2018 Proposed Budget will include a recommendation to fund the following items with projected one-time savings used to fund one-time supplemental requests:

Council Goals:

- *Goal 1:* Strengthen Shoreline's economic base to maintain the public services that the community expects
- *Goal 2:* Improve Shoreline's infrastructure to continue the delivery of highly-valued public services
- *Goal 3:* Continue preparation for regional mass transit in Shoreline
- *Goal 4:* Expand the City's focus on equity and inclusion to enhance opportunities for community engagement
- *Goal 5:* Promote and enhance the City's safe community and neighborhood programs and initiatives

One-Time Funding Requests:

- *Implementation of Climate Action Plan* (Council Goal 2, Council Goal 5; General Fund: \$80,000): This request funds projects that implement the Climate Action Plan (CAP) recommendations to meet greenhouse gas emission (GHG) reduction targets adopted by Council through the plan. This item will also be utilized to implement sustainability initiatives that may or may not have GHG reduction benefits, such as improving local water quality and riparian habitat by certifying Shoreline as a Salmon Safe city.
- *Inventory of the Availability and Utilization of Parking in Light Rail Station Subareas* (Council Goal 2; General Fund: \$25,000/year for 2018-2021): This request will fund the inventory of existing parking availability and utilization within one quarter mile of the N 145th Street and N 185th Street light rail station subareas. The results will inform the City's implementation of a parking program for the subareas in 2021, which could include a Residential Parking Zone program, time limited parking, metered parking, or some combination.

Ongoing Programs:

- *Human Services* (Council Goal 4; General Fund: \$29,500): This request will increase funding for human services as Council directed staff at the May 14, 2016 meeting (staff report available here: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2016/staffreport031416-9a.pdf>) to commit 0.80% of recurring General Fund revenues (resources less use of fund balance and grants). In 2019, the amount will be increased to 0.85% of net recurring General Fund revenues.

- *K9 Deputy and police dog* (\$196,800 ongoing / \$16,000 one-time): Shoreline Police Department serves a population of over 55,000 residents but does not have a K9 Unit. The City has not added a new police position since 2007. Since 2013, we have seen police response times for Priority X calls increase by 1.26 minutes and calls for service have increased by 21.0%. Currently, when a K9 is needed for tracking a suspect, building searches, narcotics detection, etc., it calls for a King County Sheriff's Office (KCSO) K9. There is usually a significant delay in the response from a KCSO K9 unit as they are typically responding from the Precinct-4 area (Burien) or Precinct-3 area (Maple Valley). Shoreline also uses K9 units from Edmonds PD and Lynwood PD when appropriate and available. The longer the response time, the more difficult it is to hold containment and make an arrest.

The City Manager is recommending inclusion of a K9 unit in the 2017 proposed budget. A Shoreline K9 unit would add an FTE to the staffing of Shoreline PD, drive a marked Shoreline police vehicle and wear a Shoreline uniform. The officer would likely work a late dayshift, early swing-shift hours when activity is high and a timely response is beneficial. When not performing K9 duties the officer would handle typical calls for service adding service to patrol staffing levels.

The K9 would be cross trained for tracking and narcotics detection. Once the initial training has been successfully completed, there is weekly obedience and skills training provided by the Sheriff's Office. Ideally we would want to select a dog that is social and can be used to enhance public relations at certain events. The K9 unit would assist other cities under mutual aid, we would set parameters to keep the unit close and available to serve Shoreline.

Organization Goals, City Asset Maintenance & Efficiencies:

One-Time Funding Requests:

- *Citywide Organizational Development and Employee Training* (General Fund: \$100,000):
 - *Continuous Improvement Organizational Development:* The City's Leadership Team has developed an 18-month roadmap to advance *Continuous Improvement*. Council funded activities outlined in the plan for 2017 and the Leadership Team have already observed the impact of this work. This funding will allow engagement of a consultant to complete the work identified for 2018, including leadership training, two targeted process improvement efforts, and a Citywide training targeted on tools needed to better engage with process improvement efforts.
 - *Employee Training and Development:* This funding will build a program upon current management and supervisory skills to support the City's leadership in managing people and programs effectively. Topics may include, but not be limited to: performance management, motivation, team development, interpersonal and communication skills, time management skills, ethics, and the legal landscape of supervision and management.
 - *Diversity & Inclusion Staff Training:* This funding will allow staff to participate in a training and a series of activities designed to improve their

individual and the City's capability, as a whole, to engage and support diverse community members, and to "enhance opportunities for community engagement."

- *City Manager's Internship Program* (Extra Help; July 2018 – June 2019; General Fund: \$28,900): This request will fund a pilot internship program providing an individual interested in local government management the opportunity to support the work of the City Manager's Office and support other departments throughout the City.
- *Code Enforcement Legal Support* (Code Abatement Fund: \$15,000): There are currently over 40 open code enforcement cases on properties that have received a formal Notice and Order from the Code Enforcement Officer where the property owner has not taken the appropriate and timely steps to obtain permits or correct the violation. The next step in the resolution process for these code enforcement cases is to start legal proceedings through the City Attorney's Office. These legal proceedings, up to and including abatement of the property by the City, are needed to continue the code enforcement process of bringing properties into compliance with the code. The City Attorney's Office currently has limited capacity to address this backlog of non-responsive code enforcement cases. Historically, appropriations in the Code Abatement Fund were used to abate code enforcement violations; however, recent changes allow the funds to be used for other code abatement purposes. This additional funding will allow for the use of contracted code enforcement services to supplement the City's Code Enforcement Officer and legal services to supplement the capacity in the City Attorney's Office to prepare and file legal actions to close-out code enforcement cases. The cost for this item is fully supported by the use of Code Abatement Fund fund balance.
- *Confined Space Entry Needs Assessment Plan and Equipment:*
 - *Confined Space Entry Equipment Needs Assessment Plan* (Surface Water and Wastewater Funds: \$15,000): Confined space entry operations require specialized entry, monitoring and rescue equipment. To guide in the selection of this equipment this funding (split 50% each in the Surface Water and Wastewater Funds) will allow staff to hire an industrial safety and health or engineering consultant to review common and unique stormwater and wastewater confined space entry areas. A Confined Space Entry Equipment Needs Assessment Plan will be completed that identifies and lists specific equipment needed for manhole entry, wastewater dry and wet well entry, vaults, and detention barrels and other confined spaces.
 - *Confined Space Equipment Acquisition and Installation* (Surface Water and Wastewater Funds: \$30,000): Following the completion of the Confined Space Entry Equipment Needs Assessment Plan, this funding (split 50% each in the Surface Water and Wastewater Funds) will allow staff to acquire and install recommended equipment in order to work safely in confined spaces. It is anticipated that a modular-based

equipment system will be recommended for use across surface water and wastewater confined spaces.

- *Americans with Disabilities Act of 1990 (ADA) Transition Plan, Phase 2 – Condition Assessment & Plan Completion* (General Fund: \$198,000): In 2016, the City began the first phase of work to create an ADA Transition Plan. The plan, which is required by the ADA, will establish the City's priorities, timeline and budget for bringing pedestrian facilities in the City's right-of-way into compliance with ADA standards. This funding will provide additional professional services, extra help staffing and project administration to gather condition assessment data that will be required for the City Council's adoption of a Transition Plan. Approximately 2,057 extra help hours (utilized by hiring four extra help to work in two, part time, two-person teams) will be required to complete the condition assessment in 2018. In 2016, the City selected Perteet, Inc. to provide consultant services for development of the Transition Plan, which includes public outreach work in concert with the City's Sidewalk Prioritization Plan. This request puts in motion an amendment to Perteet's contract for assisting with public outreach, performing data analysis and quality control, prioritization of proposed repair projects, and preparation of draft and final ADA Transition Plans.

Other One-Time Requests:

- *Strategy to Support Aging Adults in Shoreline* (General Fund: \$45,000): The Shoreline-Lake Forest Park Senior Center has requested additional funding the last two budget cycles due to shortfalls. Through staff conversations with the Senior Center Executive Director in early 2017 it was concluded that any additional funds in 2018 would be best used to support a sustainability strategy for service delivery to aging adults in Shoreline. Strategic Action Initiative #4 in the Parks, Recreation and Open Space (PROS) Plan calls to 'develop a strategic plan by 2019 for meeting the aging adult recreation needs of Shoreline'. In order to best do this the City must assess what services this population will need in the future and who is best positioned in the community to provide those services.

This funding will retain a consultant to lead a process with City staff, current Senior Center leadership and community stakeholders charged with developing a vision and road map for serving aging adults in Shoreline. The work will include three segments: current service gap assessment, gap analysis which identifies options, and strategy development with stakeholders.

Technology Investments:

One-Time Funding Requests:

- *Web Accessibility Training* (Council Goal 4, General Fund: \$25,000): This funding will engage WebAIM to evaluate the accessibility of the City's website for people with a variety of disabilities. Visual impairments are the biggest obstacle for people using a website. Training for staff on web accessibility in general and how to create documents to ensure they are accessible to people with primary visual impairments will also be provided.

- *Cityworks Asset Backlog* (Geographic Information Systems Extra Help; General Fund: \$15,000): Extra Help was funded in 2017 to address an estimated 3,000 hour backlog of CAD drawings that require updates to the GIS database. This update is needed so that the assets are available to manage in Cityworks. This work will not be completed in 2017; therefore, this funding is needed to finish addressing the backlog in 2018.
- *Telephone System Upgrade* (General Fund: \$10,000): The telephone devices used by the City are no longer supported. Addressing a component of the 2018-2020 Strategic Technology Plan, this funding will provide support for 'soft phones' (i.e., the separate telephone device is replaced by software and a headset on the computer). Moving staff to a 'soft phone' will allow the City to build an inventory to address any failures of the remaining telephone devices and the ability to use Skype for Business (part of the Office 365 suite) for video conferencing.
- *Define Requirements for CIP Project Management Tool* (General Fund: \$30,000): The number of CIP projects has increased, as well as the staff to manage those projects. The Public Works department is in the process of standardizing and improving its processes and procedures through targeted process improvement initiatives. Once that work is completed, Public Works will be requesting an automated tool to support those standardized processes, thereby addressing a component of the 2018-2020 Strategic Technology Plan. This funding will allow the City to engage a consultant to assist with the documentation of requirements to be used for a Request for Proposal process to select an automated tool.
- *EOC Technology Improvements* (General Fund: \$10,000): Currently the City of Shoreline's Emergency Operations Center (EOC) is located in a multi-use room at Shoreline Fire Department Station 61 and is currently not included in the City's technology cycle. Several essential pieces of technology including displays and audio/visual control have failed or are nearing end of life. Replacements and improvements of these items are needed for the City of Shoreline to be able to adequately provide emergency operations during a disaster.

One-Time Capital Improvement Plan General Fund Support:

The 2017-2022 Capital Improvement Plan (CIP) utilized \$3.183 million in General Fund contributions to support the following projects:

- *General Capital Fund:*
 - *Police Station at City Hall* (\$1.783 million in 2017)
- *Roads Capital Fund:*
 - *160th & Greenwood/Innis Arden* (\$125,000 in 2017)
 - *185th Street Corridor Study* (\$500,000 in 2017)
 - *Design of Westminster Way and N 155th Street Improvements* (\$150,000 in 2017)
 - *Design of Trail Along the Rail* (\$275,000 in 2017)
 - *Design of the 147th/148th Non-Motorized Bridge* (\$350,000 in 2017)

The timing of various projects has shifted and is reflected in the attached fund summaries (Attachment C). At this time the previously programmed use of General Fund contributions has shifted accordingly with the timing of certain projects. The proposed 2018-2023 CIP reflects this shift and requires an additional contribution from the General Fund to the General Capital Fund for the *Police Station at City Hall* project (\$471,505 in 2018). This need is the result of lower-than-anticipated seizure revenue to be deposited in the State Drug Enforcement Forfeiture fund and remediation mitigation revenues previously discussed with the City Council in May. The General Fund has sufficient fund balance to provide this additional contribution.

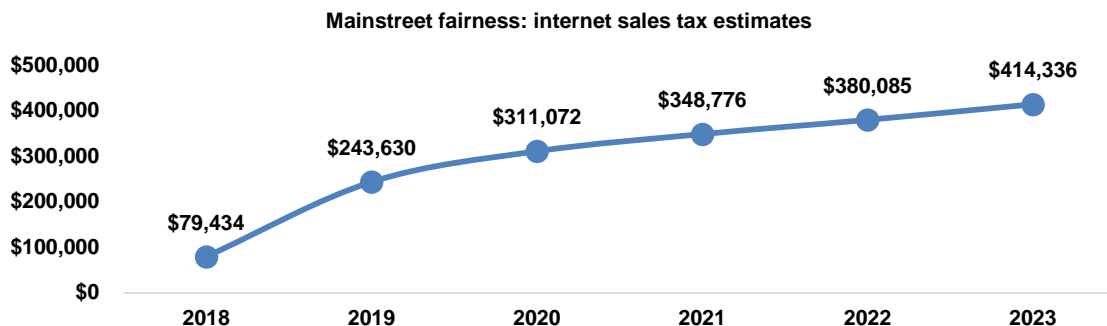
2018 Operating Budget Revenues

2018 Property Tax Levy:

The King County Assessor’s Office has not yet released preliminary assessed valuation (AV) for the City, but staff is estimating an increase of 9.8% based on available information. This increase will allow the City to take advantage of the provision in Proposition 1 to increase the property tax levy by the June-to-June percentage change in the CPI-U index, which equals 2.99%. With the inclusion of new construction AV estimated at \$45.972 million, the resulting estimated 2018 property tax levy would be \$12.760 million while the projected levy rate would decline from the current \$1.39000 to an estimated \$1.30689 per \$1,000 of assessed valuation. The preliminary estimate for City property taxes that will be collected in 2018 totals \$12,759,858, assumes a 100% collection rate, and is \$489,025, or 4.0%, more than the projected 2017 tax collections.

2018 General Fund Operating Revenues:

- **Sales Tax Revenue:** Projected revenue of \$8.428 million reflects increases over the 2017 budget and 2017 revised projection by \$458,400, or 5.8%, and \$188,600, or 2.3%, respectively. The year-over-year increase is inclusive of the additional internet sales tax collections resulting from the provisions in HB 2186 and SB 5929. The estimates shown in the chart below were provided by the Department of Revenue.



- **Criminal Justice Sales Tax Revenue:** Projected revenue of \$1.571 million reflects increases over the 2017 budget and 2017 revised projection by \$93,800, or 6.3%, and \$48,600, or 3.2%, respectively. The projection for this revenue source is based on taxable sales and population estimates for King County.

- *Utilities Taxes, Franchise Fees and Seattle City Light (SCL) Contract Revenue:* Projected revenue of \$8.952 million reflects increases over the 2017 budget and 2017 revised projection by \$225,000, or 2.6%, and \$120,000, or 1.4%, respectively.
- *Gambling Taxes:* For 2018, staff projects that gambling taxes from card room and pull-tab activity will remain steady at the 2017 level of \$1.587 million.
- *Development Revenue:* Development revenues are expected to be nearly double the 2017 budget as a result of an increase in the base level of development activity (+334,000, or 24.2%) and the receipt of \$1,011,750 for the Shoreline School District's projects.
- *Liquor Excise Tax:* Staff projects, based on the most recent per capita estimates, that the City will receive \$250,200 in 2017, which is slightly less than 2016 receipts, and \$270,900 in 2018, which is an increase of \$20,700, or 8.3%, over the 2017 revised projection.

2018 Operating Budget One Time Resources:

- *Street Fund:* The Gas Tax does not provide sufficient resources for our streets crews to perform the services that the citizens expect from our existing transportation network; therefore, the General Fund provides the Street Fund a subsidy to ensure resources are available. As was noted above, the Street Fund is projected to end 2017 with a fund balance of \$885,352, which will be well above the minimum required balance of \$249,000. The 2018 proposed budget will include the transfer of fund balance to the General Fund that is not budgeted to be used in either 2017 or 2018, or required to maintain the 2018 minimum required reserve of \$254,700. The City Manager intends to set these monies aside in reserve for future improvements to a maintenance facility.
- *Vehicle Operations & Maintenance Fund:* The fund balance in the Vehicle Operations & Maintenance Fund has grown beyond the level that is needed to fund a \$20,000 contingency. The 2018 proposed budget will include transfers of fund balance to the General, Street, Roads Capital and Surface Water funds. The City Manager intends to set the monies transferred to the General and Street funds aside in reserve for future improvements to a maintenance facility.

Fee Schedules

- *Fee Schedules:* Generally, fees included in the fee schedules are increased from the current year's level by the June-to-June percentage change of the Seattle / Tacoma / Bremerton Consumer Price Index-All Urban Consumer (CPI-U). Unless otherwise discussed below, many fees presented in the 2018 proposed budget will be increased by 2.99%. The text in the fee schedules may have changed with deletions shown as ~~strike through~~ and additions shown as **bold**.
- *Park, Aquatic and Recreation Fees:* The Parks, Recreation and Cultural Services (PRCS) Department performed a comprehensive cost recovery evaluation in 2015 identifying cost recovery objectives for the various PRCS fees. Since that time

PRCS performs cost recovery evaluation on a subset of their fees annually to ensure that fees continue to meet identified objectives and stay competitive in the market. Fees not evaluated each year are adjusted by CPI-U as described above.

- *Transportation Impact Fees:* When adopted in November 2014, Ordinance No. 690 included an escalator for the Transportation Impact Fees using the Washington State Department of Transportation’s Construction Cost Index (WSDOT CCI). Due to large variations from year-to-year, fees were calculated using a three-year average of the WSDOT CCI in 2017. WSDOT no longer maintains its CCI and has instead moved to a new CCI model that uses a different methodology. The new CCI has 2017 and beyond forecasts which would be more real time than that which has been used in the past. The three-year average (2014-2016) results in a year-over-year percentage change of -0.4%. Given the negative percentage change, the City Manager recommends there be no change to the fees for 2018.
- *Surface Water Management Rates:* The City Council provided direction to staff to pursue the Proactive Management Strategy for the Surface Water Utility Master Plan update. Staff continues to analyze the financial impacts of the Proactive Management Strategy and will present the resulting rates in the Surface Water Management Rate Table included in the 2018 Proposed Budget book.

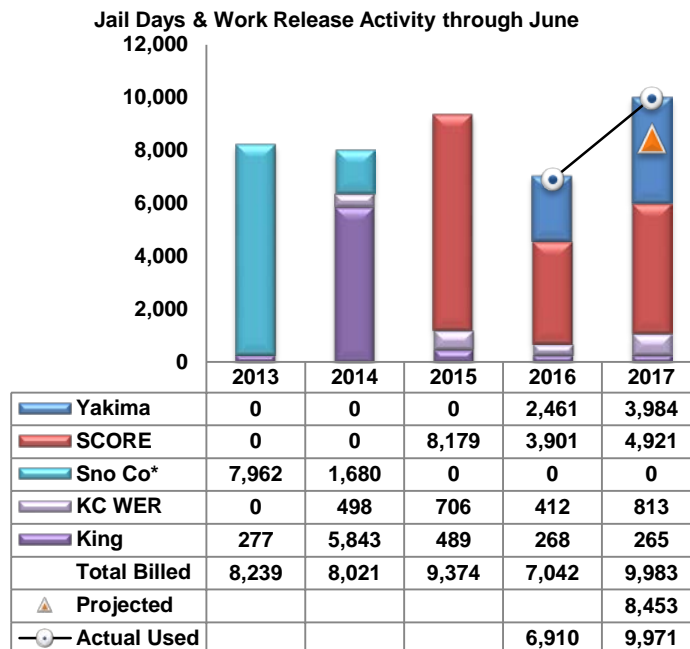
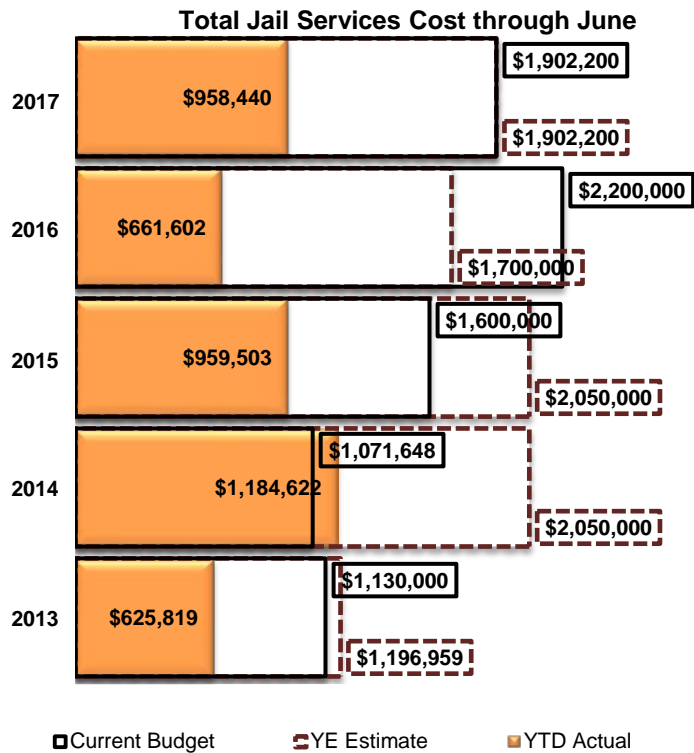
Major Contracted Programs

- *Jail Activity:* Projections for the 2018 budget, along with future forecasts, are based on activity trends over the last couple of years, the number of guaranteed beds at the South Correctional Entity (SCORE), and an inflation rate factor outlined in the interlocal agreement (ILA) with King County.

Beginning in 2016, inmates serving a sentence longer than three days are being housed at Yakima County Jail. The current contract with SCORE is being continued as the City’s primary booking facility. In 2017, projected jail housing days and costs are estimated to be in line with the activity level originally budgeted at 19,000 housing days as shown in the table below:

Facility	Activity	%	Cost	%
King County Housing	875	4.6%	\$164,789	8.7%
King County Work Release	1,500	7.9%	\$209,655	11.0%
SCORE	11,150	58.7%	\$1,212,943	63.8%
Yakima	5,475	28.8%	\$314,744	16.5%
Total Jail Services	19,000	100.0%	\$1,902,131	100.0%

For the first half of 2017, the City's jail services costs were more than those for 2016 by 44.9% but less than those for 2015 and 2014 by 0.1% and 19.1%, respectively. It seems, given increases in the total number of billed jail days as compared to 2014, 2015, and 2016 of 21.9%, 5.8% and 38.3%, respectively, that this year's trends seem to be more in line with the budget projection than year's past. The number of billed jail beds is 8.5% more than the year-to-date projection. With that, jail days cost is slightly under the year-to-date budget projection (-0.4%).



A significant portion of the savings can also be attributed to transferring a portion of the City's sentenced jail population to the Yakima County Jail. The daily cost for housing inmates at Yakima is roughly half that for SCORE. Transferring sentenced inmates to Yakima and using 3,984 beds through June, or an average of 22.0 beds per day, saved \$204,200 in housing costs.

While the use of jail services from SCORE will be maximized by housing inmates being held pre-disposition that are not eligible for work release, the overall projected cost, including housing, medical, booking, etc. of \$2.000 million will still result in an decrease of 9.1% from the 2016 adopted budget.

- *Police Contract:* Negotiations for the King County Sheriff's Office (KCSO) guild contract are currently underway for the contract that will affect 2018. As the level of COLA for 2018 is not known, staff projects that the 2018 police services contract will total \$11.856 million, which is 2.6% more than the 2017 police services contract. This contract represents 26.8% of the City's operating budget excluding transfers out. The first detailed estimate will be provided by KCSO in late September or early October. For future years (2019 onward), staff has assumed an annual escalator between 2.8% and 3.2%.

2018 – 2023 Capital Improvement Plan (CIP)

The 2018 proposed budget will include the proposed 2018-2023 CIP. Its development included staff's review of the current 2017-2022 CIP, Council direction, the City's various master plans, and projected available revenues. As Council is aware, there are limited capital funds available for the many capital needs of the City. It is worth noting that a master plan is complete for Parks, Recreation and Open Space, nearly complete for Surface Water and underway for Transportation. These will impact programming of future capital projects. New projects recommended in the CIP are funded through a combination of increased revenues, grants, and, in some instances, General Fund contributions. Attachment C to this staff report provides the fund summaries for all four capital funds.

2018 – 2027 10 Year Financial Sustainability Model Operating Budget Projections

Council reviewed and accepted the Ten Year Financial Sustainability Plan (10 YFSP) on June 16, 2014. The Ten Year Financial Sustainability Model (10 YFSM) has since been utilized in presenting the long-term financial projections for the 2015, 2016 and 2017 proposed budgets, as well as amendments to those budgets. In staff's opinion, the model is having the effect on budget planning that was desired by the Council as the Administrative Services Department is monitoring the City's progress in relation to the Financial Sustainability Model. Staff has recently updated the model as part of the 2018 budget process. The 2018 preliminary budget projects a surplus of \$2.261 million.

Below is a comparison of the September 2017 forecast and the April 2017 forecast projected operating budget surplus/(gap) for each year of the 10-year period of 2018 through 2027:

Projected Surplus / (Gap)	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
April 2017	19,231	(374,613)	(400,589)	(354,256)	(492,126)
Sept. 2017	2,260,682	247,128	(196,519)	(327,467)	(140,030)
Change	2,241,451	621,741	204,070	26,789	352,096

Projected Surplus / (Gap)	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
April 2017	(1,140,831)	(714,320)	(727,481)	(840,018)	(847,281)
Sept. 2017	(504,555)	(765,959)	(661,053)	(797,602)	(797,717)
Change	636,276	(51,639)	66,428	42,416	49,564

The update for the budget process includes incorporating changes to the projected revenue and expenditure forecast based upon updated economic indicators and actual experience. The April 2017 forecast presented 2019 and beyond ending the year with revenues at 101% and expenditures at 98% of projected estimates. While this aligns with the City's historical revenue collections and expenditures, the forecast presented in this report restates those years to present the forecast at 100% for revenues and expenditures. The September 2017 model update for 2018 is projecting a \$2.242 million increase in the amount of surplus, which is mostly attributable to the aforementioned one-time revenue from the Shoreline School District's projects and transfers from the Street Fund and Vehicle Operations and Maintenance Fund.

In the model presented with the 10 YFSP in June 2014, potential gaps were noted beginning in 2018. In the April 2017 model, potential gaps were noted beginning in 2019. The September 2017 update projects budget gaps pushed out to 2020 as a result of implementing several of the strategies adopted in the 10YFSP.

As was noted above, much of the surplus in 2018 results from the receipt of permit revenue for the Shoreline School District's projects. Several of the positions added to the City's personnel complement in late 2017 and in the 2018 budget will work directly on these projects. The City Manager plans to budget the use of fund balance (permit revenues) to cover the cost of these positions and expedited review contracts between 2018 and 2021 as reflected in the table below, and matching the associated revenue to the expense for accounting purposes. In this model, potential budget gaps do not appear until 2021.

Projected Surplus / (Gap)	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
April 2017	19,231	(374,613)	(400,589)	(354,256)	(492,126)
Sept. 2017	689,076	681,919	164,846	(149,712)	(514,305)
Change	669,845	1,056,532	565,435	204,544	(22,179)

Projected Surplus / (Gap)	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
April 2017	(1,140,831)	(714,320)	(727,481)	(840,018)	(847,281)
Sept. 2017	(504,555)	(765,959)	(661,053)	(797,602)	(797,717)
Change	636,276	(51,639)	66,428	42,416	49,564

Long-Term Budget Trends and Assumptions in the 10YFSP Model:

Below are some of the major assumptions used in the most recent projections:

- **Property Tax:** As was noted above, the preliminary 2018 property tax levy is anticipated to increase from the 2017 levy by \$0.460 million, or 3.7%, and from 2017 projected collections by \$0.489 million, or 4.0%, due to a recommended 2.99% inflationary increase in the levy plus new construction. The City's assessed valuation is currently estimated to increase by 9.8% in 2018 and by 7.4% in 2019, slowing to a growth rate of between 1.5% and 3.4% for 2020 to 2023.

The levy lid lift approved by Shoreline voters limits the growth in the annual property tax levy to the rate of inflation plus new construction. Once the levy lid lift expires in 2022, the annual levy will only be allowed to grow by new construction plus the statutory 1.0% limit. As a result of all of the information above, property tax revenue is forecast to increase by 3.7% in 2018 and 2.8% in 2019, with average increases of 1.8% for 2020-2027. Below is a comparison of the September 2017 forecast as compared to the forecast presented in the April 2017 amendments to the 2017 budget:

	2018	2019	2020	2021	2022
Projection	Proposed	Forecast	Forecast	Forecast	Forecast
April 2017	12,715,140	13,049,652	13,390,581	13,752,300	14,119,649
Sept. 2017	12,759,858	13,112,277	13,455,727	13,802,778	14,157,267
Change	44,718	62,625	65,146	50,478	37,618

	2023	2024	2025	2026	2027
Projection	Forecast	Forecast	Forecast	Forecast	Forecast
April 2017	14,318,038	14,518,732	14,722,371	14,925,667	15,127,421
Sept. 2017	14,352,374	14,549,638	14,749,555	14,949,148	15,147,281
Change	34,336	30,906	27,184	23,481	19,860

- **Sales Tax:** The projection for sales tax for 2018 has increased by 1.9% from the previous 2018 forecast based upon the updated retail sales growth assumptions for the Puget Sound area and Shoreline's recent experience. Shoreline assumes that taxable sales will increase at 75% of the growth assumptions for the Puget Sound region, in keeping with past forecasting practices. Below is a comparison of the September 2017 forecast to the forecast presented in the April 2017 amendments to the 2017 budget:

	2018	2019	2020	2021	2022
Projection	Proposed	Forecast	Forecast	Forecast	Forecast
April 2017	8,270,305	8,551,685	8,823,239	9,094,184	9,361,104
Sept. 2017	8,428,191	8,853,591	9,176,229	9,499,130	9,821,654
Change	157,886	301,906	352,990	404,946	460,550

	2023	2024	2025	2026	2027
Projection	Forecast	Forecast	Forecast	Forecast	Forecast
April 2017	9,680,467	9,994,661	10,323,168	10,666,969	11,015,355
Sept. 2017	10,163,744	10,518,966	10,884,689	11,262,802	11,652,994
Change	483,277	524,305	561,521	595,833	637,639

- *Gambling Tax*: Staff has assumed no growth in future years in tax collections so a baseline of \$1.587 million is assumed.
- *Development Revenue*: Development activity is based upon projected permit activity for the Puget Sound area for 2018 to 2027. Projected revenue over the ten year period is up compared to the forecast presented in the April 2017 amendments to the 2017 budget. This is mostly due to increasing projected revenue from building permit fees, land use fees, and plan check fees. Building permit fees have been increased from an annual base of \$557,000 in the April 2017 forecast to \$1.112 million in the September 2017 forecast. Plan check fees were increased from an annual base of \$524,500 in the April 2017 forecast to a new base of \$600,000 in the September 2017 forecast. Below is a comparison of the September 2017 forecast to the forecast presented in the April 2017 amendments to the 2017 Budget:

Projection	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
April 2017	1,257,105	1,224,155	1,166,314	1,115,747	1,074,281
Sept. 2017	2,716,028	1,532,304	1,454,127	1,421,530	1,425,337
Change	1,458,923	308,149	287,813	305,783	351,056

Projection	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
April 2017	1,051,485	1,029,476	1,011,079	999,136	976,980
Sept. 2017	1,414,152	1,379,160	1,344,192	1,297,169	1,250,432
Change	362,667	349,684	333,113	298,033	273,452

- *Market Adjustment (Cost of Living Adjustment) and Step Increases*: Cost of living adjustments and step increases are projected to increase salaries and wages by an average of 2.94% for 2019 through 2027. The salary forecast assumes 25% of employees will receive an annual step increase in 2019 through 2020 and 20% will receive an increase in 2021 through 2027.
- *Health Benefits*: Costs are projected with an annual escalator of 6.5% for all health benefits which includes medical, dental, life and long term disability coverage for 2019 through 2027. The projected increase for 2018 is 4.8%.
- *Public Employee Retirement System (PERS) Contribution Rates*: PERS contribution rates have decreased from those included in the April 2017 forecast at 12.92% to 12.70%. The impact on PERS contributions is shown in the following table:

Projection	2018 Proposed	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
April 2017	1,398,520	1,443,570	1,488,779	1,531,784	1,575,466
Sept. 2017	1,460,511	1,512,591	1,556,562	1,600,986	1,598,317
Change	61,991	69,021	67,783	69,202	22,851

Projection	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
April 2017	1,620,233	1,666,341	1,713,887	1,763,045	1,813,931
Sept. 2017	1,548,218	1,655,731	1,704,371	1,754,662	1,806,542
Change	(72,015)	(10,610)	(9,516)	(8,383)	(7,389)

Projected Operating (General and Street Funds) Budget Ending Fund Balance:

As noted above, while the 2017 amended budget anticipated the use of \$7.318 million of fund balance; current estimates anticipate the use of only \$2.260 million. The General Fund is projected to end 2017 with \$10.800 million of fund balance, which will be well above the minimum required balance of \$4.046 million. The Street Fund is projected to end 2017 with \$854,000, which will be well above the minimum required balance of \$249,000.

The preliminary operating budget proposes programming fund balance for the following items:

- Operational Contingency and Insurance Reserve, which are not typically used during the year,
- One-time supplemental requests described earlier in this report (funded by savings from 2017); and,
- One-time capital contributions as reflected in the proposed 2018-2023 CIP fund summaries.

The programmed use of fund balance is anticipated to be offset by the projected surplus of \$2.261 million, which is mostly attributable to the aforementioned one-time revenue from the Shoreline School District's projects and transfers from the Street Fund and Vehicle Operations and Maintenance Fund. Historically the City collects more revenues and expends less than the budgeted appropriations. The General Fund is projected to end 2018 with \$10.020 million of fund balance, which will be well above the minimum required balance of \$4.093 million. The Street Fund is projected to end 2018 with \$255,000, which is the minimum required balance.

Revenue Stabilization Fund:

The City's Revenue Stabilization Fund was created as a reserve to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods. The City's reserve policy establishes that the balance of the fund equal 30% of economically sensitive revenues. The fund balance at the end of 2017 is projected to be \$5.151 million. The General Fund will not be required to transfer any funds to the Revenue Stabilization Fund until 2021 as the projected fund balance is already sufficient to meet the 30% target. Long range projections indicate that the General Fund will need to transfer between \$69,700 and \$147,500 per year between 2021 and 2027.

Long-Term Financial Assumptions:

Staff will continue to monitor revenue and expenditure trends to identify any change in the assumptions for projecting the budget over the next ten years. Attachment B has a table summarizing the current budget projections and the base assumptions.

Financial Impact of Sound Transit Lynnwood Link Extension

Council approved the agreement for the Expedited Permitting and Reimbursement Agreement with Sound Transit for the Lynnwood Link Project (commonly referred to as the Staffing Agreement). The expenditures and revenues associated with this agreement are incorporated into the budget and projected to be equal, having a net zero impact on the City's net position. The Staffing Agreement only applies to the design and permitting stage of the project and does not address staffing for the actual construction stage of the project or other items or issues identified in the term sheet. Staff anticipates negotiating additional agreements to address the costs and mitigation associated with future phases of the Lynnwood Link Project. Given the timing of the work, future agreements will likely continue to be presented to the City Council independent of the budget process and incorporated by budget amendments; however, the 10 YFSM revenue assumptions include revenue and associated costs from Sound Transit through 2022.

SUMMARY

It is projected that 2017 operating budget expenditures, excluding transfers between the General and Street funds, of \$45.905 million will be less than the current budgeted expenditures by \$3.485 million, with no anticipated need to use any funds from the operational contingency or insurance reserve. While the 2017 current budget anticipates the use of \$7.318 million of fund balance, current estimates anticipate the use of only \$2.260 million. The General Fund is projected to end 2017 with \$10.800 million of fund balance, which will be well above the minimum required balance of \$4.046 million. The Street Fund is projected to end 2017 with \$854,000, which will be well above the minimum required balance of \$249,000.

In addition to the one-time supplemental requests totaling \$1.324 million and capital contributions totaling \$633,000 discussed in this report, the 2018 preliminary budget also includes \$1.093 million from fund balance for the Operational Contingency and Insurance Reserve. Including these items would bring the total use of fund balance to \$3.050 million.

As the City Council is aware, the City tends to budget revenues slightly under actual results, and expenditures slightly above actual results. As a result staff anticipates that actual use of fund balance will ultimately be less than budgeted. While these results cannot occur indefinitely, staff will continue to work to address projected budget gaps using and updating the 10 YFSM developed per the 10 YFSP.

Staff believes that the proposed 2018-2023 CIP reflects the priorities of the Council; however, there are a number of projects that are considered to be 'underfunded'. In addition other projects, although important, have not been funded in the proposed CIP.

Please remember that the numbers presented in this report are in many cases still based on rough estimates. More details will come in over the next few weeks, refining

some of the numbers discussed this evening. Ultimately the City Manager will transmit the 2018 Proposed Budget and 2018-2023 CIP to the City Council on October 9.

RECOMMENDATION

No action is required by the City Council. This item is for informational purposes and to provide the City Council with preliminary 2018 budget information. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this overview.

ATTACHMENTS

Attachment A: Second Quarter Financial Report

Attachment B: 10 Year Financial Sustainability Model Operating Budget Ten Year Forecast

Attachment C: 2018-2023 Capital Improvement Plan Fund Summaries



2017 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	Compared to 2017 Budget	Compared to 2016 Actual	Reference
Property Tax Revenue	● WARNING ●	▲ POSITIVE ▲	Page 5
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 6, 7
Utility Tax Revenue	● WARNING ●	▲ POSITIVE ▲	Page 11
Development Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 12
Parks and Recreation Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 13
Investment Income	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 14
NON-GENERAL FUND REVENUES			
Surface Water Fees	▼ NEGATIVE ▼	● WARNING ●	Page 16
Fuel Tax	▼ NEGATIVE ▼	● WARNING ●	Page 17
Real Estate Excise Tax	▲ POSITIVE ▲	▲ POSITIVE ▲	Page 19

This report reflects revenue collections and expenditures through June 30, 2017. The above table reflects differences when compared to the current budget.

- General Fund receipts are 12.5% more than the year-ago level and 5.0% more than the budget's year-to-date projection. Expenditures are 5.2% more than the year-ago level and 1.2% less than the budget's year-to-date projection. The table above shows a warning for property tax because the allowable levy is less than the projection used for the budget as the year-over-year assessed value growth was less than the 10% estimate provided by King County. Utility tax shows a warning due to a decline in year-over-year telecommunications tax receipts. See pages 3-14 for details.
- Surface Water Utility (SWM) Fund receipts are 1.9% less than the year-ago level and 5.6% less than budget's year-to-date projection. SWM fund expenditures are 4.5% more than the year-ago level and 17.0% less than budget. See page 16 for details.
- Street Fund receipts are 1.9% less than the year-ago level and expenditures are 10.6% more than the year-ago level. Fuel tax revenue receipts for the second quarter of 2017, in the amount of \$554,025, are \$9,431, or 1.7%, less than the year-ago level and 5.8% less than budget's year-to-date projection. See page 18 for details.
- Real estate excise tax receipts are exceeding 2017 budget by 68.5% and are 63.8% more than the year-ago level. See page 19 for details.

Key to revenue trend indicators:

- ▲ POSITIVE ▲ = Positive variance of >+2% compared to prior year actual.
- ◀ NEUTRAL ▶ = Variance of -1% to +2% compared to prior year actual.
- WARNING ● = Negative variance of -1% to -4% compared to prior year actual.
- ▼ NEGATIVE ▼ = Negative variance of >-4% compared to prior year actual.

CITY FINANCIAL OVERVIEW

Revenues

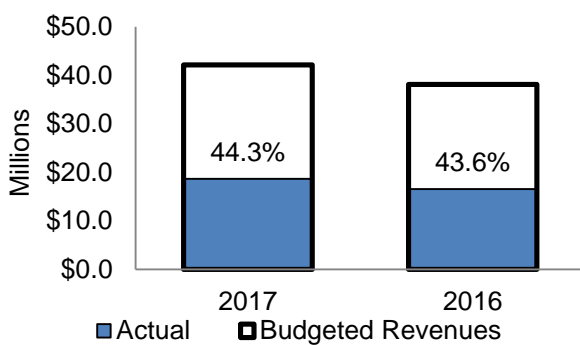
Fund	2017 Current Budgeted Revenues	2017 2nd Quarter Actual	2017 % of Current Budget	2016 Current Budgeted Revenues	2016 2nd Quarter Actual	2016 % of Current Budget	2017 v. 2016 \$ Variance	2017 v. 2016 % Variance
General Fund	\$42,133,257	\$18,676,844	44.3%	\$38,113,541	\$16,602,086	43.6%	2,074,758	12.5%
Street Fund	\$1,521,225	\$713,436	46.9%	\$1,442,468	\$727,542	50.4%	-14,106	-1.9%
Code Abatement Fund	\$80,550	\$207,648	257.8%	\$80,550	\$24,783	30.8%	182,865	737.9%
State Drug Enforcement Fund	\$18,243	\$1,643	9.0%	\$18,243	\$22,943	125.8%	-21,300	-92.8%
Public Arts Fund	\$8,000	\$1,094	13.7%	\$6,500	\$3,913	60.2%	-2,819	-72.0%
Federal Drug Enforcement Fund	\$13,200	\$1,162	8.8%	\$28,200	\$691	2.5%	471	68.2%
Property Tax Equalization Fund	\$0	\$1,148	0.0%	\$0	\$2,761	0.0%	-1,613	-58.4%
Federal Crime Forfeitures Fund	\$201,500	\$3,160	1.6%	\$978,500	\$5,992	0.6%	-2,832	-47.3%
Transportation Impact Fee	\$200,000	\$198,635	99.3%	\$200,000	\$189,283	94.6%	9,352	4.9%
Unltd Tax GO Bond Fund	\$1,700,000	\$894,465	52.6%	\$1,700,000	\$900,430	53.0%	-5,965	-0.7%
Limited Tax GO Bond 2009 Fund	\$1,662,817	\$1,150,072	69.2%	\$1,277,047	\$1,065,108	83.4%	84,964	8.0%
Limited Tax GO Bond 2013 Fund	\$260,948	\$60,188	23.1%	\$260,948	\$62,719	24.0%	-2,531	-4.0%
General Capital Fund	\$6,615,365	\$1,259,539	19.0%	\$8,167,893	\$826,107	10.1%	433,432	52.5%
City Facility-Major Maint. Fund	\$124,044	\$60,243	48.6%	\$782,784	\$505,562	64.6%	-445,319	-88.1%
Roads Capital Fund	\$15,290,734	\$2,172,438	14.2%	\$15,082,587	\$4,396,436	29.1%	-2,223,998	-50.6%
Surface Water Utility Fund	\$4,697,023	\$2,085,418	44.4%	\$6,724,986	\$2,125,715	31.6%	-40,297	-1.9%
Vehicle Operations/ Maint. Fund	\$438,123	\$442,383	101.0%	\$256,216	\$256,617	100.2%	185,766	72.4%
Equipment Replacement Fund	\$443,487	\$395,204	89.1%	\$518,767	\$507,588	97.8%	-112,384	-22.1%
Unemployment Fund	\$0	\$272	0.0%	\$0	\$172	0.0%	100	58.1%
Total Budgeted Revenue	\$75,408,516	\$28,324,992	37.6%	\$75,639,230	\$28,226,448	37.3%	98,544	0.3%
Budget Use of Fund Balance	\$16,017,863	\$0	0.0%	\$12,948,830	\$0	0.0%	0	0.0%
Total Budgeted Resources	\$91,426,379	\$28,324,992	31.0%	\$88,588,060	\$28,226,448	31.9%	98,544	0.3%

Expenditures

Fund	2017 Current Budget	2017 2nd Quarter Actual	2017 % of Current Budget	2016 Current Budget	2016 2nd Quarter Actual	2016 % of Current Budget	2017 v. 2016 \$ Variance	2017 v. 2016 % Variance
General Fund	\$48,016,220	\$16,898,956	35.2%	\$44,441,147	\$16,059,798	36.1%	\$839,158	5.2%
Street Fund	\$1,721,485	\$843,747	49.0%	\$1,713,773	\$762,708	44.5%	\$81,039	10.6%
Code Abatement Fund	\$100,000	\$0	0.0%	\$100,000	\$24,430	24.4%	-\$24,430	-100.0%
State Drug Enforcement Fund	\$214,043	\$225	0.1%	\$168,243	\$9,254	5.5%	-\$9,029	-97.6%
Public Arts Fund	\$96,203	\$25,991	27.0%	\$84,216	\$10,757	12.8%	\$15,234	141.6%
Federal Drug Enforcement Fund	\$300,397	\$0	0.0%	\$263,000	\$1,288	0.5%	-\$1,288	-100.0%
Property Tax Equalization Fund	\$500,799	\$500,799	100.0%	\$691,313	\$0	0.0%	\$500,799	0.0%
Federal Crime Forfeitures Fund	\$803,220	\$123,984	15.4%	\$2,802,444	\$159,531	5.7%	-\$35,547	-22.3%
Transportation Impact Fee	\$221,400	\$0	0.0%	\$359,775	\$179,888	50.0%	-\$179,888	-100.0%
Unltd Tax GO Bond Fund	\$1,710,375	\$50,843	3.0%	\$1,710,375	\$181,188	10.6%	-\$130,345	-71.9%
Limited Tax GO Bond 2009 Fund	\$1,662,817	\$563,009	33.9%	\$1,663,417	\$573,309	34.5%	-\$10,300	-1.8%
Limited Tax GO Bond 2013 Fund	\$260,948	\$60,188	23.1%	\$260,948	\$62,719	24.0%	-\$2,531	-4.0%
General Capital Fund	\$9,147,892	\$1,159,669	12.7%	\$9,141,524	\$1,059,298	11.6%	\$100,371	9.5%
City Facility-Major Maint. Fund	\$96,000	\$39,347	41.0%	\$886,754	\$510,405	57.6%	-\$471,058	-92.3%
Roads Capital Fund	\$17,897,364	\$1,875,407	10.5%	\$16,474,476	\$1,937,788	11.8%	-\$62,381	-3.2%
Surface Water Utility Fund	\$6,241,652	\$2,058,607	33.0%	\$7,356,193	\$1,969,530	26.8%	\$89,077	4.5%
Vehicle Operations/ Maint. Fund	\$453,123	\$196,595	43.4%	\$271,216	\$55,019	20.3%	\$141,576	257.3%
Equipment Replacement Fund	\$701,787	\$345,755	49.3%	\$483,768	\$136,592	28.2%	\$209,163	153.1%
Unemployment Fund	\$17,500	\$2,358	13.5%	\$17,500	\$710	4.1%	\$1,648	232.1%
Total Budgeted Expenditures	\$90,163,225	\$24,745,479	27.4%	\$88,890,082	\$23,694,212	26.7%	\$1,051,267	4.4%

GENERAL FUND REVENUE ANALYSIS:

TOTAL GENERAL FUND REVENUE SUMMARY



2017 Current Budget		\$49,251,330
2017 Budgeted Revenue		\$42,133,257
2017 Second Quarter Actual Revenue		\$18,676,844
2017 % of Budgeted Revenue Received		44.3%
2016 Budgeted Revenue		\$38,113,541
2016 Second Quarter Actual Revenue		\$16,602,086
2016 % of Budgeted Revenue Received		43.6%
2017 v. 2016 \$ Change		\$2,074,758
2017 v. 2016 % Change	↑	12.5%

The difference between 2017 Current Budget and 2017 Budgeted Revenues reflects the planned use of Fund Balance for one time investments as provided in the City's financial policies. General Fund revenue received in 2017 reflects a year-over-year increase of 12.5%. The following pages present a detailed analysis of various General Fund revenue sources. The following are highlights comparing 2017 to 2016 for the General Fund:

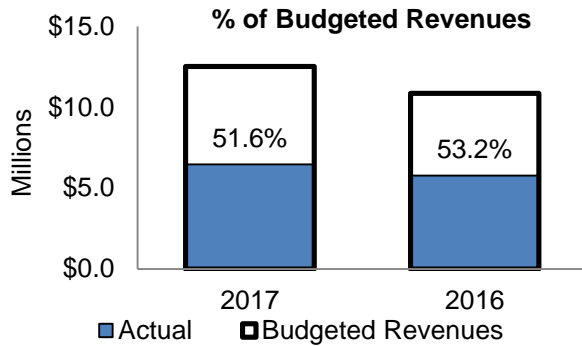
- Property tax receipts are 12.0% more than those for 2016, which is largely attributable to the successful passage of the Levy Lid Lift in November 2016.
- The sales tax rate for the second quarter of 2017 is 10.0%, with the City's portion accounting for 0.85% of the rate. The Regional Transit Authority Tax increased the sales tax rate by 0.5% to 10.0% on April 1, 2017. The City's portion remains at 0.85%. Sales tax receipts, which reflect activity from December 2016 through April 2017, are more than the budget's year-to-date projection by 5.9% and 2016 collections by 5.1%. Much of the year-over-year increase is from Construction Sector receipts, which are 20.6% more than the year-ago level.
- The year-over-year change for Intergovernmental Revenue receipts is largely due to reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. The first bill to Sound Transit was paid in the fourth quarter of 2016 and the balance of the reimbursement is anticipated to be received in 2017 and 2018 as work on the project continues.
- Utility Tax and Franchise Fee receipts are more than the year-ago level by 4.3% but less than the year-to-date budget projection by 2.2%. Collections from the Telecommunications sector are 9.5% less than the year-ago level.
- Parks and Recreation receipts are 21.0% more than the year-ago level. The year-over-year increase was anticipated and is attributable to the closure of the Shoreline Pool as major maintenance and improvements to extend its life were being performed in 2016.

GENERAL FUND REVENUE DETAIL

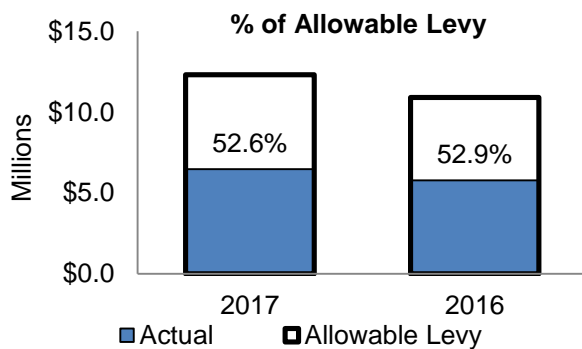
General Fund Resource	2017 Current Budget	2017 Second Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 Second Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Budgeted Fund Balance	\$7,118,073	\$0	0.0%	\$6,327,606	\$0	0.0%	\$0	0.0%
Property Tax	\$12,531,317	\$6,468,840	51.6%	\$10,860,481	\$5,775,816	53.2%	\$693,024	12.0%
Sales Tax	\$7,969,800	\$3,415,859	42.9%	\$7,747,700	\$3,250,781	42.0%	\$165,078	5.1%
Local Criminal Justice	\$1,476,779	\$731,169	49.5%	\$1,403,619	\$718,230	51.2%	\$12,939	1.8%
Utility Tax & Franchise Fee Revenue								
<i>Natural Gas</i>	\$906,500	\$523,192	57.7%	\$906,500	\$399,692	44.1%	\$123,500	30.9%
<i>Garbage</i>	\$559,360	\$135,992	24.3%	\$548,880	\$138,577	25.2%	-\$2,585	-1.9%
<i>Cable TV</i>	\$1,960,150	\$628,369	32.1%	\$1,903,020	\$628,366	33.0%	\$3	0.0%
<i>Telecommunications</i>	\$1,421,640	\$379,442	26.7%	\$1,421,640	\$419,226	29.5%	-\$39,784	-9.5%
<i>Storm Drainage</i>	\$272,449	\$129,172	47.4%	\$240,275	\$131,949	54.9%	-\$2,777	-2.1%
<i>Water</i>	\$800,510	\$226,647	28.3%	\$780,700	\$216,145	27.7%	\$10,502	4.9%
<i>Sewer</i>	\$884,800	\$441,500	49.9%	\$859,022	\$428,500	49.9%	\$13,000	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,805,409	\$2,464,314	36.2%	\$6,660,037	\$2,362,455	35.5%	\$101,859	4.3%
SCL Contract Payment	\$1,921,700	\$884,059	46.0%	\$1,838,980	\$766,963	41.7%	\$117,096	15.3%
Gambling Tax Revenue	\$1,587,425	\$379,663	23.9%	\$1,587,425	\$382,866	24.1%	-\$3,203	-0.8%
Development Revenue	\$1,673,778	\$1,329,493	79.4%	\$1,456,000	\$1,183,378	81.3%	\$146,115	12.3%
Park and Recreation Revenue	\$1,752,317	\$787,834	45.0%	\$1,494,998	\$651,225	43.6%	\$136,609	21.0%
Intergovernmental Revenue	\$2,496,401	\$601,053	24.1%	\$1,013,800	\$480,827	47.4%	\$120,226	25.0%
Grant Revenue	\$708,705	\$74,944	10.6%	\$844,749	\$48,860	5.8%	\$26,084	53.4%
Fines and Licenses	\$650,225	\$118,627	18.2%	\$642,072	\$113,184	17.6%	\$5,443	4.8%
Miscellaneous Revenue	\$813,493	\$328,953	40.4%	\$781,006	\$307,387	39.4%	\$21,566	7.0%
Interest Income	\$70,600	\$76,094	107.8%	\$70,600	\$49,734	70.4%	\$26,360	53.0%
Operating Transfers In	\$1,675,308	\$1,015,943	60.6%	\$1,712,074	\$510,380	29.8%	\$505,563	99.1%
Total General Fund Revenue	\$49,251,330	\$18,676,844	37.9%	\$44,441,147	\$16,602,086	37.4%	\$2,074,758	12.5%
Total General Fund Revenue excl. Budgeted Fund Balance	\$42,133,257	\$18,676,844	44.3%	\$38,113,541	\$16,602,086	43.6%	\$2,074,758	12.5%

GENERAL FUND REVENUE ANALYSIS:

PROPERTY TAX



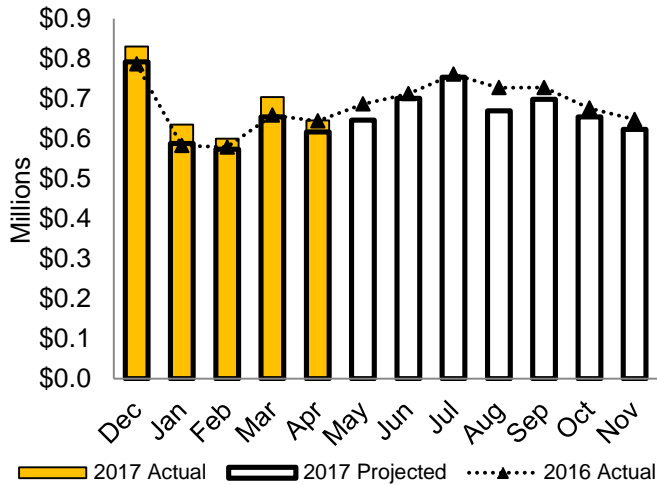
2017 Current Budget		\$12,531,317
2017 Second Quarter Actual Revenue		\$6,468,840
2017 % of Current Budget Received		51.6%
2016 Current Budget		\$10,860,481
2016 Second Quarter Actual Revenue		\$5,775,816
2016 % of Current Budget Received		53.2%
2017 v. 2016 \$ Change		\$693,024
2017 v. 2016 % Change	↑	12.0%



The year-over-year increase of 12.0% is largely attributable to the successful passage of the Levy Lid Lift in November 2016. Receipts for 2017 and 2016 as a percentage of the budgeted projection are 51.6% and 53.2%, respectively. In terms of the allowable levy, which in many cases is different than the budgeted projection, receipts for 2017 and 2016 are at 52.6% and 52.9%, respectively, indicating that collections are on track with historical trends.

GENERAL FUND REVENUE ANALYSIS (continued):

SALES TAX



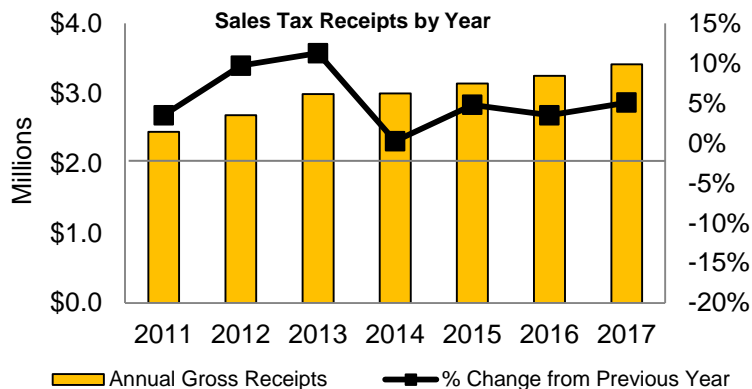
2017 Current Budget **\$7,969,800**

Sales tax revenue: December - April

Sales Activity	2016	2017
December (Prior Year)	\$786,417	\$830,653
January	\$582,409	\$635,543
February	\$578,999	\$600,093
March	\$658,721	\$703,715
April	\$644,235	\$645,855
Year to date	\$3,250,781	\$3,415,859
\$ Change		\$165,078
% Change		5.1%

The tax rate for the first quarter of 2017 was 9.5%, with the City's portion accounting for 0.85% of the rate. The Regional Transit Authority Tax increased the sales tax rate by 0.5% to 10.0% on April 1, 2017 to expand and improve transit facilities in King, Pierce, and Snohomish Counties. The City's portion remained at 0.85%.

Sales Tax receipts, which reflect activity from December 2016 through April 2017, are more than the budget's year-to-date projection by \$191,665, or 5.9%, and 2016 collections by \$165,078, or 5.1%. The following chart and table reflects a comparison of sales tax receipts by year:



Year	Second Quarter Revenue	% Change from Previous Year
2011	\$2,449,079	3.5%
2012	\$2,686,899	9.7%
2013	\$2,989,414	11.3%
2014	\$2,996,802	0.2%
2015	\$3,140,737	4.8%
2016	\$3,250,781	3.5%
2017	\$3,415,859	5.1%

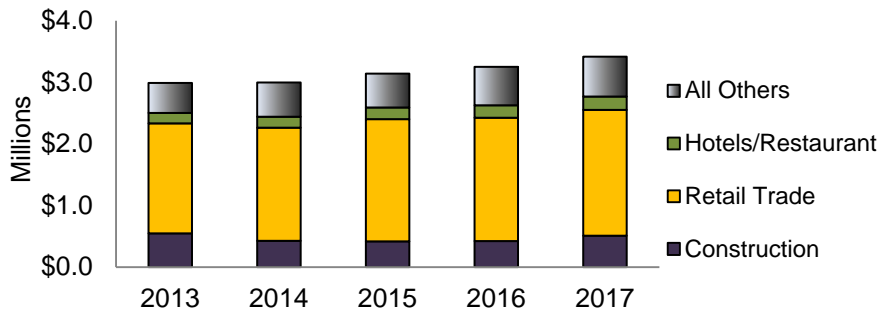
The tables on the following page help illustrate the performance of various sectors. The first table presents a condensed view of the four primary categories of Construction; Retail Trade; Hotels and Restaurants; and All Others. The second table presents a breakdown of the Retail Trade category and highlights specific industry economic performance in comparison to previous years.

Receipts from the Construction sector are more than the year-ago level by 20.6%. In 2016 and 2017 there were no collections related to one-time activity. Historically, annual one-time activity accounted for \$17,286, or 4.1%, in 2015; \$73,968, or 17.3%, in 2014; \$239,724, or 43.8%, in 2013; and \$279,579, or 24.1%, in 2012.

Receipts in the Retail Trade sector Food & Beverage Stores Retail category are \$28,251 less than the year-ago level. Receipts in 2016 were \$35,813 more than those for the same period of 2015 resulting from prior period corrections for a local business that were remitted with the receipts for December 2015. Taking this into account, receipts for 2017 are \$5,262, or 4.7%, more than those for 2016, which is in line with historical level of activity.

GENERAL FUND REVENUE ANALYSIS (continued):

Annual Sales Tax Revenue Comparison by Sector



SALES TAX BY PRIMARY CATEGORY: December-April

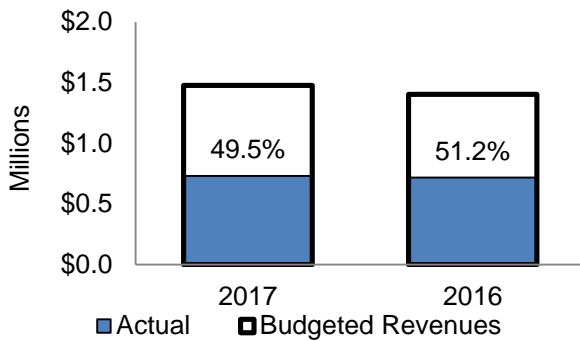
Sector	2013	2014	2015	2016	2017
Construction	\$547,618	\$426,346	\$417,634	\$422,412	\$509,563
\$ Change		-\$121,271	-\$8,712	\$4,778	\$87,151
% Change		-22.1%	-2.0%	1.1%	20.6%
Retail Trade	\$1,785,747	\$1,836,766	\$1,984,114	\$2,002,154	\$2,042,360
\$ Change		\$51,019	\$147,348	\$18,039	\$40,206
% Change		2.9%	8.0%	0.9%	2.0%
Hotels/Restaurant	\$169,076	\$177,728	\$189,333	\$202,095	\$216,791
\$ Change		\$8,652	\$11,604	\$12,762	\$14,696
% Change		5.1%	6.5%	6.7%	7.3%
All Others	\$486,973	\$555,962	\$549,656	\$624,120	\$647,145
\$ Change		\$68,989	-\$6,305	\$74,464	\$23,025
% Change		14.2%	-1.1%	13.5%	3.7%
Total Revenue	\$2,989,414	\$2,996,802	\$3,140,737	\$3,250,781	\$3,415,859
\$ Change		\$302,515	\$7,387	\$143,935	\$110,044
% Change		11.3%	0.2%	4.8%	3.5%

SALES TAX BY RETAIL TRADE CATEGORY: December-April

Retail Trade	2014 Dec- Apr	2015 Dec- Apr	2015v.2014 \$ Change	2016 Dec- Apr	2016v.2015 \$ Change	2017 Dec- Apr	2017v.2016 \$ Change
Motor Veh. & Parts Dealer	\$500,090	\$544,247	\$44,157	\$571,770	\$27,523	\$595,026	\$23,256
Furn. & Home Furnishings	\$26,705	\$22,164	-\$4,541	\$25,683	\$3,520	\$29,673	\$3,990
Electronics and Appliances	\$37,247	\$44,337	\$7,090	\$49,951	\$5,614	\$41,743	-\$8,208
Building Material & Garden	\$247,899	\$318,992	\$71,093	\$296,002	-\$22,989	\$311,940	\$15,938
Food & Beverage Stores	\$104,808	\$110,241	\$5,432	\$146,054	\$35,813	\$117,802	-\$28,251
Health & Personal Care	\$70,264	\$83,629	\$13,365	\$95,253	\$11,623	\$100,746	\$5,493
Gasoline Stations	\$29,486	\$30,729	\$1,242	\$28,190	-\$2,539	\$29,555	\$1,365
Clothing & Accessories	\$20,810	\$24,800	\$3,990	\$30,785	\$5,985	\$35,963	\$5,178
Sporting Goods, Hobby	\$36,146	\$37,418	\$1,271	\$32,572	-\$4,845	\$35,725	\$3,153
General Merch. Stores	\$574,845	\$587,343	\$12,497	\$525,543	-\$61,799	\$519,709	-\$5,834
Misc. Store Retailers	\$112,102	\$98,635	-\$13,468	\$101,422	\$2,787	\$117,213	\$15,791
Nonstore Retailers	\$76,362	\$81,582	\$5,220	\$98,929	\$17,347	\$107,266	\$8,336
Total Revenue	\$1,836,766	\$1,984,114	\$147,348	\$2,002,154	\$18,039	\$2,042,360	\$40,206

GENERAL FUND REVENUE ANALYSIS (continued):

LOCAL CRIMINAL JUSTICE SALES TAX

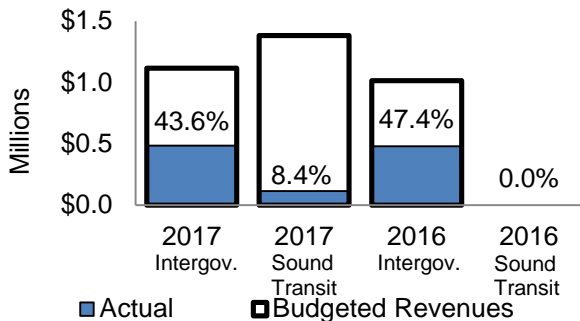


2017 Current Budget		\$1,476,779
2017 Second Quarter Actual Revenue		\$731,169
2017 % of Current Budget Received		49.5%
2016 Current Budget		\$1,403,619
2016 Second Quarter Actual Revenue		\$718,230
2016 % of Current Budget Received		51.2%
2017 v. 2016 \$ Change		\$12,939
2017 v. 2016 % Change	➔	1.8%

Local Criminal Justice Sales Tax receipts are 1.8% more than the year-ago level. Thus far this year 49.5% of the amount budgeted has been received as compared to 51.2% received during the same period last year. Receipts are \$5,926, or 0.8%, more than the year-to-date budget projection.

The result for Local Criminal Justice Sales Tax receipts is not commensurate with the result for Sales Tax receipts because the distribution of Local Criminal Justice Sales Tax is based on the city's population and the amount of sales tax collected throughout all of King County. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 6.9%. Sales tax collected throughout King County was actually 3.2% higher than the year-ago level.

INTERGOVERNMENTAL REVENUE

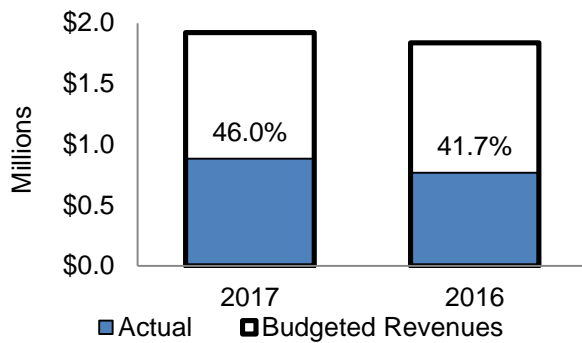


2017 Current Budget		\$2,496,401
2017 Second Quarter Actual Revenue		\$601,053
2017 % of Current Budget Received		24.1%
2016 Current Budget		\$1,013,800
2016 Second Quarter Actual Revenue		\$480,827
2016 % of Current Budget Received		47.4%
2017 v. 2016 \$ Change		\$120,226
2017 v. 2016 % Change	↑	25.0%

Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, liquor board profits, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. The first bill to Sound Transit was paid in the fourth quarter of 2016 and the balance of the reimbursement is anticipated to be received in 2017 and 2018 as work on the project continues. Total receipts are 25.0% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements total \$4,817 and are 1.0% more than the year-ago level.

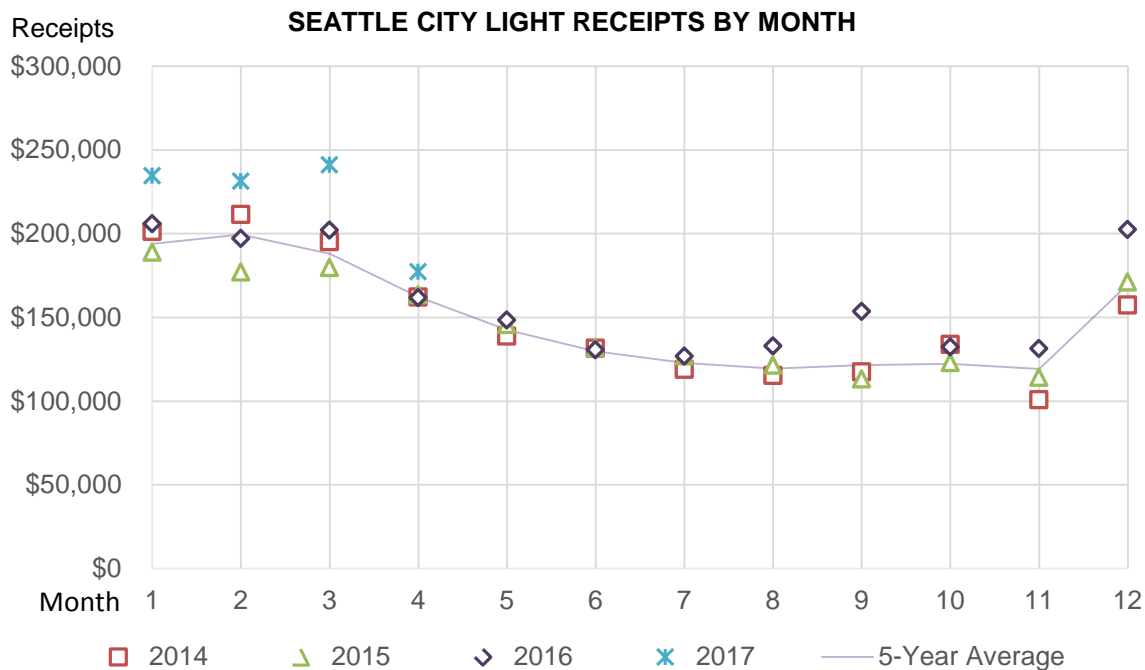
GENERAL FUND REVENUE ANALYSIS (continued):

SEATTLE CITY LIGHT CONTRACT PAYMENT



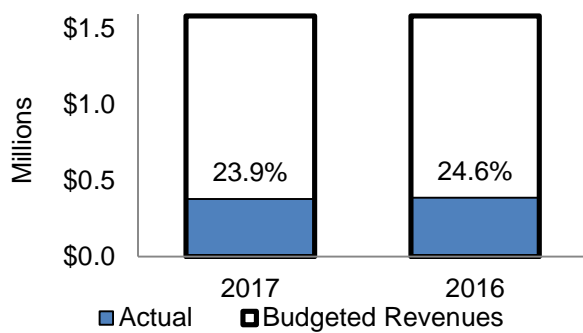
2017 Current Budget		\$1,921,700
2017 Second Quarter Actual Revenue		\$884,059
2017 % of Current Budget Received		46.0%
2016 Current Budget		\$1,838,980
2016 Second Quarter Actual Revenue		\$766,963
2016 % of Current Budget Received		41.7%
2017 v. 2016 \$ Change		\$117,096
2017 v. 2016 % Change	↑	15.3%

The City's agreement with Seattle City Light imposes a six percent contract fee on total electrical revenues. Activity presented in this report includes receipts for the month of April. Receipts are 15.3% more than the year-ago level and 12.9% more than the year-to-date projection. The chart below shows receipts for January through April 2017 and all of the last three years.



GENERAL FUND REVENUE ANALYSIS (continued):

GAMBLING TAX REVENUE



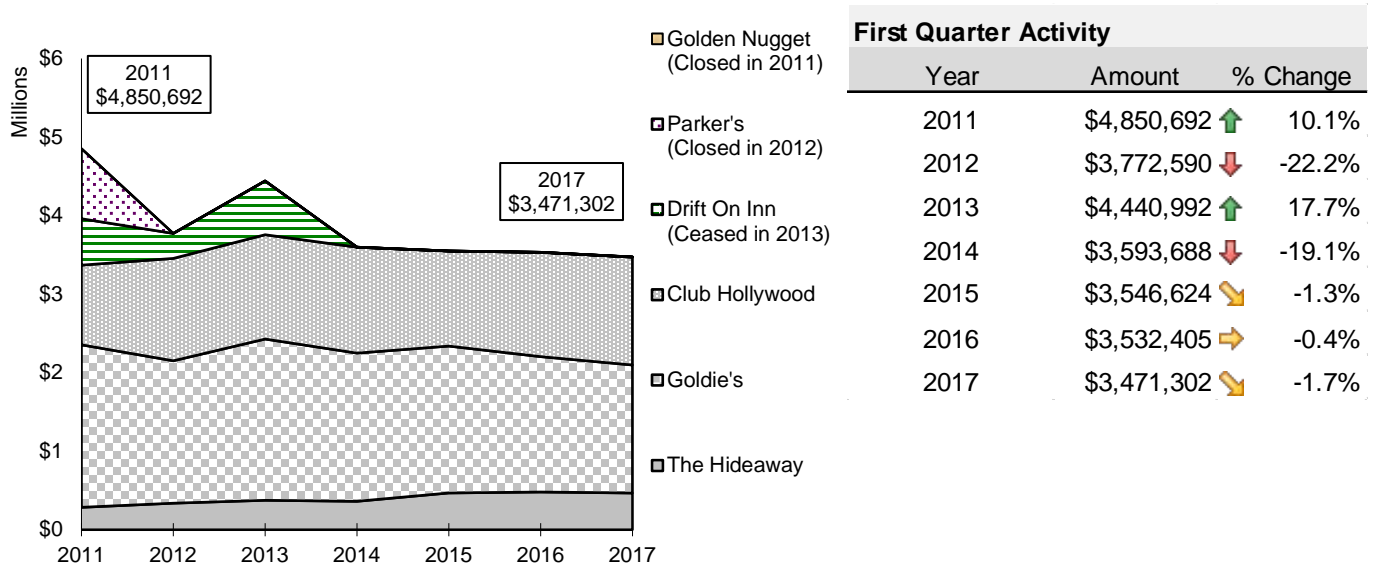
2017 Current Budget		\$1,587,425
2017 Second Quarter Actual Revenue		\$379,663
2017 % of Current Budget Received		23.9%
2016 Current Budget		\$1,587,425
2016 Second Quarter Actual Revenue		\$389,927
2016 % of Current Budget Received		24.6%
2017 v. 2016 \$ Change		-\$10,264
2017 v. 2016 % Change		-2.6%

Gambling tax receipts presented in this report largely reflect only those taxes calculated on first quarter gambling activity, since second quarter gambling tax returns are not due to the City until July 30. Card rooms pay ten percent of gross yearly receipts over \$10,000 and pull-tabs pay 5% of all gross receipts.

Total gambling receipts, including late payment penalties, in the amount of \$379,663, are 2.6% lower than 2016 collections of \$389,927. It was reported in the 2016 Year End Financial Report that Jersey's Great Food & Spirits had not paid third and fourth quarter taxes. Full payment for those taxes has since been received as of May 1; however, first quarter 2017 taxes have not yet been paid. A letter was sent in May requesting payment.

Receipts attributable to taxes on gambling activity reported, in the amount of \$375,522, are less than the year-ago level (\$381,547) by 1.6%.

Receipts from pull-tab activity increased 1.0% year-over-year while card room activity declined 1.7%. The chart below exhibits the last seven years of gross receipts reported by card rooms in Shoreline.

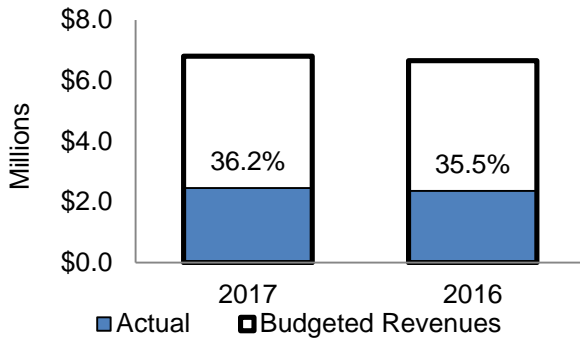


First Quarter Activity			
Year	Amount	% Change	
2011	\$4,850,692	↑ 10.1%	
2012	\$3,772,590	↓ -22.2%	
2013	\$4,440,992	↑ 17.7%	
2014	\$3,593,688	↓ -19.1%	
2015	\$3,546,624	↓ -1.3%	
2016	\$3,532,405	→ -0.4%	
2017	\$3,471,302	↓ -1.7%	

Source: Washington State Gambling Commission

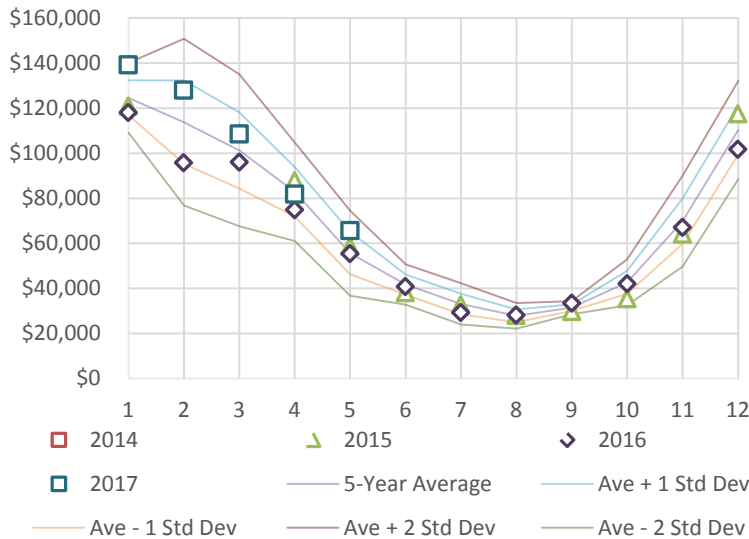
GENERAL FUND REVENUE ANALYSIS (continued):

UTILITY TAX AND FRANCHISE FEE



2017 Current Budget		\$6,805,409
2017 Second Quarter Actual Revenue		\$2,464,314
2017 % of Current Budget Received		36.2%
2016 Current Budget		\$6,660,037
2016 Second Quarter Actual Revenue		\$2,362,455
2016 % of Current Budget Received		35.5%
2017 v. 2016 \$ Change		\$101,859
2017 v. 2016 % Change	↑	4.3%

NATURAL GAS RECEIPTS BY MONTH



Overall Utility Tax and Franchise Fee receipts are more than the year-ago level by 4.3% but less than the year-to-date budget projection by 2.2%.

Natural gas tax receipts are 30.9% more than the year-ago level and reflect billings for the months of January through May.

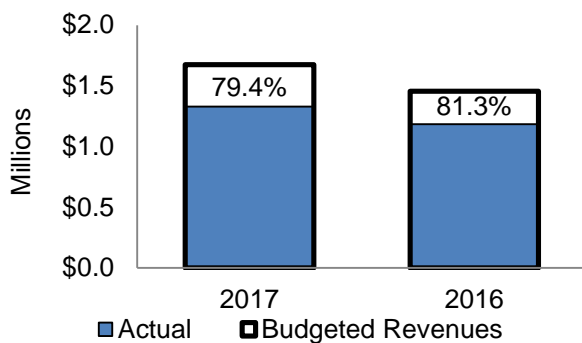
Telecommunications tax receipts are less than the year-ago level and budget projection by 9.5% and 10.7%, respectively.

It is important to note that activity through the second quarter presented in this report does not reflect second quarter payments for the garbage utility tax and water and cable franchise fees. Second quarter payments for these items are typically received in late July.

Revenue Source	2017 Current Budget	2017 Second Quarter Actual Revenue	2017 % of Current Budget Received	2016 Current Budget	2016 Second Quarter Actual Revenue	2016 % of Current Budget Received	2017 v. 2016 \$ Change	2017 v. 2016 % Change
Natural Gas	\$906,500	\$523,192	57.7%	\$906,500	\$399,692	44.1%	\$123,500 ↑	30.9%
Garbage	\$559,360	\$135,992	24.3%	\$548,880	\$138,577	25.2%	-\$2,585 ↓	-1.9%
Cable TV	\$1,960,150	\$628,369	32.1%	\$1,903,020	\$628,366	33.0%	\$3 →	0.0%
Telecommunications	\$1,421,640	\$379,442	26.7%	\$1,421,640	\$419,226	29.5%	-\$39,784 ↓	-9.5%
Storm Drainage	\$272,449	\$129,172	47.4%	\$240,275	\$131,949	54.9%	-\$2,777 ↓	-2.1%
Water	\$800,510	\$226,647	28.3%	\$780,700	\$216,145	27.7%	\$10,502 ↑	4.9%
Sewer	\$884,800	\$441,500	49.9%	\$859,022	\$428,500	49.9%	\$13,000 ↑	3.0%
Utility Tax & Franchise Fee Revenue Subtotal	\$6,805,409	\$2,464,314	36.2%	\$6,660,037	\$2,362,455	35.5%	\$101,859 ↑	4.3%

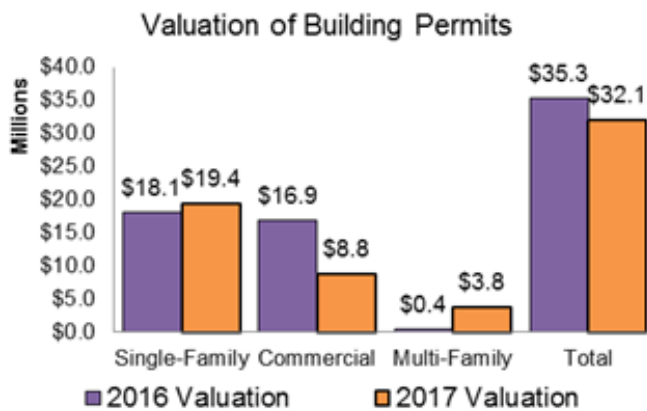
GENERAL FUND REVENUE ANALYSIS (continued):

DEVELOPMENT REVENUE



2017 Current Budget		\$1,673,778
2017 Second Quarter Actual Revenue		\$1,329,493
2017 % of Current Budget Received		79.4%
2016 Current Budget		\$1,456,000
2016 Second Quarter Actual Revenue		\$1,183,378
2016 % of Current Budget Received		81.3%
2017 v. 2016 \$ Change		\$146,115
2017 v. 2016 % Change	↑	12.3%

Development revenue receipts exhibit a year-over-year increase of \$146,115, or 12.3%, and are more than Planning & Community Development's projection by 96.3%.



Local development activity in 2017, in terms of the number of building permits pulled for new construction and remodels is equal to the level in 2016, with an increase in single family construction and a decrease in commercial resulting in an overall decrease in valuation from 2016.

In 2017, there have been 15 more permits issued for new single-family residences, with a value that is \$1.4 million more, as compared to the year-ago level. There have been 15 fewer permits issued for commercial / multi-family construction (new and remodels), with a value that is \$4.6 million less, than the year-ago level.

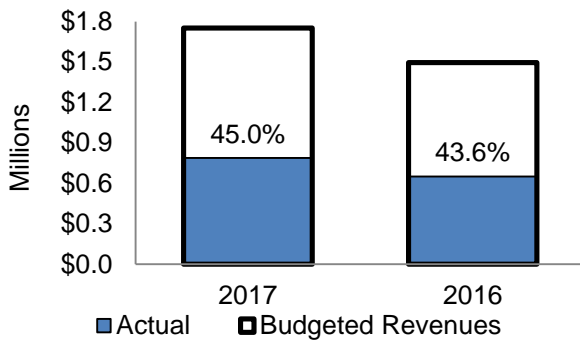
Valuation of 193 building permits for new construction and remodels totals \$32.1 million and is comprised of 60.6% residential and 39.4% commercial / multi-family valuation. In 2016, valuation of 193 permits totaled \$35.3 million and was comprised of 51.1% residential and 48.9% commercial / multi-family construction.

PERMITS BY TYPE

PERMIT TYPE	2014	2015	2016	2017	# Chg	% Chg	2008-2017
Building Permits / Plan Check	252	256	369	313	(56)	-15.2%	
Mechanical	252	245	315	316	1	0.3%	
Fire Systems	76	46	54	57	3	5.6%	
Land Use / SEPA Review	38	28	33	57	24	72.7%	
Plumbing	109	87	110	62	(48)	-43.6%	
Electrical	583	603	609	584	(25)	-4.1%	
Total	1,310	1,265	1,490	1,389	(101)	-6.8%	

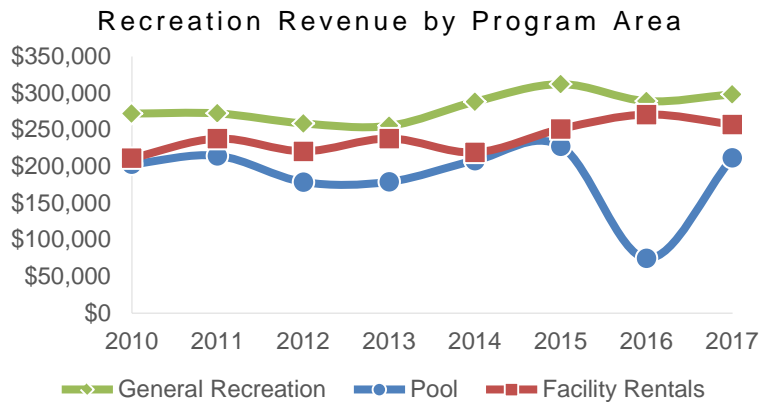
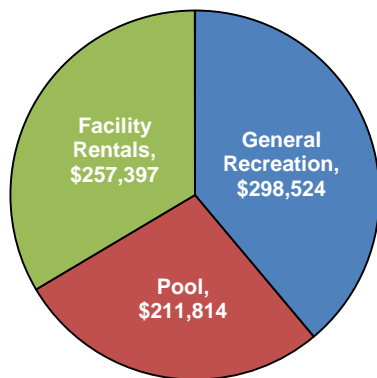
GENERAL FUND REVENUE ANALYSIS:

PARKS AND RECREATION REVENUE



2017 Current Budget		\$1,752,317
2017 Second Quarter Actual Revenue		\$787,834
2017 % of Current Budget Received		45.0%
2016 Current Budget		\$1,494,998
2016 Second Quarter Actual Revenue		\$651,225
2016 % of Current Budget Received		43.6%
2017 v. 2016 \$ Change		\$136,609
2017 v. 2016 % Change	↑	21.0%

Parks and Recreation revenue receipts are 21.0% more than the year-ago level. The year-over-year increase was anticipated and is attributable to the closure of the Shoreline Pool as major maintenance and improvements to extend its life were being performed in 2016.



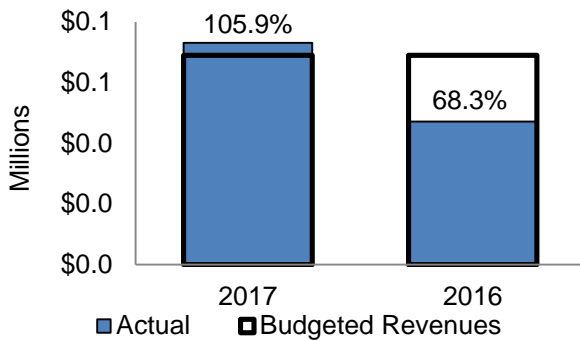
Recreation Revenue by Program Area*: January - June

Year	Gen Rec		Pool % of Total	Fac Rent		Total Revenue
	General Recreation*	% of Total		Facility Rentals	% of Total	
2010	\$272,218	39.6%	29.6%	\$211,343	30.8%	\$686,635
2011	\$272,341	37.6%	29.6%	\$238,018	32.8%	\$724,963
2012	\$258,745	39.3%	27.2%	\$220,772	33.5%	\$658,299
2013	\$255,506	38.0%	26.6%	\$238,188	35.4%	\$672,767
2014	\$288,416	40.3%	29.1%	\$219,223	30.6%	\$715,714
2015	\$312,340	39.5%	28.8%	\$251,266	31.8%	\$791,284
2016	\$289,211	45.6%	11.7%	\$270,910	42.7%	\$634,647
2017	\$298,524	38.9%	27.6%	\$257,397	33.5%	\$767,735

* Excludes non-program revenue such as cell tower rental fees and special event sponsorships.

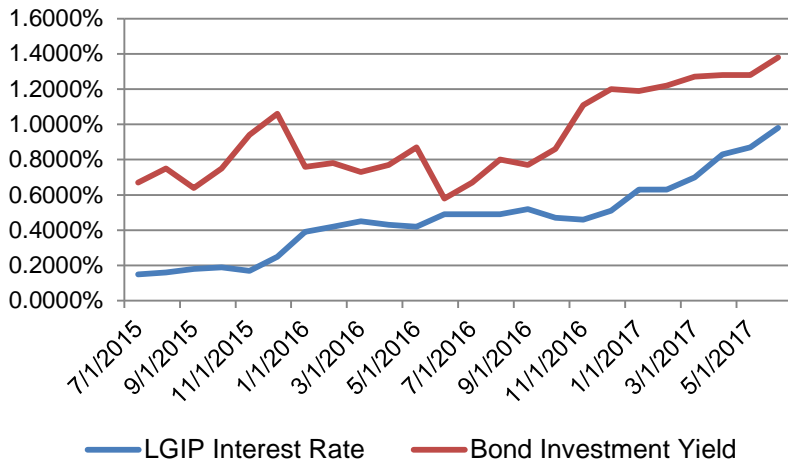
GENERAL FUND REVENUE ANALYSIS (continued):

INVESTMENT INCOME



2017 Current Budget		\$69,000
2017 Second Quarter Actual Revenue		\$73,093
2017 % of Current Budget Received		105.9%
2016 Current Budget		\$69,000
2016 Second Quarter Actual Revenue		\$47,126
2016 % of Current Budget Received		68.3%
2017 v. 2016 \$ Change		\$25,967
2017 v. 2016 % Change	↑	55.1%

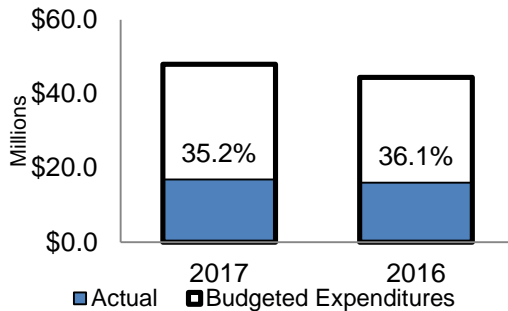
Investment earnings are more than the year-ago level by 55.1%. The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.



Month, Year	LGIP Interest Rate	Bond Investment Yield
Jul-15	0.1453%	0.6700%
Aug-15	0.1561%	0.7500%
Sep-15	0.1766%	0.6400%
Oct-15	0.1854%	0.7500%
Nov-15	0.1682%	0.9400%
Dec-15	0.2499%	1.0600%
Jan-16	0.3874%	0.7600%
Feb-16	0.4201%	0.7800%
Mar-16	0.4488%	0.7300%
Apr-16	0.4287%	0.7700%
May-16	0.4242%	0.8700%
Jun-16	0.4907%	0.5800%
Jul-16	0.4912%	0.6700%
Aug-16	0.4851%	0.8000%
Sep-16	0.5167%	0.7700%
Oct-16	0.4736%	0.8600%
Nov-16	0.4621%	1.1100%
Dec-16	0.5067%	1.2000%
Jan-17	0.6303%	1.1900%
Feb-17	0.6312%	1.2200%
Mar-17	0.7010%	1.2700%
Apr-17	0.8299%	1.2800%
May-17	0.8694%	1.2800%
Jun-17	0.9786%	1.3800%
24 Mo. Ave.	0.4691%	0.9304%

EXPENDITURE ANALYSIS:

GENERAL FUND EXPENDITURES



2017 Current Budget	\$48,016,220
2017 Second Quarter Actual Expenditures	\$16,898,956
2017 % of Current Budget Expended	35.2%
2016 Current Budget	\$44,441,147
2016 Second Quarter Actual Expenditures	\$16,059,798
2016 % of Current Budget Expended	36.1%
2017 v. 2016 \$ Change	\$839,158
2017 v. 2016 % Change	↑ 5.2%

Total expenditures including Transfers Out, representing expenditure of 35.2% of the Current Budget, are 5.2% more than the year-ago level. Departments spent \$16.206 million, or 37.8%, of the Current Budget excluding Transfers Out. This level of expenditures is 8.3% more than the year-ago level. Much of the year-over-year difference is attributable to the following:

- The Light Rail Stations program in the City Manager's Office Department did not exist in the first half of 2016, and
- Jail services costs in the Criminal Justice Department are 41.8% more than those for the same period of 2016 but less than they were for 2015 and 2014 by 2.2% and 20.8%, respectively. It seems, given increases in the total number of billed jail days as compared to the last three years, this year's trends seem to be more in line with the budget projection than years' past. The number of billed jail beds is 8.5% more than the year-to-date projection but jail days costs is slightly under the year-to-date budget projection (-0.4%). Thus far the City has used 3,984 jail beds total, or an average of 22.0 beds per day, at Yakima County Jail. Housing those inmates at Yakima rather than SCORE has saved the City approximately \$204,000.

The General Fund transferred \$0.693 million, or 13.6%, of its budgeted support to other funds. This level is \$0.407 million, or 37.0%, less than the year-ago level. In 2016 there was a \$0.445 million transfer to the City Facilities-Major Maintenance Fund for the Shoreline Pool Long-Term Maintenance Project.

Department	2017 Current Budget	2017 Second Quarter Actual Expenditures	2017 % of Current Budget Expended	2016 Current Budget	2016 Second Quarter Actual Expenditures	2016 % of Current Budget Expended	2017 v. 2016 \$ Change	2017 v. 2016 % Change
City Council	\$240,592	\$127,594	53.0%	\$231,968	\$114,915	49.5%	\$12,679	11.0%
City Manager's Office ¹	\$3,769,429	\$1,403,308	37.2%	\$2,381,654	\$1,130,321	47.5%	\$272,987	24.2%
City Attorney	\$825,590	\$371,417	45.0%	\$657,674	\$290,473	44.2%	\$80,944	27.9%
Community Services ²	\$1,637,107	\$734,938	44.9%	\$1,691,601	\$596,123	35.2%	\$138,816	23.3%
Administrative Services ³	\$5,799,316	\$2,024,744	34.9%	\$5,155,418	\$2,169,554	42.1%	-\$144,810	-6.7%
Citywide	\$2,344,510	\$715,777	30.5%	\$1,871,299	\$627,580	33.5%	\$88,197	14.1%
Human Resources	\$471,496	\$214,285	45.4%	\$454,488	\$208,103	45.8%	\$6,182	3.0%
Police	\$12,141,260	\$4,448,027	36.6%	\$11,951,743	\$4,513,616	37.8%	-\$65,588	-1.5%
Criminal Justice	\$3,068,384	\$919,658	30.0%	\$3,190,826	\$687,672	21.6%	\$231,986	33.7%
Parks	\$6,290,917	\$2,509,545	39.9%	\$5,748,895	\$2,216,488	38.6%	\$293,057	13.2%
Planning & Community Development	\$3,070,587	\$1,345,814	43.8%	\$3,058,266	\$1,211,135	39.6%	\$134,679	11.1%
Public Works	\$3,251,570	\$1,390,487	42.8%	\$3,162,949	\$1,193,853	37.7%	\$196,634	16.5%
Departmental Expenditures	\$42,910,758	\$16,205,596	37.8%	\$39,556,781	\$14,959,832	37.8%	\$1,245,764	8.3%
Operating Transfers Out	\$5,105,462	\$693,360	13.6%	\$4,884,366	\$1,099,967	22.5%	-\$406,606	-37.0%
Total Expenditures	\$48,016,220	\$16,898,956	35.2%	\$44,441,147	\$16,059,798	36.1%	\$839,158	5.2%

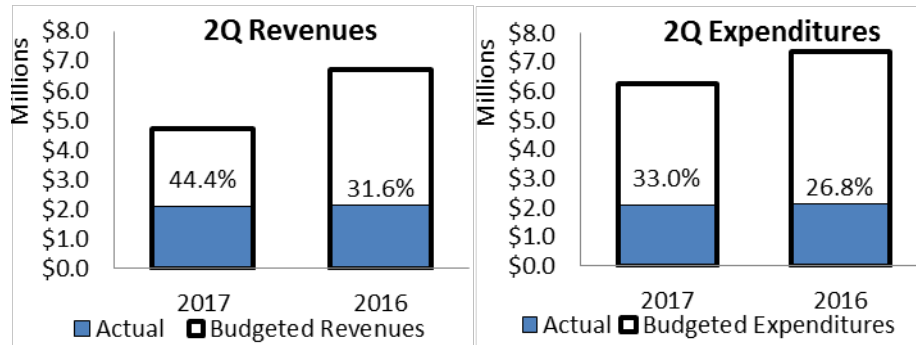
1. City Manager's Office includes City Clerk, Communications, Intergovernmental Relations, Economic Development, and Property Management.

2. Community Services includes Neighborhoods, Customer Response Team, Emergency Management Planning, and Human Services.

3. Administrative Services includes Finance, Budget, Purchasing, Information Systems, and Fleet & Facilities.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

SURFACE WATER UTILITY FUND



	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$1,544,629	N/A
2017 Budget	\$4,697,023	\$6,241,652
2017 Second Quarter Actual	\$2,085,418	\$2,058,607
2017 % of Current Budget *	44.4%	33.0%
2016 Current Budget	\$6,724,986	\$7,356,193
2016 Second Qtr Actual	\$2,125,715	\$1,969,530
2016 % of Current Budget *	31.6%	26.8%
2017 v. 2016 \$ Var.	-\$40,297	\$89,077
2017 v. 2016 % Var.	-1.9%	4.5%

The Surface Water Utility Fund (SWM) includes on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

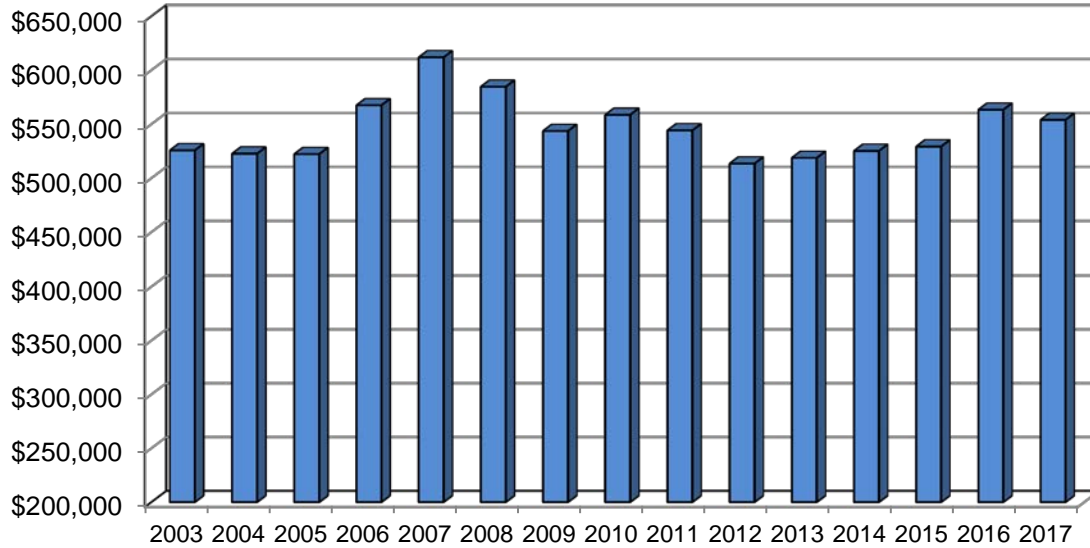
Receipts through June, in the amount of \$2,085,418, are \$40,297, or 1.9%, lower than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$2,069,213 and are \$42,460, or 2.0%, below the year-ago level. The decrease in fee revenue is due to the exemption of Shoreline School District's properties in 2017, which were not exempt in 2016.

Expenditures, including transfers out, through June totaled \$2,058,607 and are \$89,077, or 4.5%, more than the year-ago level. Capital projects are \$337,809, or 25.9%, less than the year-ago level. Capital expenditures differences between the current year and previous year are impacted by the timing of construction schedules. SWM Operations expenditures in 2017 total \$1,205,654, which is \$13,477, or 1.1% more than year-ago levels.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND FUEL TAX

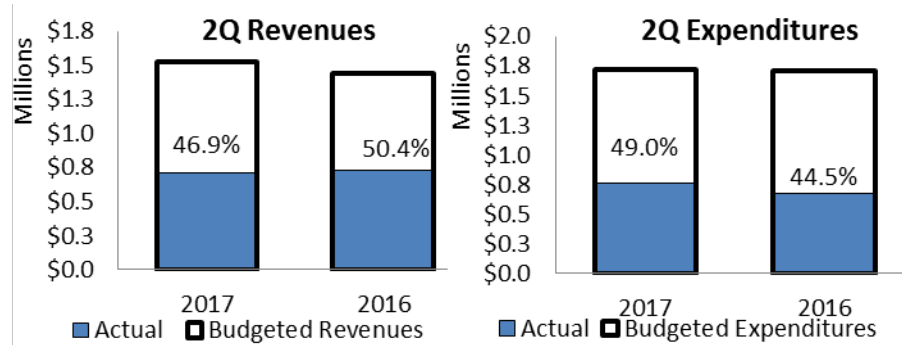
Fuel Tax Historical Second Quarter Comparison



The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. Fuel Tax revenue receipts through June totaled \$554,025 and are \$9,431, or 1.7%, lower than the year-ago level. According to Municipal Research and Services Center's (MRSC) 2018 Budget Suggestions, Washington has seen steady employment numbers but growth in personal income is trending slightly down. Due to these factors and more fuel efficient vehicles, the result is a reduction in overall fuel tax forecasts.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

STREET FUND



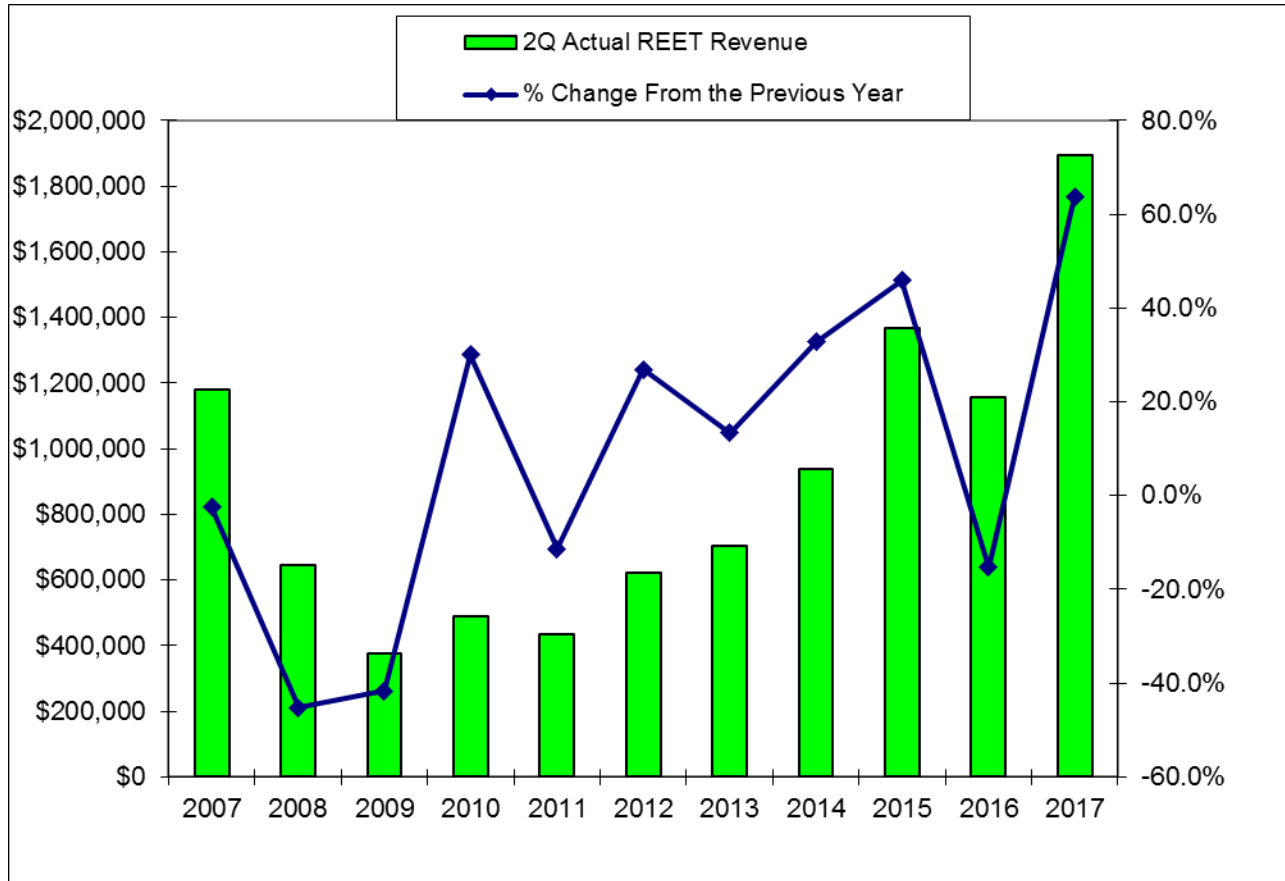
	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$200,260	N/A
2017 Budget	\$1,521,225	\$1,721,485
2017 2nd Quarter Actual	\$713,436	\$843,747
2017 % of Current Budget *	46.9%	49.0%
2016 Current Budget	\$1,442,468	\$1,713,773
2016 2nd Qtr Actual	\$727,542	\$762,708
2016 % of Current Budget *	50.4%	44.5%
2017 v. 2016 \$ Var.	-\$14,106	\$81,039
2017 v. 2016 % Var.	-1.9%	10.6%

Motor vehicle fuel tax revenue receipts for the second quarter of 2016 are \$554,025 and are \$9,431, or 1.7%, less than the year-ago level. Receipts, including transfers in, through June totaled \$713,436 and are \$14,106, or 1.9%, lower than the year-ago level.

Expenditures, including transfers out, through June totaled \$843,747 and are \$81,039, or 10.6%, more than the year-ago level. This is attributed to a higher expenditure in salary and benefits, which was planned for the beginning of the year and will subside throughout the year.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

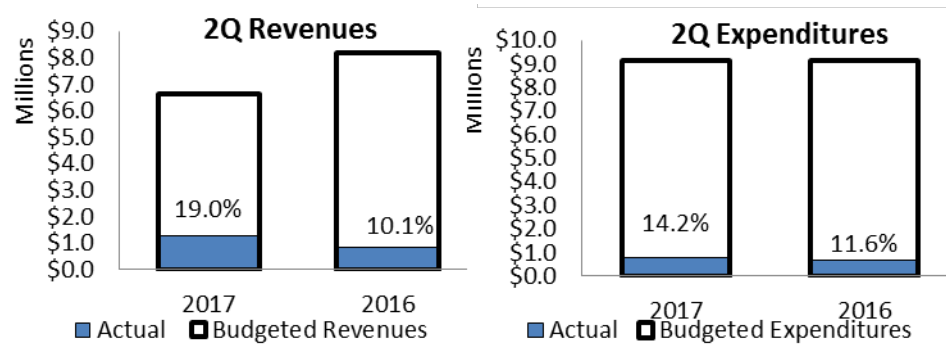
REAL ESTATE EXCISE TAX (REET)



Real Estate Excise Tax (REET) revenue receipts through June totaled \$1,895,699 and are \$738,079, or 63.8%, more than receipts for the same period in 2016. Receipts through June are ahead of expected 2017 budgeted amounts by \$770,757, or 68.5%.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

GENERAL CAPITAL FUND



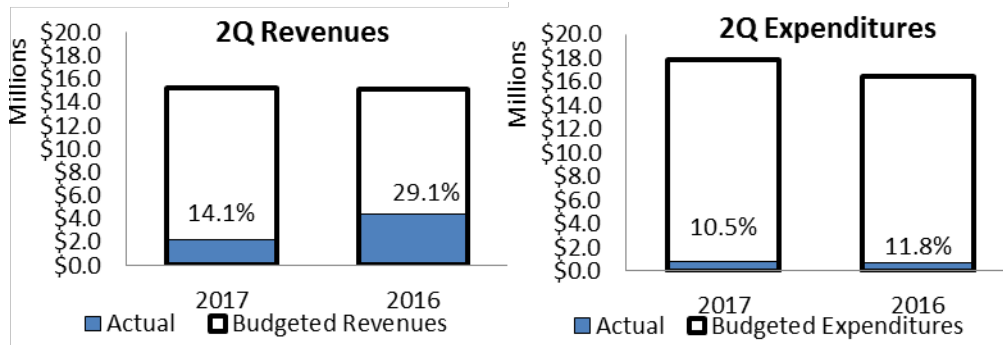
	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$2,532,527	N/A
2017 Budget	\$6,615,365	\$9,147,892
2017 2nd Quarter Actual	\$1,259,539	\$1,159,669
2017 % of Current Budget *	19.0%	12.7%
2016 Current Budget	\$8,167,893	\$9,141,524
2016 2nd Qtr Actual	\$826,107	\$1,059,298
2016 % of Current Budget *	10.1%	11.6%
2017 v. 2016 \$ Var.	\$433,432	\$100,371
2017 v. 2016 % Var.	52.5%	9.5%

Receipts through June, in the amount of \$1,259,539, are \$433,432, or 52.5%, higher than the year-ago level. The year-over-year change is mainly attributable to higher collections in REET, which accounts for \$369,040 of the 2016 comparable difference.

Expenditures through June, including transfers out, totaled \$1,159,669 and are \$100,371, or 9.5%, more than the same period in 2016. Capital expenditures differences between the current year and previous year, as well as compared to current budget, are impacted by the timing of construction schedules.

OTHER FUNDS REVENUE AND EXPENDITURE ANALYSIS:

ROADS CAPITAL FUND



	Revenue	Expenditure
2017 Budgeted Use of Fund Balance	\$2,606,630	N/A
2017 Budget	\$15,290,734	\$17,897,364
2017 2nd Quarter Actual	\$2,172,438	\$1,875,407
2017 % of Current Budget *	14.2%	10.5%
2016 Current Budget	\$15,082,587	\$16,474,476
2016 2nd Qtr Actual	\$4,396,436	\$1,937,788
2016 % of Current Budget *	29.1%	11.8%
2017 v. 2016 \$ Var.	-\$2,223,998	-\$62,381
2017 v. 2016 % Var.	-50.6%	-3.2%

Receipts through June, in the amount of \$2,172,438, are \$2,223,998, or 50.6%, lower than the year-ago level. This reduction is mainly due to a reduction in revenue related to the completed Aurora Avenue project.

Through the first six months of 2017, TBD vehicle license fees totaled \$343,246, which is \$2,359, or 0.7%, less than collections over the same period in 2016.

Expenditures through June, in the amount of \$1,875,407, are \$62,381, or 3.2%, lower than the year-ago level. Expenditures are impacted by the timing of construction schedules. Activity in Roads Capital Fund projects typically increase in the third quarter of the year. Related expenditures will be reflected in the 2017 Third Quarter Financial Report.

2017 Second Quarter INVESTMENT REPORT**June 30, 2017**

The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of June 30, 2017, the City's investment portfolio, excluding the State Investment Pool and deposits in OpusBank, had a current weighted average rate of return of 1.2698%. This is better than the State Investment Pool's current rate of return of 0.9786%. In an effort to get better return than the State Investment Pool, the City has opened interest earning checking accounts with OpusBank. As of June 30, the City held one account with \$10M deposit and no withdraw restrictions that earns 1.0499% return, and a second account with \$2M deposit and one year commitment earning 1.0499% return. Staff regularly monitors the City's short term investments, cash flow needs, and market conditions to maximize the City's investments and maintain appropriate liquidity. Total investment interest earnings through June were \$141,729 which is about 64% of total budgeted 2017 investment earnings of \$221,213.

As of June 30, 2017, the City's investment portfolio had a fair value of nearly \$38.12 million. Approximately 32% of the investment portfolio was held in U.S. government instrumentality securities, and 36% was held in the Washington State Investment Pool, and 32% was held in OpusBank. The City's investment portfolio valued at cost as of June 30, 2017, was slightly over \$38.13 million. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day that the market value is stated. This would only be done if the City needed to generate cash. The City holds all of its investments until the scheduled maturity date, and therefore when the investments mature the principal market value should equal the cost of the investment. The City also holds sufficient investments within the State Pool and OpusBank to allow for immediate cash liquidation if needed. Investments within the State Pool and \$10M in OpusBank can be liquidated on any given day with no penalty.

INVESTMENT REPORT - continued:**LGIP Cash and Investment Balances June 30, 2017**

Instrument Type	CUSPID #	Broker	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/Loss	Market Value 6/30/2017
FHLMC 1.25	313379DT3	PiperJaffray	06/21/17	06/08/18	5,205,000	5,204,480	1.2600%	-697	5,203,782
FICO STRIP PRIN SER D-P	31771KAH0	Time Value Investment	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	19,526	1,475,913
FFCB 1.09	3133EFFL6	Time Value Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	-2,049	497,952
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.3750%	1,018	1,000,018
FNMA 1.250	3136G3EA9	Financial Northwestern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	-4,897	994,603
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	-17,588	1,982,412
FHLMC 1.0	3134GBEB4	1st Empire	03/31/17	03/27/20	1,000,000	999,700	1.7000%	-1,895	997,805
Sub Total - Investments					\$12,205,000	\$12,159,067		-\$6,582	\$12,152,485
OpusBank 3285						2,057,057	1.0499%		2,057,057
OpusBank Interest Checking 6272						10,095,754	1.0499%		10,095,754
State Investment Pool						13,819,358	0.9786%		13,819,358
Sub Total - State Investment Pool and Opus Bank Interest Checking						25,972,169			25,972,169
Total LGIP + Opus Bank Interest Checking + Investments						\$38,131,236		-\$6,582	\$38,124,654

Current Average Maturity Excluding the State Investment Pool (days)	527
Current Weighted Average Yield to Maturity Excluding the State Pool	1.2698%
Current Yield to Maturity State Investment Pool	0.9786%
Basis Points in Excess (Below Benchmark)	29

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
FFCB	3.9%	1,497,970	1,499,000	Alamo Capital	2.6%	999,000
FHLB	0.0%	0	0	Financial Northwestern	16.3%	6,203,980
FHLMC	16.3%	6,201,587	6,204,180	1st Empire	2.6%	999,700
FNMA	7.8%	2,977,015	2,999,500	Time Value Investment	5.1%	1,956,388
FICO STRIP PRIN SER D-P	3.9%	1,475,913	1,456,388	PiperJaffray	5.2%	2,000,000
OpusBank Interest Checking	31.9%	12,152,811	12,152,811	OpusBank Interest Checking	31.9%	12,152,811
State Investment Pool	36.2%	13,819,358	13,819,358	State Investment Pool	36.2%	13,819,358
Total LGIP + Investments	100%	\$38,124,654	\$38,131,236	Total Investments	100%	\$38,131,236

Investments by Fund

	Investments at Cost as of 6/30/2017	LGIP State Investment Pool + Opus Bank Interest Checking as of 6/30/2017	Total LGIP + OpusBank Interest Checking + Investments at Cost by Fund as of 6/30/2017	Unrecognized Gain/Loss as of 6/30/2017	Total Market Value of Investments by Fund as of 6/30/2017	Investment Earnings Budget 2017	Investment Earnings Actual 2017	Over/Under Budget
001 General	4,906,158	10,593,841	15,499,999	-2,791	15,497,207	69,000	73,093	4,093
101 Street	230,291	676,196	906,487	200	906,687	2,500	4,403	1,903
107 Code Abatement	27,255	296,176	323,431	-4	323,427	550	1,100	550
108 Asset Seizure	48,267	154,210	202,477	-6	202,470	0	783	783
109 Public Arts	31,997	281,014	313,011	-4	313,007	0	1,094	1,094
112 Fed Drug Enforcement	60,303	238,473	298,776	-8	298,768	200	1,162	962
115 Property Tax Equalization	0	4,315	4,315	0	4,315	0	1,148	1,148
116 Fed Crim Forfeit	580,726	132,680	713,406	-78	713,328	1,500	3,160	1,660
117 Transportation Impact Mitigation	47,063	1,111,947	1,159,010	-6	1,159,003	0	4,696	4,696
190 Revenue Stabilization	4,150,194	451,161	4,601,355	0	4,601,355	0	0	0
301 General Capital	368,817	2,064,573	2,433,390	-49	2,433,340	35,987	10,326	-25,661
312 City Fac-Mjr Maint	0	83,519	83,519	0	83,519	12	243	231
330 Roads Capital	212,088	4,711,514	4,923,602	-28	4,923,574	61,690	17,195	-44,495
330 Transportation Benefit District	0	693,778	693,778	0	693,778	0	2,389	2,389
401 Surface Water Utility Fund	140,829	2,852,797	2,993,626	-19	2,993,607	41,774	9,968	-31,806
501 Vehicle Oper/Maint	73,047	379,063	452,110	-10	452,101	0	1,464	1,464
503 Equip Dep Replace	1,266,742	1,191,587	2,458,329	-3,776	2,454,554	8,000	9,235	1,235
505 Unemployment	15,290	55,325	70,616	-2	70,614	0	272	272
Total Investments	\$12,159,067	\$25,972,169	\$38,131,236	-\$6,582	\$38,124,654	\$221,213	\$141,729	-\$79,484

10 YEAR FINANCIAL SUSTAINABILITY MODEL

Attachment B

OPERATING BUDGET
TEN YEAR FORECAST

	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast	2022 Forecast
Baseline Model:					
Beginning Operating Funds Fund Balance	\$11,653,876	\$11,113,270	\$11,286,677	\$11,090,158	\$10,566,172
Baseline Revenues:					
Taxes					
Property	12,759,858	13,112,277	13,455,727	13,802,778	14,157,267
Sales and Use	9,998,734	10,469,197	10,844,259	11,229,740	11,614,690
Gambling	1,587,425	1,587,425	1,587,425	1,587,425	1,587,425
Utility	4,064,894	4,151,551	4,240,158	4,325,127	4,411,395
Other	7,200	7,200	7,200	7,200	7,200
Franchise/Utility Contract Payments	4,886,800	4,990,836	5,097,034	5,199,528	5,303,479
Licenses and Permits	3,193,303	2,014,982	1,942,304	1,914,885	1,923,911
Intergovernmental	3,854,234	3,161,938	3,164,161	3,230,528	3,298,455
Charges for Services	1,579,349	1,639,541	1,671,126	1,700,873	1,730,858
Fines and Forfeitures	404,000	404,000	404,000	404,000	404,000
Interest Income	73,100	145,094	152,031	147,315	134,739
Miscellaneous Revenues	804,038	810,752	817,584	824,018	830,504
Total Baseline Revenue	43,212,935	42,494,794	43,383,010	44,373,417	45,403,924
Baseline Operating Expenditures:					
Salaries & Benefits	17,333,370	17,772,911	18,350,421	18,940,846	19,252,140
Supplies	835,818	825,254	825,254	825,254	825,254
Services & Charges	8,306,896	6,816,721	7,053,128	7,249,913	7,548,693
Intergovernmental	15,324,737	15,642,851	16,090,226	16,554,160	17,034,150
Interfund	605,902	613,285	620,833	627,975	635,206
Budgeted Contingency	1,148,338	25,000	25,000	25,000	25,000
Capital Outlay	13,650	-	-	-	-
Total Baseline Operating Expenditures	43,568,711	41,696,022	42,964,862	44,223,147	45,320,444
Baseline Revenue Over (Under) Expenditures	(355,776)	798,772	418,148	150,269	83,481
Baseline Other Financing Sources (Uses):					
Operating Transfers In	2,580,142	1,509,457	1,524,032	1,537,926	1,539,900
Transfers Out	3,858,310	2,134,822	2,138,699	2,212,181	2,287,398
Gain / (Use) of Operating Funds Fund Balance	(1,633,944)	173,407	(196,519)	(523,986)	(664,017)
Baseline Ending Operating Funds Fund Balance	\$10,019,932	\$11,286,677	\$11,090,158	\$10,566,172	\$9,902,155
Required Operating Funds Fund Balance	\$4,348,045	\$4,338,803	\$4,361,848	\$4,387,065	\$4,413,210
Over (Under) Required Operating Funds Fund Balance	\$5,671,887	\$6,947,875	\$6,728,310	\$6,179,107	\$5,488,945
10 YFSM:					
Beginning Operating Funds Fund Balance	\$11,653,876	\$11,113,270	\$11,286,677	\$11,090,158	\$10,566,172
Total 10YFSM Revenues & Transfers In	45,793,077	44,004,251	45,356,113	46,370,456	47,413,263
Total 10YFSM Operating Expenditures & Transfers Out	47,427,021	43,830,844	44,201,490	45,506,622	46,655,684
Gain / (Use) of Operating Funds Fund Balance	(1,633,944)	173,407	1,154,622	863,834	757,578
10YFSM Ending Operating Funds Fund Balance	\$10,019,932	\$11,286,677	\$12,441,300	\$11,953,992	\$11,323,750
Required Operating Funds Fund Balance	\$4,348,045	\$4,338,803	\$4,361,848	\$4,387,065	\$4,413,210
Over (Under) Required Operating Funds Fund Balance	\$5,671,887	\$6,947,875	\$8,079,452	\$7,566,927	\$6,910,540

Assumptions:

Inflation	2.45%	2.41%	2.41%	2.23%	2.20%
Annual Revenue Growth	3.60%	-1.66%	2.09%	2.28%	2.32%
Annual Regular Levy Assessed Value Change	10.34%	7.84%	1.87%	3.00%	3.37%
Annual Sales & Use Tax Change	3.20%	3.06%	2.96%	3.33%	3.23%
General Fees & Licenses Increases	1.96%	1.93%	1.93%	1.78%	1.76%
Investment Interest Rate	1.78%	2.38%	2.40%	2.40%	2.40%
Building Permit Charge	-8.56%	-6.24%	-5.10%	-2.24%	0.27%
Revenue Collection (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue Collection (10YFSM)	100.00%	100.00%	101.00%	101.00%	101.00%
PERS Employer Contribution Rate	12.70%	12.92%	12.92%	12.92%	12.92%
Health Benefit Escalator	4.52%	6.50%	6.50%	6.50%	6.50%
Regular Salary Escalator	3.70%	3.17%	3.17%	2.80%	2.78%
Police Contract Escalator	3.50%	3.50%	3.50%	3.50%	3.50%
Expenditure Percentage (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Expenditure Percentage (10YFSM)	100.00%	100.00%	98.00%	98.00%	98.00%
Annual Expenditure Growth	-0.20%	-4.30%	3.04%	2.93%	2.48%
Contribution to / (Refund From) Revenue Stabilization Fund	\$0	\$0	\$0	\$69,665	\$143,164
New Maintenance Costs for Completed Capital Projects	TBD	TBD	TBD	TBD	TBD

10 YEAR FINANCIAL SUSTAINABILITY MODEL

Attachment B

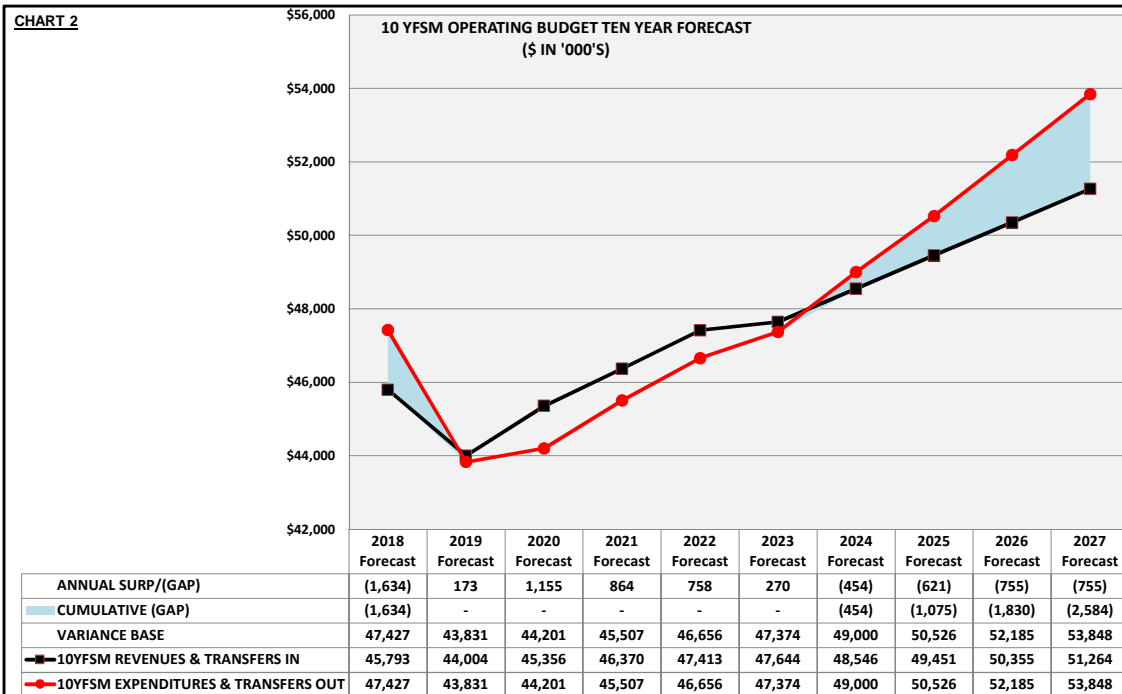
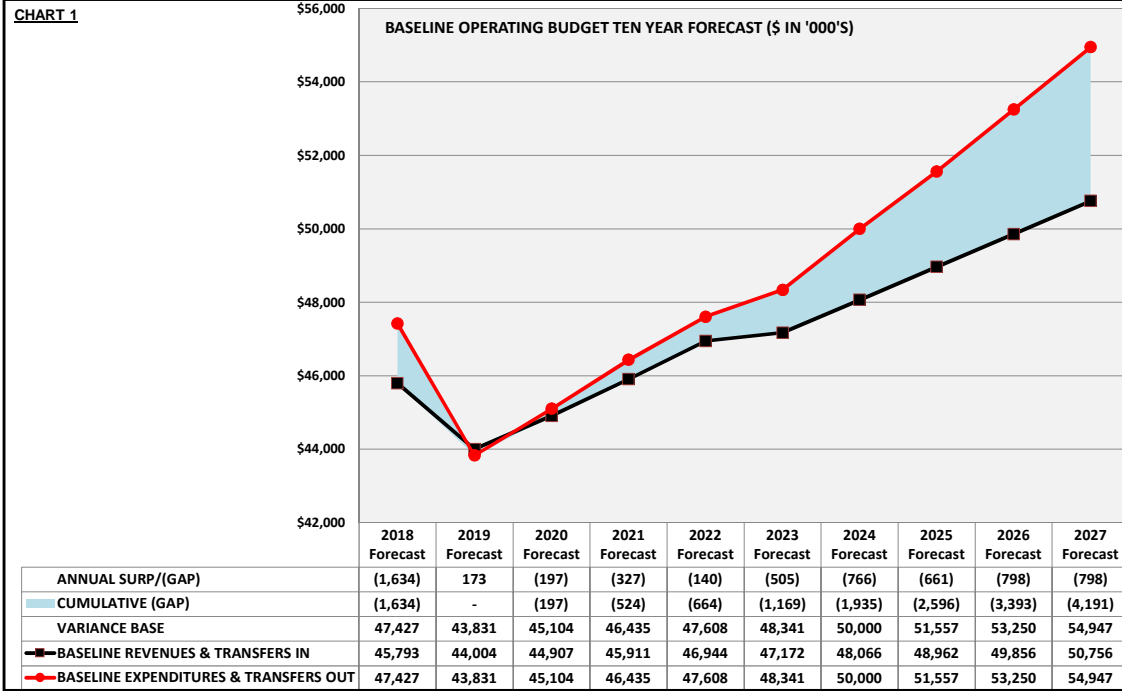
OPERATING BUDGET
TEN YEAR FORECAST

		2023	2024	2025	2026	2027
		Forecast	Forecast	Forecast	Forecast	Forecast
Baseline Model	Baseline Model:					
	Beginning Operating Funds Fund Balance	\$9,902,155	\$8,733,583	\$6,799,052	\$4,203,467	\$810,281
	Baseline Revenues:					
	Taxes					
	Property	14,352,374	14,549,638	14,749,555	14,949,148	15,147,281
	Sales and Use	12,025,463	12,452,745	12,893,162	13,349,235	13,820,782
	Gambling	1,587,425	1,587,425	1,587,425	1,587,425	1,587,425
	Utility	4,500,601	4,596,150	4,694,591	4,795,960	4,900,081
	Other	7,200	7,200	7,200	7,200	7,200
	Franchise/Utility Contract Payments	5,410,590	5,524,416	5,641,325	5,761,340	5,884,258
	Licenses and Permits	1,918,106	1,888,900	1,859,870	1,818,934	1,778,418
	Intergovernmental	2,716,547	2,767,358	2,819,411	2,872,723	2,927,268
	Charges for Services	1,761,759	1,795,003	1,829,111	1,864,079	1,899,814
	Fines and Forfeitures	404,000	404,000	404,000	404,000	404,000
	Interest Income	118,803	90,757	44,328	(17,966)	(99,402)
	Miscellaneous Revenues	837,188	844,379	851,756	859,320	867,050
	Total Baseline Revenue	45,640,056	46,507,972	47,381,735	48,251,398	49,124,175
	Baseline Operating Expenditures:					
	Salaries & Benefits	19,209,617	19,996,977	20,721,548	21,481,472	22,277,774
	Supplies	843,254	825,254	825,254	825,254	825,254
	Services & Charges	7,816,557	8,166,255	8,442,642	8,794,730	9,096,427
	Intergovernmental	17,531,101	18,046,324	18,582,233	19,137,080	19,711,475
	Interfund	642,691	650,778	659,113	667,698	676,514
	Budgeted Contingency	25,000	25,000	25,000	25,000	25,000
Capital Outlay	-	-	-	-	-	
Total Baseline Operating Expenditures	46,068,220	47,710,588	49,255,790	50,931,235	52,612,444	
Baseline Revenue Over (Under) Expenditures	(428,163)	(1,202,616)	(1,874,056)	(2,679,837)	(3,488,269)	
Baseline Other Financing Sources (Uses):						
Operating Transfers In	1,532,411	1,557,768	1,580,098	1,604,920	1,631,833	
Transfers Out	2,272,819	2,289,683	2,301,627	2,318,269	2,334,468	
Gain / (Use) of Operating Funds Fund Balance	(1,168,572)	(1,934,531)	(2,595,584)	(3,393,187)	(4,190,904)	
Baseline Ending Operating Funds Fund Balance	\$8,733,583	\$6,799,052	\$4,203,467	\$810,281	(\$3,380,623)	
Required Operating Funds Fund Balance	\$4,423,595	\$4,446,752	\$4,470,168	\$4,493,647	\$4,517,337	
Over (Under) Required Operating Funds Fund Balance	\$4,309,988	\$2,352,300	(\$266,701)	(\$3,683,366)	(\$7,897,960)	
10 YFSM	10 YFSM:					
	Beginning Operating Funds Fund Balance	\$9,902,155	\$8,733,583	\$6,799,052	\$4,203,467	\$810,281
	Total 10YFSM Revenues & Transfers In	47,644,192	48,546,397	49,451,451	50,354,880	51,263,568
	Total 10YFSM Operating Expenditures & Transfers Out	47,374,218	49,000,265	50,526,269	52,184,514	53,847,974
	Gain / (Use) of Operating Funds Fund Balance	269,973	(453,868)	(1,074,818)	(1,829,633)	(2,584,406)
	10YFSM Ending Operating Funds Fund Balance	\$10,172,128	\$8,279,715	\$5,724,234	\$2,373,834	(\$1,774,125)
	Required Operating Funds Fund Balance	\$4,423,595	\$4,446,752	\$4,470,168	\$4,493,647	\$4,517,337
Over (Under) Required Operating Funds Fund Balance	\$5,748,533	\$3,832,963	\$1,254,066	(\$2,119,813)	(\$6,291,462)	

Assumptions:

Inflation	2.23%	2.36%	2.38%	2.39%	2.40%
Annual Revenue Growth	0.52%	1.90%	1.88%	1.84%	1.81%
Annual Regular Levy Assessed Value Change	3.82%	4.04%	3.98%	3.98%	3.80%
Annual Sales & Use Tax Change	3.43%	3.48%	3.48%	3.50%	3.51%
General Fees & Licenses Increases	1.79%	1.89%	1.90%	1.91%	1.92%
Investment Interest Rate	2.40%	2.40%	2.40%	2.40%	2.40%
Building Permit Charge	-0.78%	-2.47%	-2.54%	-3.50%	-3.60%
Revenue Collection (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue Collection (10YFSM)	101.00%	101.00%	101.00%	101.00%	101.00%
PERS Employer Contribution Rate	12.92%	12.92%	12.92%	12.92%	12.92%
Health Benefit Escalator	6.50%	6.50%	6.50%	6.50%	6.50%
Regular Salary Escalator	2.81%	2.92%	2.94%	2.95%	2.96%
Police Contract Escalator	3.50%	3.50%	3.50%	3.50%	3.50%
Expenditure Percentage (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Expenditure Percentage (10YFSM)	98.00%	98.00%	98.00%	98.00%	98.00%
Annual Expenditure Growth	1.65%	3.57%	3.24%	3.40%	3.30%
Contribution to / (Refund From) Revenue Stabilization Fund	\$146,709	\$144,632	\$146,209	\$145,356	\$147,493
New Maintenance Costs for Completed Capital Projects	TBD	TBD	TBD	TBD	TBD

**10 YEAR FINANCIAL SUSTAINABILITY MODEL
OPERATING BUDGET
TEN YEAR FORECAST**



City of Shoreline 2018 - 2023 Capital Improvement Plan
 Program Summary
 General Capital Fund

	PRIOR-YRS	2017CB	2017E	2018E	2019E	2020E	2021E	2022E	2023E	6-YEAR TOTAL	TOTAL PROJECT
PROJECT EXPENDITURES											
<u>PARKS MAINTENANCE PROJECTS</u>											
BOEING CREEK-SHOREVIEW PARK TRAIL R&R	-	-	-	-	250,000	1,642,000	-	-	-	1,892,000	1,892,000
KING COUNTY, TRAILS AND OPEN SPACE REPLACEMENT LEVY	71,099	67,028	33,038	85,000	-	-	-	-	-	85,000	189,137
KRUCKEBERG ENV ED CENTER (RESIDENCE STABILIZATION)	-	-	-	-	265,000	-	-	-	-	265,000	265,000
PARK ECOLOGICAL RESTORATION PROGRAM	34,487	60,000	50,000	80,000	80,000	-	-	-	-	160,000	244,487
PARKS REPAIR AND REPLACEMENT	2,226,859	290,600	396,600	238,597	250,528	263,054	265,816	275,000	275,000	1,567,995	4,191,454
RICHMOND BEACH COMMUNITY PARK WALL REPAIR	-	-	-	-	-	-	25,000	-	1,129,000	1,154,000	1,154,000
RB SALTWATER PARK FIRE SUPPRESSION LINE	-	-	-	-	-	-	25,000	-	466,000	491,000	491,000
TURF & LIGHTING REPAIR AND REPLACEMENT	153,764	1,743,736	1,436,145	1,700,000	-	1,200,000	-	-	-	2,900,000	4,489,909
<u>FACILITIES PROJECTS</u>											
CITY MAINTENANCE FACILITY	3,268,825	329,924	329,260	263,000	-	-	-	-	-	263,000	3,861,085
POLICE STATION AT CITY HALL	1,996,777	5,549,848	5,110,938	1,711,713	-	-	-	-	-	1,711,713	8,819,428
<u>PARKS DEVELOPMENT PROJECTS</u>											
OUTDOOR MULTI-USE SPORT COURT	-	-	-	75,000	-	-	-	-	-	75,000	75,000
PARKS FACILITIES RECREATION AMENITIES PLAN	-	125,000	25,000	125,000	125,000	-	-	-	-	250,000	275,000
PROS PLAN IMPLEMENTATION	-	-	-	118,311	-	-	-	-	-	118,311	118,311
<u>PROJECTS TO BE COMPLETED IN CURRENT YEAR (2017)</u>											
PARKS, RECREATION AND OPEN SPACE UPDATE	61,680	68,320	10,000	-	-	-	-	-	-	-	71,680
POOL & RECREATION FACILITY MASTER PLANNING	96,292	18,708	8,717	-	-	-	-	-	-	-	105,009
REGIONAL TRAIL SIGNAGE	79,067	80,000	57,993	-	-	-	-	-	-	-	137,060
<u>NON-PROJECT SPECIFIC</u>											
GENERAL CAPITAL ENGINEERING	740,103	105,000	105,000	105,000	85,000	85,000	85,000	85,000	85,000	530,000	1,375,103
COST ALLOCATION CHARGES	-	45,782	45,782	23,501	30,000	30,000	30,000	30,000	30,000	173,501	219,283
CITY HALL DEBT SERVICE PAYMENT	-	663,946	663,946	662,546	677,546	663,250	683,250	663,782	663,782	4,014,156	4,678,102
TOTAL EXPENDITURES	8,728,952	9,147,892	8,272,419	5,187,668	1,763,074	3,883,304	1,114,066	1,053,782	2,648,782	15,650,676	32,652,047
REVENUES											
REAL ESTATE EXCISE TAX	-	1,195,965	1,693,142	1,368,768	1,449,263	1,529,005	1,609,641	1,692,370	1,779,363	9,428,410	
SOCCER FIELD RENTAL CONTRIBUTION	-	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	780,000	
INVESTMENT INTEREST	-	35,987	46,197	35,987	1,603	11,506	49	12,052	27,467	88,664	
SALE OF CURRENT POLICE STATION	-	1,800,000	2,100,000	-	-	-	-	-	-	-	
FUTURE FUNDING	-	-	-	-	265,000	1,642,000	-	-	-	1,907,000	
GENERAL FUND CONTRIBUTION	-	1,832,796	832,796	1,521,505	50,000	50,000	50,000	50,000	50,000	1,771,505	
PARK IMPACT FEES	-	-	-	50,000	125,000	-	-	-	-	175,000	
KC TRAIL LEVY FUNDING RENEWAL	-	110,000	120,000	120,000	120,000	-	-	-	-	240,000	
KING CONSERVATION DISTRICT GRANT	-	20,000	54,138	45,000	45,000	-	-	-	-	90,000	
RECREATION & CONSERVATION OFFICE	-	250,000	250,000	-	-	-	-	-	-	-	
REMEDIATION MITIGATION CLAIMS	-	-	154,000	-	-	-	-	-	-	-	
STATE AND FEDERAL DRUG FORFEITURE FUND	-	437,397	837,294	-	-	-	-	-	-	-	
TREASURY SEIZURE FUND	-	603,220	838,818	-	-	-	-	-	-	-	
TREASURY SEIZURE FUND - POTENTIAL	-	200,000	200,000	-	-	-	-	-	-	-	
YOUTH & AMATEUR SPORTS GRANT	-	-	-	25,000	-	-	-	-	-	25,000	
TOTAL REVENUES		6,615,365	7,256,385	3,296,260	2,185,866	3,362,511	1,789,690	1,884,422	1,986,830	14,505,579	
BEGINNING FUND BALANCE											
TOTAL REVENUES			3,007,656	1,991,622	100,214	523,006	2,214	547,837	1,248,478	1,991,622	
RESTRICTED AMOUNT FOR TURF REPLACEMENT			7,256,385	3,296,260	2,185,866	3,362,511	1,789,690	1,884,422	1,986,830	14,505,579	
TOTAL EXPENDITURES			-	-	-	-	130,000	130,000	130,000	390,000	
ENDING FUND BALANCE	3,007,656		1,991,622	100,214	523,006	2,214	547,837	1,248,478	456,525	456,525	
IMPACT ON OPERATING BUDGET			-	2,000	2,000	2,000	2,000	2,000	2,000		

City of Shoreline 2018 - 2023 Capital Improvement Plan
 Program Summary
 City Facility Major Maintenance Fund

	PRIOR-YRS	2017CB	2017E	2018E	2019E	2020E	2021E	2022E	2023E	6-YEAR TOTAL	TOTAL PROJECT
PROJECT EXPENDITURES											
<i>GENERAL FACILITIES</i>											
CITY HALL LONG-TERM MAINTENANCE	-	32,000	32,000	10,000	77,904	84,182	68,400	40,000	-	280,486	312,486
CITY HALL PARKING GARAGE LONG-TERM MAINTENANCE	119,349	-	-	-	16,128	-	-	-	-	16,128	135,477
DUCT CLEANING	-	10,000	10,000	33,900	10,000	13,350	10,000	13,350	10,000	90,600	100,600
<i>PARKS FACILITIES</i>											
PARKS RESTROOMS LONG-TERM MAINTENANCE	-	19,000	26,884	-	-	-	25,632	10,682	-	36,314	63,198
SHORELINE POOL LONG-TERM MAINTENANCE	1,130,171	20,000	20,047	20,000	20,000	20,000	20,000	20,000	20,000	120,000	1,270,218
RICHMOND HIGHLANDS COMMUNITY CENTER LONG-TERM MAINTENANCE	251,722	15,000	15,000	80,313	-	2,000	-	40,000	-	122,313	389,035
SPARTAN RECREATION CENTER	15,563	-	-	9,000	-	4,500	-	-	-	13,500	29,063
TOTAL EXPENDITURES	1,516,805	96,000	103,931	153,213	124,032	124,032	124,032	124,032	30,000	679,341	2,300,077
REVENUES											
GENERAL FUND OPERATING TRANSFER		124,032	124,032	124,032	124,032	124,032	124,032	124,032	124,032	744,192	
INVESTMENT INTEREST		12	12	883	1,314	1,835	1,875	1,917	1,959	9,783	
TOTAL REVENUES		124,044	124,044	124,915	125,346	125,867	125,907	125,949	125,991	753,975	
BEGINNING FUND BALANCE											
TOTAL REVENUES			90,285	110,398	82,100	83,414	85,249	87,124	89,041	110,398	
TOTAL EXPENDITURES			124,044	124,915	125,346	125,867	125,907	125,949	125,991	753,975	
ENDING FUND BALANCE	90,285		110,398	82,100	83,414	85,249	87,124	89,041	185,032	185,032	
IMPACT ON OPERATING BUDGET			-	-	-	-	-	-	-		

City of Shoreline 2018 - 2023 Capital Improvement Plan
 Program Summary
 Roads Capital Fund

	PRIOR-YRS	2017CB	2017E	2018E	2019E	2020E	2021E	2022E	2023E	6-YEAR TOTAL	TOTAL PROJECT
PROJECT EXPENDITURES											
<u>REPAIR AND REPLACEMENT</u>											
Pedestrian / Non-Motorized Projects											
TRAFFIC SAFETY IMPROVEMENTS	1,721,696	193,828	193,452	160,775	163,814	167,005	175,355	184,123	193,329	1,044,401	2,959,550
System Preservation Projects											
ANNUAL ROAD SURFACE MAINTENANCE PROGRAM	13,205,047	2,673,964	2,592,145	2,300,000	1,120,000	2,100,000	1,120,000	2,100,000	1,350,000	10,090,000	25,887,192
AURORA MEDIAN RETROFITS	-	-	-	-	-	175,000	-	-	-	175,000	175,000
CURB RAMP, GUTTER AND SIDEWALK MAINTENANCE PROGRAM	2,277,297	331,817	190,000	190,000	190,000	200,000	200,000	200,000	200,000	1,180,000	3,647,297
COMPLETE STREETS- PED/BIKE GAPS	-	-	250,000	-	-	-	-	-	-	-	250,000
MERIDIAN AVE N & N 155TH ST SIGNAL IMPROV	3,796	355,133	599,525	-	-	-	-	-	-	-	603,321
TRAFFIC SIGNAL REHABILITATION PROGRAM	1,518,407	170,863	170,863	121,551	127,628	134,010	140,711	147,746	155,133	826,779	2,516,049
<u>CAPACITY CONSTRUCTION</u>											
Pedestrian / Non-Motorized Projects											
147TH/148TH NON-MOTORIZED BRIDGE	-	500,000	200,000	300,000	-	-	-	-	-	300,000	500,000
ECHO LAKE SAFE ROUTES TO SCHOOL	115,043	450,305	479,000	5,624	-	-	-	-	-	5,624	599,667
TRAIL ALONG THE RAIL	19,028	275,000	260,000	140,972	-	-	-	-	-	140,972	420,000
Safety / Operations Projects											
145TH CORRIDOR - 99TH TO I5	18,624	4,535,095	4,034,178	1,437,281	-	-	-	-	-	1,437,281	5,490,083
145TH AND I5 INTERCHANGE	0	3,395,000	2,000,000	2,500,000	500,000	7,986,000	8,187,000	-	-	19,173,000	21,173,000
185TH CORRIDOR STUDY	8,275	556,814	150,000	375,000	-	-	-	-	-	375,000	533,275
N 175TH ST - STONE AVE N TO I5	-	1,640,000	-	1,640,000	2,460,000	-	-	-	-	4,100,000	4,100,000
RICHMOND BEACH RE-CHANNELIZATION	-	200,000	30,000	330,000	-	-	-	-	-	330,000	360,000
WESTMINSTER AND 155TH IMPROVEMENTS	8,581	441,419	400,000	100,000	2,610,000	-	-	-	-	2,710,000	3,118,581
<u>PROJECTS TO BE COMPLETED IN CURRENT YEAR (2017)</u>											
160TH AND GREENWOOD/INNIS ARDEN INTERSECTION	-	125,000	125,000	-	-	-	-	-	-	-	125,000
AURORA AVENUE NORTH 192ND - 205TH	41,006,003	208,630	360,705	-	-	-	-	-	-	-	41,366,708
BIKE SYSTEM IMPLEMENTATION	49,702	593,023	592,376	-	-	-	-	-	-	-	642,078
EINSTEIN SAFE ROUTE TO SCHOOL	667,345	8,745	5,762	-	-	-	-	-	-	-	673,107
INTERURBAN TRAIL/BURKE-GILMAN CONNECTORS	116,490	438,009	403,058	-	-	-	-	-	-	-	519,548
RADAR SPEED SIGNS	473	119,983	16,322	127,716	-	-	-	-	-	127,716	144,511
<u>NON-PROJECT SPECIFIC</u>											
ROADS CAPITAL ENGINEERING	2,149,480	360,000	360,000	370,000	385,000	395,000	405,000	415,000	415,000	2,385,000	4,894,480
TRANSPORTATION MASTER PLAN UPDATE	-	260,000	120,000	105,000	400,000	50,000	-	-	-	555,000	675,000
COST ALLOCATION CHARGES	-	64,736	64,736	57,194	55,000	50,000	50,000	50,000	50,000	312,194	376,930
TOTAL EXPENDITURES	62,885,288	17,897,364	13,597,122	10,261,113	8,011,442	11,257,015	10,278,066	3,096,869	2,363,462	45,267,967	121,750,378
REVENUES											
REAL ESTATE EXCISE TAX	-	1,195,965	1,693,142	1,368,768	1,449,263	1,529,005	1,609,641	1,692,370	1,779,363	9,428,410	
INVESTMENT INTEREST	-	61,690	61,690	28,635	39,569	22,335	5,885	13,450	819	110,694	
GENERAL FUND CONTRIBUTION	-	1,848,401	1,191,587	941,982	244,822	241,938	239,403	236,924	236,924	2,141,993	
CMAQ	-	32,527	22,105	-	-	-	-	-	-	-	
CONNECTING WASHINGTON	-	-	-	-	-	7,986,000	8,187,000	-	-	16,173,000	
FEDERAL - STP	-	8,991,458	6,359,608	5,379,464	2,127,900	-	-	-	-	7,507,364	
FTA - RAPID RIDE	-	3,261	6,763	-	-	-	-	-	-	-	
GRANTS FROM PRIVATE SOURCES	-	-	-	-	-	-	-	-	-	-	
HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP)	-	518,640	340,570	119,513	-	-	-	-	-	119,513	
PRIVATE DONATIONS	-	-	-	-	1,630,000	-	-	-	-	1,630,000	
SAFE ROUTES TO SCHOOL	-	391,760	416,260	-	-	-	-	-	-	-	
TRANSPORTATION IMPROVEMENT BOARD	-	125,000	361,630	-	-	-	-	-	-	-	
TRANSPORTATION BENEFIT DISTRICT	-	1,497,359	1,497,359	1,222,280	830,000	830,000	830,000	830,000	830,000	5,372,280	
TRANSPORTATION IMPACT FEES	-	221,400	-	221,400	332,100	-	-	-	-	553,500	
WSDOT - PEDESTRIAN & BICYCLE SAFETY PROGRAM	-	403,273	403,058	-	-	-	-	-	-	-	
TOTAL REVENUES		15,290,734	12,353,772	9,282,042	6,653,654	10,609,278	10,871,929	2,772,744	2,847,106	43,036,754	
BEGINNING FUND BALANCE											
TOTAL REVENUES			12,353,772	9,282,042	6,653,654	10,609,278	10,871,929	2,772,744	2,847,106		
TOTAL EXPENDITURES			13,597,122	10,261,113	8,011,442	11,257,015	10,278,066	3,096,869	2,363,462		
RESTRICTED AMOUNT FOR GRANT MATCHING				127,291	100,000	100,000	250,000	250,000	250,000	1,077,291	
ENDING FUND BALANCE	4,822,747		3,579,397	2,473,035	1,015,247	267,510	611,374	37,249	270,893		
IMPACT ON OPERATING BUDGET			119,350	14,351	119,474	119,519	119,519	119,519	119,519		

City of Shoreline 2018 - 2023 Capital Improvement Plan
 Program Summary
 Surface Water Utility Fund

	PRIOR-YRS	2017CB	2017E	2018E	2019E	2020E	2021E	2022E	2023E	6-YEAR TOTAL	TOTAL PROJECT
PROPOSED UTILITY RATE INCREASE	27.0%			27.0%	15.0%	10.0%	10.0%	5.0%	5.0%		
SWM RATE RESIDENTIAL SF HOME ANNUAL FEE		\$168.81	\$214.38	\$246.54	\$271.19	\$298.31	\$313.23	\$328.89			
PROJECT EXPENDITURES											
CAPACITY											
6TH AVE NE AND NE 200TH ST FLOOD REDUCTION PROJECT	-	-	-	-	-	-	24,761	-	-	24,761	24,761
10TH AVE NE DRAINAGE IMPROVEMENTS	-	250,000	5,000	-	-	-	281,377	258,518	1,570,179	2,110,074	2,110,074
18TH AVENUE NW AND NW 204TH DRAINAGE SYSTEM CONNECTION	-	-	-	-	-	-	16,883	-	-	16,883	16,883
25TH AVE NE DITCH IMPROV BETWEEN NE 177TH AND 178TH STREET	-	-	-	-	-	-	158,697	-	-	158,697	158,697
25TH AVE. NE FLOOD REDUCTION IMPROVEMENTS	327,286	629,861	229,222	51,500	502,367	54,636	56,275	348,328	2,089,592	3,102,698	3,659,206
HERON CREEK CULVERT CROSSING AT SPRINGDALE CT NW	-	-	-	-	-	-	-	130,998	134,928	265,926	265,926
LACK OF SYSTEM AND PONDING ON 20TH AVENUE NW	-	-	-	-	-	-	91,166	-	-	91,166	91,166
NE 148TH INFILTRATION FACILITIES	89,675	11,704	5,000	-	-	-	431,070	11,593	-	442,663	537,338
NW 195TH PLACE AND RICHMOND BEACH DRIVE FLOODING	-	-	-	-	-	-	-	432,989	445,978	878,967	878,967
NW 197TH PL AND 15TH AVE NW FLOODING	-	-	-	-	-	-	7,879	-	-	7,879	7,879
SPRINGDALE CT. NW & RIDGFIELD RD DRAINAGE IMPROV	-	-	-	-	-	-	-	315,902	325,379	641,281	641,281
STABILIZE NW 16TH PLACE STORM DRAINAGE IN RESERVE M	-	-	-	-	-	-	-	-	33,433	33,433	33,433
REPAIR AND REPLACEMENT											
HIDDEN LAKE DAM REMOVAL	177,023	30,085	67,000	267,800	275,834	1,657,667	22,510	23,185	23,881	2,270,877	2,514,900
NE 177TH STREET DRAINAGE IMPROVEMENTS	-	-	-	-	-	-	10,130	-	-	10,130	10,130
NW 196TH PL & 21ST AVE. NW INFRASTRUCTURE IMPROVEMENTS	-	-	-	-	-	-	93,417	-	-	93,417	93,417
PUMP STATION 26 IMPROVEMENTS	-	-	-	117,420	218,545	-	-	-	-	335,965	335,965
PUMP STATION 30 UPGRADES	-	-	-	92,700	-	-	-	-	-	92,700	92,700
PUMP STATION MISCELLANEOUS IMPROVEMENTS	-	-	-	199,820	-	587,887	-	-	-	787,707	787,707
STORMWATER PIPE REPLACEMENT PROGRAM	1,220,697	235,000	429,376	76,416	477,409	327,821	1,272,272	463,750	1,743,157	4,360,825	6,010,898
SURFACE WATER SMALL PROJECTS	2,412,889	250,000	280,000	309,000	318,270	327,818	562,754	579,637	597,026	2,694,505	5,387,394
OTHER											
12TH AVE NE INFILTRATION POND RETROFITS	-	-	-	-	-	-	42,769	-	-	42,769	42,769
BOEING CREEK REGIONAL STORMWATER FACILITY STUDY	4,228	195,772	196,000	22,937	64,430	-	-	-	-	87,367	287,595
BOEING CREEK RESTORATION PROJECT	20,406	101,595	34,000	-	-	-	56,275	-	-	56,275	110,681
CLIMATE IMPACTS AND RESILIENCY STUDY	-	-	-	-	84,872	-	-	-	-	84,872	84,872
STORM CREEK EROSION MANAGEMENT STUDY	-	-	-	82,400	-	-	-	-	-	82,400	82,400
SURFACE WATER MASTER PLAN	246,518	403,482	253,276	-	-	-	-	289,819	298,513	588,332	1,088,126
SYSTEM CAPACITY MODELING STUDY	-	-	-	-	318,270	-	-	-	-	318,270	318,270
PROJECTS TO BE COMPLETED IN CURRENT YEAR (2017)											
THORNTON CREEK BASIN CONDITION ASSESSMENT	-	150,000	150,000	-	-	-	-	-	-	-	150,000
NON-PROJECT SPECIFIC											
SURFACE WATER CAPITAL ENGINEERING	2,399,558	182,000	182,000	196,833	202,738	208,820	215,085	221,537	228,183	1,273,196	3,854,754
COST ALLOCATION CHARGES	1,002,567	204,105	204,105	205,958	212,137	218,501	225,056	231,807	238,762	1,332,221	2,538,893
TOTAL CAPITAL EXPENDITURES	3,673,277	2,643,604	2,034,979	1,622,784	2,674,872	3,383,150	3,568,376	3,308,063	7,729,011	22,286,256	32,222,082
REVENUES											
INVESTMENT INTEREST	-	41,774	10,044	15,155	82,922	84,577	39,831	249,787	210,281	682,552	
DOE STORMWATER PRE-CONSTRUCTION GRANT	-	250,000	-	-	-	-	250,000	-	-	250,000	
KING COUNTY FLOOD ZONE DISTRICT OPPORTUNITY	-	110,898	110,898	110,898	110,898	110,898	110,898	110,898	110,898	665,388	
KING COUNTY FLOOD REDUCTION GRANT	-	-	26,646	-	370,469	-	-	-	-	370,469	
WA STATE STORMWATER FINANCIAL ASSISTANCE PROGRAM	-	-	-	-	-	-	290,625	-	-	290,625	
FUTURE FUNDING - BONDS	-	-	-	4,700,000	-	-	11,850,000	-	-	16,550,000	
TOTAL CAPITAL REVENUES		402,672	147,588	4,826,053	564,289	195,475	12,541,354	360,685	321,179	18,809,034	
BEGINNING FUND BALANCE											
TOTAL CAPITAL REVENUES			3,239,856	1,894,387	5,182,616	3,844,419	1,810,499	11,353,936	9,558,215	1,894,387	
TOTAL CAPITAL EXPENDITURES			147,588	4,826,053	564,289	195,475	12,541,354	360,685	321,179	18,809,034	
SURFACE WATER FEES			4,219,070	5,363,577	6,174,282	6,798,502	7,485,830	7,867,981	8,269,642	41,959,814	
OPERATING GRANTS			50,000	-	-	-	-	-	-	-	
PUBLIC WORKS DEBT SERVICE PAYMENT			344,431	334,638	333,004	331,372	329,740	328,107	-	1,322,223	
AMOUNT RESTRICTED - LOAN MAINTENANCE FACILITY DEBT SERVICE			119,086	119,086	119,086	119,086	119,086	119,086	119,086	714,516	
NEW DEBT SERVICE			-	377,376	377,376	377,376	1,328,845	1,328,845	1,328,845	5,118,663	
STORMWATER PIPE REPL DEBT SERVICE PAYMENT			182,391	158,352	158,352	158,352	158,352	158,352	158,352	950,112	
TOTAL DEBT SERVICE			645,908	612,076	987,818	986,186	984,554	1,934,390	1,606,283	8,105,514	
TOTAL OPERATING EXPENDITURES			2,921,706	3,115,072	4,290,799	4,415,710	4,660,193	4,980,981	5,110,041	5,242,958	28,700,682
ENDING FUND BALANCE		3,239,856	1,894,387	5,182,616	3,844,419	1,810,499	11,353,936	9,558,215	3,570,783	3,570,783	
MINIMUM REQUIRED RESERVE (20% OF OPERATING REVENUES)			853,814	1,072,715	1,234,856	1,359,700	1,497,166	1,573,596	1,653,928		
VARIANCE ABOVE MINIMUM REQUIRED RESERVE			1,040,573	4,109,901	2,609,563	450,799	9,856,770	7,984,618	1,916,855		
SURFACE WATER MASTER PLAN FUND BALANCE TARGETS:											
MINIMUM OPERATING EXPENDITURE TARGET (120 DAYS)			1,024,133	1,410,674	1,451,740	1,532,118	1,637,583	1,680,013	1,723,712		
MINIMUM CAPITAL EXPENDITURE TARGET (2% OF ASSETS)			430,802	463,258	516,755	584,418	655,786	721,947	876,527		
MINIMUM DEBT SERVICE TARGET (ONE NEW DEBT SERVICE PAYMENT)			-	377,376	377,376	377,376	1,328,845	1,328,845	1,328,845		
SURFACE WATER MASTER PLAN FUND BALANCE TARGET			1,454,935	2,251,307	2,345,871	2,493,912	3,622,213	3,730,805	3,929,084		
VARIANCE ABOVE/(BELOW) MINIMUM FUND BALANCE TARGET:			439,452	2,931,309	1,498,548	(683,413)	7,731,273	5,827,409	(358,301)		
IMPACT ON OPERATING BUDGET											