DRAFT

CITY OF SHORELINE

SHORELINE CITY COUNCIL
SUMMARY MINUTES OF WORKSHOP MEETING

Monday, September 20, 1999 Shoreline Conference Center
6:30 p.m. Mt. Rainier Room

PRESENT: Mayor Jepsen, Deputy Mayor Montgomery, Councilmembers Gustafson, Hansen, King, Lee and Ransom

ABSENT: None

1. CALL TO ORDER

The meeting was called to order at 6:30 p.m. by Mayor Jepsen, who presided.

2. FLAG SALUTE/ROLL CALL

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

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS

City Manager Robert Deis proposed that Council cancel its workshop meeting of October 4, 1999 for lack of agenda items. There was Council consensus to cancel the meeting.

Next, Mr. Deis presented the draft of a letter to members of the Washington State congressional delegation opposing cuts in appropriations for the Department of Housing and Urban Development (HUD). Mayor Jepsen explained that he and officials of other cities in Washington and Oregon have been asked to sign the letter. He asked the other Councilmembers to review the letter and to contact him or Mr. Deis with any objections.

Mr. Deis went on to discuss agenda items for upcoming Council meetings.

4. COUNCIL REPORTS

Councilmember Ransom noted the upcoming meeting of the King County Jail Advisory Committee on October 4.

Councilmember Hansen reported on the meeting of the board of the Suburban Cities Association that he attended on September 15.

Councilmember King mentioned anticipated legislative activity regarding the Regional Wastewater Treatment Services Plan. In response to Councilmember Hansen, she went on to discuss the proposed amendment to the County charter.

Councilmember Gustafson noted his attendance at recent neighborhood association meetings. Also, he proposed a change in the City Manager's Monthly Report to the City Council to make it a bimonthly update. Mayor Jepsen and the other Councilmembers supported this proposal.

Deputy Mayor Montgomery reported on the meeting of the Regional Transit Committee on September 16.

5. PUBLIC COMMENT

(a) Maurice Burum, 2139 N 171st Street, said the City intends to grant an easement to K and C Construction to enable the company to build on recently-approved short plats. Mr. Burum advocated that the City postpone the construction until the Ronald Bog Improvement Plan is available for consideration.

Councilmember Ransom said he has talked with residents in Mr. Burum's neighborhood. He noted their concerns about the impacts of shortplatting on surface water drainage in the area.

(b) Patty Hale, 16528 8th Avenue NE, spoke on behalf of the neighborhood associations for Area A-2, Briarcrest, North City and Ridgecrest. She said leaders of these neighborhoods have been meeting to identify common issues and needs for residents of the eastside of Shoreline. She requested feedback from Council on the feasibility of the proposal that the City purchase the Cedar Brook site from the Shoreline School District.

Mayor Jepsen said Council has previously discussed the potential of the Cedar Brook site, but the City does not have sufficient funds to purchase it. Asserting that Shoreline residents already purchased the site, he suggested the City could discuss potential public uses of the site with the School District.

6. WORKSHOP ITEMS

(a) Preferred Alternative and Recommended Phasing for the Paramount School Park Master Plan

Wendy Barry, Parks, Recreation and Cultural Services Director, reviewed the staff report.

Mayor Jepsen acknowledged the amount of public participation in developing the preferred alternative. He supported City staff presentation of the proposal to the Shoreline School District Board. He expressed concern about the phasing and the cost of the proposal given limited Capital Improvement Program (CIP) funding. He agreed with

concerns already raised about the potential noise problems of the basketball court and other hard surfaces. He questioned the cost-to-benefits value of the proposed spray pool.

In response to Councilmember Lee, Mr. Deis confirmed that completion of Phase II could take ten to 15 years given current funding.

In response to Councilmember Lee, Ms. Barry explained that the site preparation and demolition included in Phase I refers to regrading the area of the path.

Councilmember Lee expressed support for a full-size basketball court at Paramount School Park. Ms. Barry explained that members of the Parks, Recreation and Cultural Services Advisory Committee were concerned about the negative impact to neighbors of after-hours use of a full-size basketball court. Councilmember Lee supported additional research and consideration of a full-size court. She also supported the concept of an open park so that neighbors can see into it and users can see out.

Councilmember Hansen concurred with Councilmember Lee's support for a full-size basketball court. He went on to advocate the inclusion of trees or shrubbery to shelter the picnic area proposed for the northwest corner of the park. He noted that neighbors will want more trees screening the park as the development, and use, of the park increases.

Councilmember Ransom said King County spent $7,000 per acre on the approximately 100 acres of ball fields in Shoreline and only $200 per acre on passive parks. He acknowledged that the City has increased parks maintenance spending, but he expressed concern about the impact to the parks maintenance budget of the proposed development of Paramount School Park. He asserted that it will be eight acres of mostly ball fields. Also, he questioned the practicality of delaying the construction of a permanent restroom until Phase II of the park development. He advocated the inclusion of a permanent restroom in Phase I.

In response to Councilmember Ransom, Ms. Barry said Phase I would include the development of an under-drained, fully-irrigated, league-level sports field.

Councilmember Ransom asserted that Paramount School Park is the most likely site to be reclaimed by the School District for a school. He advocated that the City prepare master plans of Shoreview Park, Boeing Creek Nature Park and Hamlin Park before investing funds in the ball field improvements proposed for Phase II of the development of Paramount School Park.

Councilmember Gustafson supported a full-size basketball court, and he questioned Ms. Barry about the proposal to research and consider the basketball court further. She asserted the need to thoroughly investigate the potential impacts of noise from the basketball court.

In response to another question from Councilmember Gustafson, Ms. Barry said the ball field improvements can be staged to make the two-phased development effective.

Councilmember Gustafson questioned the practicality of a spray pool in this climate. Ms. Barry mentioned that other parks and recreation officials consider spray pools a climate-appropriate alternative to wading pools.

Councilmember Gustafson said the City should approach local soccer, softball and baseball leagues to request financial and other forms of assistance to develop ball fields at Paramount School Park. He concurred with Councilmember Ransom's recommendation that the City develop master plans of other parks—to provide a more comprehensive analysis of City needs—before investing funds to develop ball fields at Paramount School Park. He suggested the formation of a citizens advisory committee to investigate whether Shoreline citizens would support a bond issue to fund park improvements.

Mayor Jepsen said the master planning currently underway will provide information the Council needs to consider funding needs and potential resources.

In response to Deputy Mayor Montgomery, Ms. Barry said if a school were constructed at Paramount School Park it would be built at the northernmost side of the site. She said a school could use the improvements the City is proposing for the west side of the park. Deputy Mayor Montgomery supported a full-size basketball court for the Paramount School Park.

Councilmember King supported a full-size basketball court. She commented that Paramount School Park is the site of public astronomy events. She said School District officials have said the District will construct a school at Paramount School Park if the City allows housing construction at Fircrest. She supported Councilmember Gustafson's suggestion to investigate citizen support for a bond issue to fund park improvements.

Mayor Jepsen confirmed Council consensus in support of presentation of the preferred alternative to the Shoreline School District Board.

In response to Councilmember Ransom, Ms. Barry said the master planning process for Paramount School Park did not address a skateboard park.

Mayor Jepsen and Mr. Deis said the City has drafted an agreement regarding a skateboard park at the YMCA.

(b) Update of CRT Program

Gail Perkins, Public Works Operations Manager, reviewed the staff report. She noted the results of the annual Washington Cities Insurance Authority (WCIA) review earlier this year: WCIA determined the City to be in compliance with the mandatory terms of membership; furthermore, Shoreline was the only one of the 15 cities audited at that time to receive no mandatory recommendations for change of operational procedures.

Councilmembers complimented the Customer Response Team (CRT) on its progress and accomplishments.

Councilmember Ransom asked about the cost-effectiveness of CRT serving as a "City switchboard," in addition to its other responsibilities.

In response to Councilmember Lee, Ms. Perkins said CRT can take advantage of resources among City staff and through the School District to address language barriers when assisting citizens who do not speak English as a first language.

Mayor Jepsen advocated analysis of the data that CRT collects to determine trends and potential City responses.

Councilmember Hansen asserted that switchboard service is one of the most important jobs at the City. He said staff who receive incoming calls probably have more contact with Shoreline citizens than any other representative of the City.

(c) Summary of the 1998-1999 Boeing Creek Education Initiative

Bill Conner, Public Works Director, acknowledged the contributions of volunteers Matt Loper and A.B. Adams for their work on the Boeing Creek Education Initiative.

Kristen Stouffer-Overleese, Project Engineer, presented a summary of the initiative. She went on to review next steps resulting from the initiative. She noted that an additional 21 agencies donated professional services and other resources to the project. This meant that the volunteer time donated to this project resulted in a $26,000 match for the original $21,000 grant.

(1) Matt Loper, Professor of Environmental Science and Chemistry, Shoreline Community College, expressed his enthusiasm about working with City staff on this and future projects.

Councilmembers praised staff and volunteers for the success of the Boeing Creek Education Initiative. Councilmember Hansen and Ransom mentioned their objectives for further management of Boeing Creek Nature Park (e.g., salmon hatchery, fish ladder).

7. CONTINUED PUBLIC COMMENT: None

8. ADJOURNMENT

At 8:51 p.m., Mayor Jepsen declared the meeting adjourned.

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Sharon Mattioli , CMC

DRAFT

CITY OF SHORELINE

SHORELINE CITY COUNCIL
SUMMARY MINUTES OF DINNER MEETING

Monday, September 27, 1999
6:00 p.m.

Shoreline Conference Center
Highlander Room

PRESENT: Mayor Jepsen, Deputy Mayor Montgomery, Councilmembers Gustafson, Hansen, King and Ransom

ABSENT: Councilmember Lee

STAFF: Larry Bauman, Assistant City Manager; Kristoff Bauer, Assistant to the City Manager

The meeting convened at 6:12 p.m. All Councilmembers were present with the exception of Councilmembers Hansen and Ransom, who arrived later in the meeting, and Councilmember Lee.

Council and staff discussed potential business development in the North City area. Council and staff went on to discuss communication between the City and the developer constructing the Woodway Highlands project.

Councilmember Hansen arrived at 6:23 p.m.

Council and staff discussed strategies for documenting the current condition of the road surface of 15th Avenue NW and the potential deterioration of the road surface as a result of construction traffic related to Woodway Highlands.

Next, staff mentioned the possibility for public comment during the regular Council meeting regarding the impact of additional parking at Shoreline Pool on the park to the north of the pool building.

Councilmember Ransom arrived at 6:28 p.m.

Council and staff went on to discuss the following issues:

- development near Ronald Bog;
- undergrounding;
- transit proposals and impacts;
- the process by which King County will transfer grant funds to the City for design of the Interurban Trail;
- the potential contribution from the King County Department of Transportation to the Aurora Corridor project;

- potential low-income housing development in the Westminster Triangle neighborhood;
- the status of Development Services enforcement actions;
- the potential cooperation between the City and the Shoreline Fire Department;
- potential topics for a future meeting with King County Councilmember Maggi Fimia; and
- future agenda items

The meeting adjourned at 7:20 p.m.

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Kristoff Bauer
Assistant to the City Manager

DRAFT

CITY OF SHORELINE

SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

Monday, September 27, 1999
7:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Jepsen, Deputy Mayor Montgomery, Councilmembers Gustafson, Hansen, King, Lee and Ransom

ABSENT: None

1. CALL TO ORDER

The meeting was called to order at 7:34 p.m. by Mayor Jepsen, who presided.

2. FLAG SALUTE/ROLL CALL

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

3. REPORT OF CITY MANAGER

(a) Heroic Service Proclamation Presentation

Mayor Jepsen presented a commendation for heroic service to Assistant Pool Manager James McCrackin for his assistance to a pool customer suffering from diabetic shock.

Next, Kirk McKinley, Transportation Manager, discussed truck traffic in Shoreline related to construction of the Woodway Highlands development. Large trucks have used 15th Avenue NW and Richmond Beach Road because streets on the planned route through Edmonds proved to be too narrow. Mr. McKinley said citizens have called City staff to complain about the size and noise of the trucks and to express concerns about pedestrian safety. Staff is working with the developer to create a strategy to address these concerns, and the developer has agreed to submit a letter to the Richmond Beach News to explain previous and ongoing activity related to the development.

Mayor Jepsen said he had a positive discussion about the truck traffic with attorneys representing the developer. He asserted that staff and the developer must address issues such as: the speed of trucks on 15th Avenue NW; some truck drivers' use of compression brakes in violation of the City noise ordinance; and cracks in the roadbed on 15th Avenue

NW. He said staff could help protect young pedestrians by researching, and reporting to the developer, the times at which children wait along 15th and 20th Avenues for school buses. Councilmember Gustafson reiterated this concern about the safety of school children. He asked staff to notify schools of the truck traffic.

Assistant City Manager Larry Bauman recalled Maurice Burum's comments, during the Council Workshop on September 20, regarding short platting and surface water management in the vicinity of Ronald Bog. Mr. Burum contends the City should address surface water drainage problems before allowing additional development in this area. Mr. Bauman explained that the City has no valid reason to object to the development proposed at 2305 and 2315 N 171st Street.

Councilmember Gustafson suggested that the City ask the developer of 2305 and 2315 N 171st Street to postpone construction until the City completes its study of Ronald Bog. Councilmember Ransom supported this suggestion.

At 7:59 p.m., Mayor Jepsen turned the gavel over to Deputy Mayor Montgomery and left the Council table.

5. PUBLIC COMMENT

(a) Debby Furlong, 18603 Corliss Avenue N, opposed the third design option under consideration in the master planning for the Shoreline Pool. She recommended the development of a new pool facility at Cromwell Park. She submitted a document explaining her position.

(b) Barbara Furlong, 18603 Corliss Avenue N, presented a petition, signed by 367 residents, supporting the preservation of Shoreline Park, which is located immediately north of the Shoreline Pool.

(c) Susie O'Donnell, 316 NE 191st Street, advocated the preservation of Shoreline Park. She requested that Council reconsider the use of this property for additional parking for the Shoreline Pool.

(d) Sean O'Donnell, 316 NE 191st Street, supported the preservation of Shoreline Park and opposed its use for additional pool parking. He suggested designation of Shoreline Park as permanent green space.

(e) Layne Kleinart, 2135 NW 198th Street, spoke as Co-chair of the Richmond Beach Underground Wiring Committee. She mentioned a petition, including more than 200 signatures, in support of underground wiring. She requested the support of the City and its assistance in developing necessary engineering and financing information.

(f) Janet Way, 940 NE 147th Street, thanked Councilmembers Gustafson and Ransom for attending the ceremony for Paramount Park earlier in the day. She supported

any effort to reduce significant new impacts to Thornton Creek. Finally, she supported the previous speakers who advocated the preservation of Shoreline Park.

Public Works Director Bill Conner said the plan for additional parking at Shoreline Pool that Council approved at its meeting on July 26 included 23 angle parking stalls north of the pool building. The 23 stalls would require the use of .25 acres of Shoreline Park and the elimination of approximately 24 trees. Mr. Conner explained that the design the landscape architect has since drafted includes 20 parking spaces north of the pool and eliminates only 18 trees.

Mr. Conner went on to say that the Parks, Recreation and Cultural Services Advisory Committee supported the staff's recommended option for the master planning of the Shoreline Pool.

Assistant to the City Manager Kristoff Bauer distributed and discussed materials regarding City efforts to support undergrounding and strategies to fund undergrounding. Mr. Bauman noted that undergrounding is not an objective in the City Council 1999-2000 Work Plan or in the 1999 Capital Improvement Program (CIP).

Councilmember Lee expressed reservations about undergrounding unless it can be funded through local improvement districts (LIDs). She identified holistic Citywide planning as a prerequisite to direct City funding.

Councilmember Hansen supported undergrounding while acknowledging that it will be a long-term project.

In response to Councilmember Lee, Mr. Bauer said residents may form an LID on their own to fund undergrounding.

Councilmember Gustafson supported the concept of undergrounding. He advocated continued City consideration of implementation options.

6. APPROVAL OF THE AGENDA

Councilmember Lee moved approval of the agenda. Councilmember Gustafson seconded the motion, which carried 6-0, and the agenda was approved.

7. CONSENT CALENDAR

Councilmember Lee moved to approve the consent calendar. Councilmember Ransom seconded the motion, which carried 6-0, and the following items were adopted:

Minutes of Dinner Meeting of September 13, 1999
Minutes of Regular Meeting of September 13, 1999

DRAFT

Approval of expenses and payroll as of September 16, 1999 in the amount of $931,718.07

Motion to accept the low bid of Brad Mason Trucking and Excavating in the amount of $114,431.00 for the 25th Avenue NE Pedestrian Improvements and to authorize the City Manager to execute the construction contract, including authority to execute change orders up to 5% of the contract amount

Motion to accept the low bid of Dennis R. Craig Construction, Inc. in the amount of $70,266 for wheelchair curb ramps and bus pads and to authorize the City Manager to execute the construction contract, including authority to execute change orders up to 10% of the contract amount

Motion to authorize expenditure of $1,200 in 1999 Mini-Grant funds for the Briarcrest Neighborhood Association to purchase and install neighborhood identification signs in the Briarcrest neighborhood

Councilmember Hansen noted that the construction contracts included in the consent calendar are both under budget.

8. CONTINUED PUBLIC COMMENT

(a) Richard Johnsen, 16730 Meridian Avenue N, praised the Public Works Department for recent work to correct stormwater drainage problems in the Thornton Creek watershed.

(b) Layne Kleinart, 2135 NW 198th Street, asked if the City could work with Seattle City Light, Woodway and the Snohomish County Public Utility District to underground utilities along 20th Avenue NW as part of the improvements the developer of Woodway Highlands will perform.

Councilmember Hansen said he asked City staff about this last week, and it is investigating.

8. ADJOURNMENT

At 8:42 p.m., Deputy Mayor Montgomery declared the meeting adjourned.

Sharon Mattioli, CMC
City Clerk

Council Meeting Date: October 11, 1999 **Agenda Item: 7(b)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Expenses and Payroll as of September 30, 1999
DEPARTMENT:	Finance
PRESENTED BY:	Al Juarez, Financial Operations Supervisor

EXECUTIVE / COUNCIL SUMMARY

It is necessary for the Council to approve expenses formally at the meeting. The following claims expenses have been reviewed by C. Robert Morseburg, Auditor on contract to review all payment vouchers.

RECOMMENDATION

Motion: I move to approve Payroll and Claims in the amount of $541,719.73 specified in the following detail:

Payroll and benefits for September 5 through September 18, 1999 in the amount of $218,461.59 paid with ADP checks 2878, 3350-3383, vouchers 380001-380097, benefit checks 2037-2044.

the following claims examined by C. Robert Morseburg paid on September 30, 1999:

Expenses in the amount of $1,458.00 paid on Expense Register dated 9/20/99 with the following claims check: 1958 and

Expenses in the amount of $29,889.06 paid on Expense Register dated 9/27/99 with the following claims checks: 1959-1963 and

Expenses in the amount of $75,606.60 paid on Expense Register dated 9/27/99 with the following claims checks: 1964-1978 and

Expenses in the amount of $13,931.58 paid on Expense Register dated 9/27/99 with the following claims checks: 1979-1995 and

Expenses in the amount of $67,962.49 paid on Expense Register dated 9/28/99 with the following claims checks: 2002-2022 and

Expenses in the amount of $462.00 paid on Expense Register dated 9/28/99 with the following claims checks: 2023-2031 and

Expenses in the amount of $776.25 paid on Expense Register dated 9/28/99 with the following claims checks: 2032-2036 and

Expenses in the amount of $80,783.90 paid on Expense Register dated 9/28/99 with the following claims checks: 2045-2069 and

Expenses in the amount of $24,246.06 paid on Expense Register dated 9/30/99 with the following claims checks: 2070-2081 and

Expenses in the amount of $28,142.20 paid on Expense Register dated 9/30/99 with the following claims checks: 2082-2099.

Approved By: City Manager ____ City Attorney ___

Council Meeting Date: October 11, 1999 **Agenda Item: 8(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of: (1) Initiative 695 Impacts, (2) the 2000 Budget Process, and (3) Options for Dealing with I-695 if it Passes
DEPARTMENT:	City Manager's Office and Finance Department
PRESENTED BY:	Bob Deis, City Manager Joe Meneghini, Finance Director

EXECUTIVE / COUNCIL SUMMARY

The purpose of this staff report is to present the impacts surrounding the potential passage of Initiative 695 on City services (November 2, 1999 statewide election), to present the City's approach to developing the 2000 Budget given the potential of this Initiative, and to provide options on how the City should best proceed with the 2000 Budget in the event of I-695 passage.

The City of Shoreline over the last few years has been establishing its service operations in such areas as public safety, parks, road maintenance, surface water, etc. As discussed on a number of previous occasions with your Council, the service levels inherited from the County were often at a rural level (i.e., parks maintenance and development) and in many cases (i.e., roads and surface water maintenance) were below the level necessary to preserve the City's infrastructure assets (streets, storm drains, parks, buildings). While we have stretched the tax dollar on improved services in certain areas, we still provide inadequate services in Parks, Human Services, Public Works, and Capital Improvements.

A long-term concern that has also been discussed with your Council, is the City's dependence on unstable revenue (gambling tax) where the state could easily change the enabling legislation, or outside State-shared revenue for a large portion of the City's General Fund revenue base. When State-shared revenue is combined with gambling taxes, it comprises 36% of the City's General Fund revenue or more than the entire police budget. Due to our low retail sales tax base, Shoreline is the fourth largest recipient of sales tax equalization funding, which would be eliminated by passage of Initiative 695. This means that our City budget would be disproportionately affected negatively by passage of this Initiative in comparison with other cities in the State.

The introduction of Initiative 695 on the November ballot has highlighted our dependence upon state-shared revenues. If Initiative 695 (I-695) passes on November 2, 1999, the City of Shoreline may lose an estimated $2.1 million in 2000 (13% of General Fund revenue) and an additional $749,000 in 2001 of the City's General Fund. The total annualized loss is equal to $2,902,298 or 17% of the City's General Fund revenue.

For budget planning purposes, City staff is developing two budget plans, one assuming I-695 does not pass and a second that assumes that it will pass.

To be prepared for this potential impact, staff has been reviewing various scenarios that could combine:

1. expenditure reductions,
2. additional revenue sources and options, and
3. a temporary use of the City's 1999 ending fund balance as a reserve fund (from higher than anticipated gambling revenue in 1999) to help phase in the new lower service levels over time. If 695 did not pass, we had intended to transfer this money to support our inadequate Capital Improvement Program.

Each of the three options is briefly explained below.

Expenditure Reductions

These potential reductions are included in Attachment A. These reductions total $2.9 million and would cover the full loss of revenue from I-695. The reductions would require the elimination of 20 of the City's 100 full-time staff positions. These reductions would need to be made if additional resources are not provided either through the State or local revenue enhancements. These positions would be reduced over time through attrition and reorganizing existing staff if possible to avoid actual layoffs. As you can see from the list, these reductions will require the City to adjust service levels downwards in almost all areas from the current level of service.

Additional Revenue Options

As recently discussed at the 2000 Annual Planning and Budget Retreat and at previous retreats/budget sessions, one potential element in the City's plan could be the review and implementation of additional sources of revenue that the City currently has at it's disposal, has not chosen to utilize, and are common local revenue sources in the region.

As you know, the City has the legal authority to charge either a utility tax or franchise fee on utilities that operate in our community. Utility taxes on electricity, gas, and telephones can be charged at rates from 1% to a maximum of 6%. There are no restrictions on the rates for water, sewer, and sanitation (solid waste collection). Utility taxes are currently levied to some extent in most of the regional cities as part of their core fiscal base.

If the City of Shoreline were to choose to levy utility taxes to minimize the potential loss from the impact of I-695, the City could expect to receive annual revenues of $542,272 at 1% up to $3,253,634 at 6% if a tax was levied on all of these utilities. The average impact of these rates per household would go from a low of $28.54 per year (1% rate) to $171.24 per year (6% rate). For comparative purposes, if I-695 is approved Shoreline households will, on average, save $270 a year on Motor Vehicle Excise Tax (MVET) fees, according to the Washington Department of Licensing.

One Time Reserve Fund

The City could also use the 2000 Beginning Fund Balance, as a reserve fund to help the City phase into the new I-695 levels of service. This would allow the City to phase in service changes, adjust contracts over time, and generally attempt to minimize the impacts (on a temporary basis) as much as possible until we determine the ultimate disposition on any backfilling revenue. We will recommend the use of the 2000 Beginning Fund Balance for this purpose along with expenditure reductions, as part of the City's Initiative 695 plan, if additional resources are not provided by the State or your Council does not choose to adopt a utility tax.

Based on our earlier discussion on the very modest levels of service and the poor state of our capital improvement program that the City can provide with it's current revenue base, we are recommending that revenue from utility taxes be considered to make up for the loss of revenue rather than reducing the current service levels. To reduce current service levels even further would jeopardize the City's ability to meet the basic service needs of this community and to properly maintain the City's roads, surface water, and parks infrastructure.

For these reasons, we are recommending that your Council consider the adoption of a 6% utility tax on natural gas, telephone, cellular telephone, and sanitation services. We are also recommending that a 1% utility tax be levied on cable TV. This rate when added to the current 5% franchise fee on cable TV would bring the rate up to 6%. This recommendation is contingent upon I-695 passing. If I-695 does not pass, then the utility ordinance would be automatically rescinded.

It is also recommended that staff pursue a utility tax exemption for low-income residents for natural gas and sanitation services. This program would be developed in conjunction with the implementation of the utility tax. This does not include electrical because the City of Seattle levies that utility tax and control that tax and any related exemptions.

Staff is pursuing franchise fees on water or sewer services at this time in lieu of a utility tax. Past court cases suggest we cannot levy a utility tax on other governmental agencies. The issues surrounding the levying of a franchise fee for these two service areas are complex and will require further explanation at your October 11 workshop.

The adoption of this recommendation is estimated to increase revenues by $2.3 million for 2000, still short of the $2.9 million loss with the full impact of I-695. This would offset the year 2000 $2.1 million estimated loss of revenue from the potential passage of Initiative 695 and would not require the City to reduce it's current service levels in 2000. However, this additional revenue is not enough to cover the expected full $2.9 million loss that would occur by the year 2001 if I-695 passes. During 2000, the City would work with the State on revenue replacement options and continue to resolve the issues surrounding the water and sewer utilities.

Possible Annual Utility Tax and Franchise Fee Revenue and Impact per Household

Utility	Revenue	Household Impact
Natural Gas	$ 357,055	$ 18.79
Telephone/Cell Phone	1,574,958	82.89
Sanitation	366,510	19.29
Cable TV	44,000	2.32
Total	**$ 2,342,523**	**$ 123.29**
Water	$ 356,928	$ 18.79
Sewer	334,183	17.59
Grand Total	**$ 3,033,634**	**$ 159.67**

As previously mentioned, if I-695 is approved Shoreline households will, on average, save $270 a year on MVET fees. If the City were to implement the recommended utility taxes and franchise fees, Shoreline households would still save on average $110 annually.

RECOMMENDATION

We recommend that your Council consider directing staff to return with an Ordinance to adopt utility taxes and/or franchise fees contingent upon the passage of Initiative 695. Yet, we also request that your Council hold a public hearing on the utility taxes prior to considering their adoption. The utility taxes would be levied on natural gas, telephone and cellular telephone services, and sanitation services at the rate of 6% and on cable television at the rate of 1%. The Ordinance would include the pursuing of a utility tax relief provision for low-income citizens for natural gas and sanitation services.

Approved By: City Manager LB City Attorney N/A

BACKGROUND / ANALYSIS

The City of Shoreline over the last few years has been establishing its service operations in such areas as public safety, parks, roads maintenance, surface water, etc. As discussed on a number of previous occasions with your Council, the service levels inherited from the County were often at a rural level (i.e., parks maintenance and development) and in many cases (i.e., roads and surface water maintenance) were below the level necessary to preserve the City's infrastructure assets (streets, storm drains, parks, buildings). The City has been working diligently within our current resources to develop and implement cost-effective programs to increase the level of service in the parks, roads, and surface water areas in an effort to preserve the City's infrastructure and to provide a better living environment for the community. Yet, our service levels at the current tax base are still modest in some areas and simply inadequate in others.

For example, our parks system for the most part lacks irrigation and safe fields. We lack the Police resources to address traffic enforcement issues brought up by citizens. When considering the Public Works transition plan, you heard about services such as shoulder maintenance and catch basin vactoring service levels that were a fraction of what is necessary for our inherited infrastructure.

It is also clear that our Capital Improvement Program (CIP) cannot be funded sufficiently with current revenues in order to address longstanding needs within the community. In order to fund basic infrastructure improvements for Surface Water Management and roads, for example, we are forced to greatly delay or indefinitely postpone upgrades and improvement to City parks and recreation facilities. As just one small example, you may recall the estimated costs to complete just one master plan for Paramount Park. The total costs were $1,250,000 and what was budgeted is $700,000. Even with some cost cutting, it is clear that we will require additional resources to simply bring some of our inherited parks and roads to an acceptable level. Yet, this is at current (pre I-695) funding levels. We have continued to maintain low operational costs in order to end our budget years with additional funds that are carried forward to the next year and transferred into our capital fund to help augment our relatively small capital resources

A long-term concern that has also been discussed with your Council, is the City's dependence on unstable revenue (gambling tax) or outside sources of revenue for a large portion of the City's General Fund revenue base. Revenue from the State is the General Fund's third largest source of revenue at 23.5%, just behind property tax (30.1%) and sales tax (24.2%). When State-shared revenue is combined with gambling taxes, it comprises 36% of the City's General Fund revenue or more than the entire police budget. The City needs to work towards diversifying it's revenue-base to become less dependent upon these revenue sources that it has little or no control over. For this reason, your Council has been prudent in setting aside resources in a General Reserve Fund to provide for temporary financing of unforeseen needs, emergencies, economic downturns, or due to other legal actions, such as Initiative 695.

Initiative 695 Impacts

The introduction of Initiative 695 on the November ballot has highlighted this dependence upon State-shared revenues. If Initiative 695 (I-695) passes on November 2, 1999, the City of Shoreline may lose an estimated $2.1 million in 2000 (13% of General Fund revenue) and an additional $749,000 in 2001 of the City's General Fund. The total annualized loss is equal to $2,902,298 or 17% of the City's General Fund revenue. Where the revenue reductions are projected to occur is shown in the table below.

Revenue Source	2000 Loss	2001 Loss
Sales Equalization	$ 1,103,357	$ 1,608,308
State Camper Excise	15,432	15,432
State-MVET	515,189	693,652
MVET- Criminal Justice (CJ) Per Capita	3,178	6,299
CJ At-Risk Children	10,015	17,942
CJ Domestic Violence	10,144	18,173
CJ Law Enforcement	52,281	93,659
CJ Innovative Law Enforce.	6,922	12,401
Local Option Vehicle License*	436,431	436,431
	$ 2,152,950	$ 2,902,298

*The local option vehicle license fee which four counties levy (including King), and which is shared with cities in those counties might also lose its authorization. RCW 82.80.020, the local option vehicle license fee statute, says that the fee may be imposed on all vehicles subject to license fees under RCW 46.15.060, and that latter statute would be repealed by I-695.

This initiative (I-695) also requires that any tax or fee increase imposed by the City would require voter approval. For the purposes of this initiative, a tax increase includes a new tax, an increase in an existing tax, a rate increase, and an extension of an expiring tax. Tax is also defined to include: fees, sales and use tax, property tax, business and occupation taxes, excise taxes, impact fees, license and permit fees, and any monetary charge by government. If adopted, I-695 would take effect on January 1, 2000. As a result, if we wish to simply update our recreation class fees, our photocopy fees, our development fees, etc., we need to schedule and pay for a citywide election.

City's Initiative 695 Budget Process

Due to the far reaching and huge impacts of this initiative, the City needs to be in a position to seriously and realistically react to the potential ramifications of this initiative while continuing to provide basic services for the City's essential functions.

For year 2000 and 2001 budget planning purposes, City staff is developing two budget scenarios, one assuming I-695 does not pass and a second that assumes that it will pass. The City Manager and the Finance Department have developed I-695 budget decision-making criteria for the I-695 budget. These criteria are intended to form the basis for decision-making for the 2000 budget process, assuming that I-695 passes at the November 2, 1999 statewide election and there is not a backfilling of revenue by the State or the City. You can find the criteria attached as Attachment B.

If I-695 passes, it will be important to methodically begin implementation of the I-695 budget plan over two years. Implementation is not however an immediate downsizing of service. It is unknown to date and most likely will be unknown in November what the State will do in response

to passage. Based on the experience of major tax cutting initiatives in California and Oregon it is highly probable that the State will not make cities whole by entirely replacing the lost revenue with another source over the long term.

To be prepared for this potential impact, staff has been reviewing various scenarios that could combine:

1. expenditure reductions,
2. additional revenue sources and options, and
3. a temporary use of the City's 1999 ending fund balance as a reserve fund (from higher than anticipated gambling revenue in 1999) to help phase in the new adjusted service levels.

Staff has been working with the departments and your Council to evaluate and consider these scenarios. Each of the three options are briefly explained below.

Potential Expenditure Reductions

To the extent possible, across the board reductions in expenditures will be avoided. Reductions will be made on a case-by-case basis, focusing particularly (though not exclusively) on each program or service. Maintaining a highly professional and efficient service delivery system is our objective. Thus, if it becomes necessary to make significant service level reductions, the goal will be to reduce the quantity of a service provided or even an area of service rather than the quality of service (i.e., limit the number of recipients, rather than the quality of service provided to the remaining recipients).

The I-695 budget criteria requires defining the essential or base service delivery functions within each department. A need exists to separate these essential functions from other activities. Essential service delivery functions are public safety, basic preservation of the City's infrastructure (roads, surface water, parks, buildings, etc.), planning and development, and other services that we are legally mandated to provide.

It is understood that defining what is an essential service is a difficult task. Furthermore, there is discretion on the relative service level for each essential service. Thus, the Finance Department has asked each department to back into a base level of essential services by providing expenditure reduction packets that result in a General Fund subsidy reduction of 5%, 10%, 15%, and 20%.

For example, a base level of essential services may be reached with a 5% reduction in a department whose services are nearly entirely essential (e.g., Police), while another department may be able to reduce 20% or more before the base level of essential service is reached.

Therefore, reduction packages will begin with each department's most discretionary services and progress towards more essential service reductions. Reduction scenarios need to be realistic and assume that they may very well happen. Staff is developing an actual I-695 budget plan using these reduction scenarios that will be recommended to your Council if I-695 passes and there is not a backfilling of revenue by the State or your Council.

These potential reductions are included in Attachment A. These reductions total $2.9 million and would cover the full loss of revenue from I-695. These reductions would need to be made if additional resources are not provided either through the State or local revenue enhancements. The reductions would require the elimination of 20 staff positions of the 100 full-time staff positions. As you can see from the list, these reductions will require the City to adjust service levels downward in all program areas.

Additional Revenue Options

As recently discussed at the 2000 Annual Planning and Budget Retreat and at previous retreats/budget sessions, one potential element in the City's plan could be the review and implementation of additional sources of revenue that the City currently has at it's disposal but has not chosen to utilize. These sources of revenue and what the City could expect to receive from them is described below.

As you know, the City has the legal authority to charge either a utility tax or franchise fee on utilities that operate in our community. Utilities that can be taxed are electricity, natural gas, water, sewer, solid waste, telephone and cable TV. Franchise fees and utility taxes have similar characteristics and are charged as a percentage of gross utility revenue. The rational for adopting such a tax/fee, is that the users of the utility services are reimbursing the general taxpayers for the use of the right-of-way. The utilization of utility services in certain segments of the community may disproportionately benefit one user over another. Utility taxes on electricity, gas, and telephones can be charged at rates from 1% to a maximum of 6%. There are no restrictions on the rates for water, sewer, and sanitation.

Utility taxes are currently levied to some extent in most of the state and regional cities as part of their core fiscal base. The table below provides an overview of the utility tax rates of regional cities that are similar in size or close in proximity to the City of Shoreline

City	Water	Sewer	Sanitation	Telephone	Natural Gas	Electricity
Bothell	5.0%	5.0%	5.0%	6.0%	6.0%	6.0%
Des Moines	5.0%	5.0%	12.0%	6.0%	6.0%	6.0%
Edmonds	5.75%	0.0%	0.0%	5.75%	5.75%	6.0%
Everett	6.0%	6.0%	0.0%	4.5%	4.5%	4.5%
Federal Way	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%
Issaquah	5.0%	0.0%	6.0%	6.0%	6.0%	6.0%
Kent	4.8%	4.8%	7.8%	4.8%	4.8%	4.8%
Kirkland	5.0%	5.0%	5.0%	6.0%	5.0%	5.0%
Mountlake Terrace	10.0%	10.0%	18.0%	6.0%	6.0%	6.0%
Redmond	0.0%	0.0%	6.0%	5.5%	5.5%	5.5%
Renton	0.0%	0.0%	0.0%	6.0%	6.0%	6.0%
Median	5.00%	4.80%	5.00%	6.00%	5.75%	6.00%

The tables in Attachment C provide an overview of the City of Shoreline and how it compares to other regional cities in terms of population, taxable assessed value per capita (property wealth), sales tax per capita (economic strength), and the number of utility taxes used. As you know, the City does receive a contract payment from Seattle City Light (SCL). This contract payment represents 6% of the "energy" portion (not "distribution") of the electrical utility. As can be seen from the charts in Attachment C, the City of Shoreline is the fifth largest regional city but is the fifth poorest regional city in terms of per capita property and economic strength. Therefore, the City of Shoreline, from its current revenue base, has fewer dollars per capita to pay for City services than other regional cities.

Among the 19 cities surveyed in Attachment C, Shoreline is one of only five cities that up until now has not exercised the option to use utility taxes to fund local services and capital programs. We surveyed these five cities and several other newer cities to determine their approach to dealing with the impacts of I-695. These results are shown in the table below. As you can see, the cities that are most impacted by the initiative are all implementing utility taxes at 6%.

Regional Cities That Have Not Previously Levied Utility Taxes

City	I-695 $ Loss & % of General Fund Budget	Which Utilities	Rate	Low-Income Exemption	Contingent On I-695
Burien	675,000 (6%)	Is still considering			
Kenmore	1,500,000 (25%)	Electricity, Natural Gas, Telephone, Cell Phone	6%	No	Yes
Lake Forest Park	1,383,000 (25%)	Electricity, Natural Gas, Telephone, Cell Phone	6%	No	Yes on Rate, No on Tax Structure
Lakewood	5,900,000 (27%)	Electricity, Natural Gas, Cable TV, Telephone, Cell Phone, Water, Sewer	6%	Yes	No
Lynnwood	545,000 (2%)	No Change in Tax Structure			
Newcastle	797,706 (18%)	Electricity, Natural Gas, Cable TV, Telephone, Cell Phone	6%	No	No
SeaTac	488,987 (2%)	No Change in Tax Structure			
Shoreline	2,902,298 (17%)	Is still considering			
University Place	3,000,000 (33%)	Electricity, Natural Gas, Cable TV, Telephone, Cell Phone	6%	No	Rate increase from 2% to 6% is contingent

If the City of Shoreline were to choose to levy utility taxes to minimize the potential loss from the impact of I-695, the City could expect to receive annual revenues in the approximate amounts shown in the table below. The table excludes the electrical utility due to our contract with SCL as previously mentioned. However, the City could add 6% ($500,000) on the distribution (not energy) portion to the current contract with SCL. A lead time of one year is required to implement this provision.

Revenue by Utility for Each Rate Percent

Utility	1% Rate	2% Rate	3% Rate	4% Rate	5% Rate	6% Rate
Water	$ 59,488	$ 118,976	$ 178,464	$ 237,464	$ 297,440	$ 356,928
Sewer	55,697	111,394	167,092	222,789	278,486	334,183
Sanitation	61,085	122,170	183,255	244,340	305,425	366,510
Telephone	262,493	524,986	787,479	1,049,972	1,312,465	1,574,958
Natural Gas	59,509	119,018	178,527	238,037	297,546	357,055
Cable TV	44,000	88,000	132,000	176,000	220,000	264,000
Total	**$ 542,272**	**$ 1,084,544**	**$ 1,626,817**	**$ 2,168,602**	**$ 2,711,362**	**$ 3,253,634**

The annual dollar impact per household is also shown in the table below for the various levy rates.

Annual Dollar Impact per Household

Utility	1% Rate	2% Rate	3% Rate	4% Rate	5% Rate	6% Rate
Water	$ 3.13	$ 6.26	$ 9.39	$ 12.52	$ 15.65	$ 18.79
Sewer	2.93	5.86	8.79	11.73	14.66	17.59
Sanitation	3.21	6.43	9.64	12.86	16.07	19.29
Telephone	13.82	27.63	41.45	55.26	69.08	82.89
Natural Gas	3.13	6.26	9.40	12.53	15.66	18.79
Cable TV	2.32	4.63	6.95	9.26	11.58	13.89
Total	**$ 28.54**	**$ 57.08**	**$ 85.62**	**$ 114.14**	**$ 142.70**	**$ 171.24**

As such, a utility tax at a 1% rate on these utilities would raise $542,272 to a 6% maximum which would raise $3,253,634 per year. The average impact of these rates per household would go from a low of $28.54 per year (1% rate) to $171.24 per year (6% rate).

For comparative purposes, if I-695 is approved Shoreline households will, on average, save $270 a year on MVET fees, according to the Washington Department of Licensing. Utility taxes or franchise fees are a possible source of revenue to make up the revenue shortfall I-695 would create. If the City were to implement utility taxes at a rate of 6% on all of the above utilities, the average Shoreline household would still save approximately $98 annually.

Staff is also pursuing franchise fees on water or sewer services at this time in lieu of a utility tax. Past court cases suggest we cannot levy a utility tax on other governmental agencies. The issues surrounding the levying of a franchise fee for these two service areas are complex and will require further explanation at your October 11 workshop.

Reserve Fund

The City could also use the 2000 Beginning Fund Balance (one-time), primarily from the increase in gambling revenue from 1999, as a reserve fund to help the City phase into the new I-695 levels of service. This would provide some time for the City to seek relief from the State and if unsuccessful phase in service reductions and adjust contracts over time. The City would be able to phase reductions and program changes in over a couple of years, if needed. It is important to note that if we utilize these funds for operations, we are foregoing the original plan of transferring these one-time funds to the CIP.

It is critical to note that the City's normal General Reserve Fund will be preserved so as to protect the City from rainy day problems and occurrences that these reserves are designed to handle.

We will recommend the use of the 2000 Beginning Fund Balance for this purpose, as part of the City's Initiative 695 years 2000 and 2001 budget plans, if additional resources are not provided by the State or your Council does not choose to adopt a utility tax.

Staff Recommendation Among Alternatives

At this time, we are recommending that Council consider a selective adoption of utility taxes to cover the loss of revenue from the potential passage of Initiative 695. If I-695 does not pass, it is recommended that these utility taxes would not go into effect. That is, the ordinance adopting the utility tax would be automatically rescinded in the event that I-695 does not pass.

Based on our earlier discussion on the modest levels of service that the City is currently able to provide with it's current revenue base, we are recommending that revenue from utility taxes be utilized to make up for the loss of revenue rather than reducing the current service levels as outlined in Attachment A. To reduce current services from our current modest levels would jeopardize the City's livability, and safety of its citizens. We are also convinced that money saved today due to expenditure reductions in planned maintenance will require a many fold increase in the future to replace failed infrastructure in roads and parks.

For these reasons, we are recommending that your Council consider adopting a 6% utility tax on natural gas, telephone, cellular telephone, and sanitation services. We are also recommending that you consider a 1% utility tax on cable TV. This rate when added to the current 5% franchise fee on cable TV would bring the rate up to 6%.

Staff is pursuing franchise fees on water or sewer services at this time in lieu of a utility tax. Past court cases suggest we cannot levy a utility tax on other governmental agencies. The issues surrounding the levying of a franchise fee for these two service areas are complex and will require further explanation at your October 11 workshop.

The adoption of this recommendation is estimated to increase revenues by $2.3 million for 2000 as shown in the table below. This would offset the year 2000 $2.1 million estimated loss of revenue from the potential passage of Initiative 695 and would not require the City to reduce it's current service levels. However, this additional revenue is not enough to cover the expected full $2.9 million loss that would occur by the year 2001 if I-695 passes. During 2000, the City would work with the State on revenue replacement options and continue to resolve the issues surrounding the water and sewer utilities.

Recommended Utility/Franchise Fee Revenue and Impact per Household

Utility	Revenue	Household Impact
Natural Gas	357,055	18.79
Telephone/Cell Phone	1,574,958	82.89
Sanitation	366,510	19.29
Cable TV	44,000	2.32
Total	**$ 2,342,523**	**$ 123.29**
Water	$ 356,928	$ 18.79
Sewer	334,183	17.59
Grand Total	**$ 3,033,634**	**$ 159.67**

As mentioned above, if I-695 is approved Shoreline households will, on average, save $270 a year on MVET fees. If the City were to implement the recommended utility taxes and franchise fees, Shoreline households would still save on average $110 annually.

As part of the utility tax recommendation, it is also recommended that staff pursue a utility tax exemption for low-income residents for natural gas and sanitation services. This program would be developed in conjunction with the implementation of the utility tax. This does not include electrical because the City of Seattle levies that utility tax and control that tax and any related exemptions.

Timeline

According to RCW 35.21.865, an ordinance increasing taxes on electric, telephone, and natural gas utilities must be passed at least 60 days before the effective date of the ordinance. This would mean that the City would need to adopt utility taxes at the October 25, 1999, City Council meeting to have the taxes effective prior to January 1, 2000. If this date is not met and Initiative 695 passes, the implementation of any utility tax would require a vote of the citizens. Two scenarios for a utility tax election are outlined in Attachment D and summarized below.

If a vote is needed to implement the utility taxes, the earliest that the City could realistically be able to have the utility tax go into effect would be July 1, 2000. This would require the City to utilize approximately $1.2 million of the reserve fund to cover the revenue loss between January and July and to cover special election costs of $95,000. This scenario would not include a specific citizen involvement process. Time delays are due to the advance notice to the County for elections (45 days), the 60 day lead time for utility tax implementation as mentioned above, and the amount of time needed to have your Council schedule and adopt a utility tax ordinance.

If a specific citizen involvement process was implemented prior to an election, the City would not realistically be able to have the utility tax go into effect until December 1, 2000. This would require the City to utilize approximately $1.9 million of the reserve fund to cover the revenue loss between January and December and to cover regular election costs of $25,000.

As a result, if you wish to adopt a utility tax, rather than spend $1.2 to $1.9 million in reserves to carry us through an election cycle, we recommend that you adopt it now. The $1.2 to $1.9 million is money that could be utilized in our capital improvement program.

RECOMMENDATION

We recommend that your Council consider directing staff to return with an Ordinance to adopt utility taxes and/or franchise fees contingent upon the passage of Initiative 695. Yet, we also request that your Council hold a public hearing on the utility taxes prior to considering their adoption. The utility taxes would be levied on natural gas, telephone and cellular telephone services, and sanitation services at the rate of 6% and on cable television at the rate of 1%. The Ordinance would include the pursuing of a utility tax relief provision for low-income citizens for natural gas and sanitation services.

Approved By: City Manager ____ City Attorney ___

ATTACHMENTS

A. Potential I-695 Expenditure Reductions
B. Initiative 695 Budget Decision-Making Criteria
C. Regional City Revenue Comparisons
D. Post I-695 Utility Tax Election Scenarios

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

City Council

23,681 • Reduce or eliminate national and State conferences

The City Council will be less informed and the City's voice will be reduced on national and state issues that may impact the City.

City Manager's Office

210,724 • Reduce/eliminate professional services support for utility review, annexations, community projects, goal setting retreats, and other issues

Staff will need to use internal support where available instead of professional services thus reducing the number of projects that can be completed in any given year.

• Eliminate a professional staff position

This will reduce the ability to provide analysis on a wide-variety of issues (i.e., criminal justice, utilities, annexations, community projects, capital projects, etc.) causing the City to delay projects and/or make decisions with less professional analysis.

• Decrease two or more administrative support staff

This will reduce the ability of support staff to respond to needs of the organization and the residents in a timely manner causing delays in projects and citizen responses.

City Clerk's Office

57,163 • Eliminate videotaping of City Council meetings

This excellent outreach and public education tool would no longer be available to the community making it difficult for some citizens to keep in touch with the Council process.

• Eliminate high school intern program

All other staff would spend more time doing routing clerical tasks with consequent slow downs in the delivery of service.

• Eliminate duplicate legal notices (Asian Weekly and Shoreline Enterprise)

The City outreach efforts of attempting to inform as many citizens as possible of legal notices would be curtailed.

• Elimination of administrative support staff

Elimination of a support staff would impact the timeliness and quality of service delivery in four areas: 1) the production of City Council minutes; 2) the distribution and organization of Hearing Examiner materials; 3) the implementation of our citywide records management program; and 4) same-day provision of various documents and information to internal and external customers. Minutes writing would probably be done under a professional services contract but not to the same level. The citywide records management program would be placed on hold to allow the Deputy City Clerk to resume duties as Hearing Examiner staff. There would be considerable stress on remaining staff to continue to provide a basic level of service.

Community & Government Relations

160,250 • Eliminate Neighborhood Newsletters

Neighborhoods groups will need to get their information from the City's newsletter *Currents,* other sources, or will need to independently develop and mail their own newsletters.

• Eliminate Neilson-type feedback surveys as recommended by Citizen Involvement Committee

The City Council and staff will need to find alternative means for receiving feedback from the community on a variety of issues.

• Eliminate mini-grants as part of the Neighborhood Program

There will no longer be available City funds for small local neighborhood improvements through the Neighborhood Mini-Grants Program.

• Eliminate one professional position

The City would no longer be able to provide support for the Neighborhood Program. The Neighborhood groups would need to receive information and support through other City sources on a piecemeal basis.

Attachment A.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Health & Human Services

160,548 • Eliminate the General Fund portion of grants to outside agencies

Reductions of grants at this level will result in the elimination of 3 - 6 agency contracts and elimination of the Senior Center and the Center for Human Services contracts.

• Eliminate membership in the Human Services Roundtable

Leaving the Human Services Roundtable would eliminate an opportunity to partnership with King County to develop a regional strategy to address human service needs, reduce the City's voice in Olympia on human service issues, and would increase our reliance on other organizations to articulate regional human service priorities.

City Attorney's Office

25,000 • Reduce the use of outside legal counsel on City issues (i.e., gambling moratorium, adult entertainment, etc.)

Essential litigation will be handled in-house with a commensurate reduction in support for the organization. It is likely that code enforcement litigation would be most affected.

Finance/Information Services

541,823 • Eliminate projects and support services included in the City's Five-Year Technology Plan (i.e., training, hardware and software upgrades, maintenance management systems, and full GIS system development and implementation)

This will require the City to make smaller modifications to the planned direction for the Customer Response database being implemented citywide, slower development of the records management infrastructure and GIS program development, will slow down the rate of available technology training and program documentation, and would impact the City's ability to effectively manage its infrastructure. This would require a slowing of hardware replacements, slow evolution to web and electronic commerce applications and new ways of dealing with our customers.

• Decrease one professional staff in Information Services

This will result in less emphasis on technology and system improvements and development with a return to more of a maintenance mode for our current information systems.

• Decrease one professional staff in Finance

This will result in reducing the level of support for the remainder of the organization in terms of financial tracking assistance and analysis and will require the reprioritization of the work of the remaining staff.

• Reduce temporary help and overtime in Finance and Information Services.

This will require staff to perform more basic administrative duties, require reprioritization of projects, and/or delays of certain projects during some portions of the year when workload is heaviest. Computer repairs and network upgrades will need to take place during working hours rather than at night or on weekends inconveniencing other staff.

Citywide Services

100,320 • Decrease the number of outside organizations that the City remains involved with to those that are required. This would eliminate membership in the Association of Washington Cities, the Puget Sound Regional Council, the Suburban Cities Association, National League of Cities, Economic Development Council, and the Sister Cities Association.

This would reduce the City Council's ability to receive information about what other cities are doing nationally and reduce the cities ability to influence regional transportation, planning, economic development, and other regional issues.

• Eliminate Clean Sweep Events

This would eliminate the annual community building events that help to clean-up neighborhoods and parks and bring the community together.

• Reduce some office and operating supplies (I.e., letterhead, fax machine, printer toner & supplies)

The City would need to develop an internal policy on the usage of paper, printers, and other basic office supplies.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Human Resources

56,325

- Eliminate administrative support
  This would require the remaining professional staff to handle all basic administrative duties including correspondence, scheduling candidates for interviews, scheduling and arranging staff training sessions, filing, copying, etc.
- Reduce advertising for recruitment of vacant staff positions
  With the City's diminished ability to hire new positions advertising would be reduced. The remaining funds for advertising would be used for recruiting vacant positions

Public Safety/Criminal Justice

448,849

- Eliminate the two storefront officers and close the City's two storefronts
  This would dramatically reduce the City's ability to provide community policing. This would result in less time available to communicate and work with citizens on their local public safety issues.
- Reduce one of the three traffic officers
  This would either reduce the level of traffic enforcement in the City or would require the pulling of a reactive patrol officer from their assigned patrol district to periodically spend more time on traffic enforcement
- Reduce one reactive patrol officer (new position for Area A-2)
  This would require the existing patrol officers to also provide coverage for this new area, thus increasing the size of the coverage areas with the potential decrease in response time or need for increased overtime.
- Decrease in administrative support staff
  This would require the remaining administrative support position to increase their workload and reprioritize some of the projects, thus causing the delay in certain projects or Reponses to citizen inquiries for information.

- To reach cut levels above this level would require the reduction of one or more of the proactive officers that focus on vice, drug houses, etc.
- Above this, the City would be looking at reductions of patrol officers and detectives which would affect response times and criminal case management.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Parks, Recreation & Cultural Services

444,801

- Eliminate Cultural Services Budget
  - All funding to outside organizations (Arts Council & Museum)
  - All City Events: Celebrate Shoreline, Swingin' Summer Eve, Halloween Haunt, Lunchtime Music Concerts, Christmas Ship, etc.

  This would eliminate the events that bring the community together. Elimination of support for the arts and museum would decrease their ability to leverage additional funding from other organizations.
- Eliminate two positions in recreation and reorganize department
  - Close pool on Sundays and reduce maintenance by aquatics staff
  - Increase swimming pool fees
  - Reduce the total number of recreation classes offered to the community
  - Eliminate *Shoreline Enterprise* advertising
  - Increase recreation class fees where the market will allow

  This would reduce the hours of swimming pool availability for the community and may require the staff to delay some basic maintenance activities.
- Reduce the Teen Program
  - Cancel 8 out of 27 trips and eliminate Einstein intramural program
  - Reduce contract with Center for Human Services for counselor on site at Recreation Center (REC)
  - Reduce number of days if operation from 6 days per week to 5 days per week during the school year and to 4 days per week during the summer
  - Change Kellogg Program to an open gym program
  - Eliminate outside performing, dance, and visual arts instructors
  - Eliminate writing classes and reduce food budget for all teen programs
  - Eliminate conference training and training for Teen Supervisor
  - Eliminate REC T-shirts as prizes.

  The program will run at the minimum, not offering arts or small group support programs.
- Eliminate training for PRCS Advisory Committee and Library Board
- Reduce Park Maintenance
  - Eliminate North Rehabilitation Facility contract to reclaim park land
  - 59% reduction in soccer game preparations
  - 22% reduction in baseball game preparations
  - No overseeding
  - Minimum irrigation to retain sports field turf; allow non-sports fields to brown out during summer
  - Tennis court cleaned 26 times rather than 52 times per year
  - Offer field renters the option to contract directly with Evergreen for field preparation or prepare the field themselves

  This would decrease the already "very basic" level of parks maintenance services that are currently provided, thus decreasing the condition of the parks overtime as fields are maintained on a priority basis.

  Reductions in game preparations would cause a reduction in play time for youth and adult soccer and baseball/softball groups.
- Transfer maintenance responsibility for Paramount Park to the school district

  This would require the school district to provide maintenance or decrease the already barebones maintenance for this park.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Planning and Development Services

282,378 • Eliminate 3 - 4 professional and/or administrative staff positions and professional services along with the following program impacts.

- Eliminate proactive (recruiting businesses, seeking new opportunities) economic development program. Staff would be available for limited help with interested businesses and to provide information.
- Eliminate support for regional transportation planning efforts leaving minimum participation in areas such as regional transit, METRO, Seashore Transportation Forum, and Interurban Trail.
- Eliminate support of regional planning programs such as Growth Management Planning Council, Suburban Cities Association, Thornton Creek Alliance, historic preservation efforts.
- Eliminate the North City Sub-Area Plan
- Reduce citizen/customer response for walk-in traffic for requests for file reviews, copying, project notifications, code interpretation, etc.
- Restrict the Walk-In Services Program to limited hours of operation
- Retain status quo for the Code Enforcement Program

Public Works

395,832 • Reduce levels of customer response services (emergency versus non-emergency). Institute a 40 hour work week program, eliminate standby pay and intern support.
This would decrease the level of customer response services and timeliness in the community

- Reduce facility maintenance levels to cover basic health & safety issues
  Maintenance would need to be made on a priority basis, many basic fixes to improve the working environment would need to be delayed.
- Eliminate planned office expansions for new and existing Public Works employees to meet established City space standards
  Staff would need to be fit in where possible creating smaller and more uncomfortable working environments
- Reduce janitorial services by 50% in City facilities, except parks
  This would decrease the litter and cleaning to every other day, potentially requiring staff to take out their own trash and recyclable materials to avoid a deteriorating work environment.
- Reduce/eliminate non-safety related traffic volume and speed studies
  This would decrease the level of available traffic information for capital projects and the use of the Planning and Development Services Department to make long-term improvements to the City's traffic flow.
- Eliminate the North Rehabilitation Facility (NRF) contract for roadside vegetation control
  This would eliminate the services provided by NRF, resulting in higher summer grasses and weeds in the right-of-way and more visible litter.
- Reduce tree and vegetation control by 30% (approximately equal to 1 full-time contract position)
  The City's trees and vegetation would become more overgrown. Priority tree and vegetation control would be focused on eliminating traffic safety hazards and other high priority areas.
- Reduce the sidewalk repair program by 25%
  This would decrease the ability for the City to repair the miles of existing sidewalks that have deteriorated over the years. The focus would be on the most severe damage.
- Slow down the Capital Improvement Program by eliminating one administrative support position.
  This will slow down report writing, contracting, and decision-making as well as possible on-site project management by requiring engineers and project managers to perform administrative duties that would otherwise be accomplished by administrative staff.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

- Review Public Works Transition Plan to determine appropriate mix of current employees and new employees in the Plan to look for potential Plan savings, including potential elimination of a planned or existing position.

  This may require the City to decrease it's already inadequate service levels by using existing staff positions to fulfill the roles of new Transition Plan employees, thus implementing the Transition Plan but reducing the level of customer service in other areas.

2,907,694 Total General Fund

CITY OF SHORELINE

CRITERIA FOR YEAR 2000: INITIATIVE 695 BUDGET

Purpose: This criteria is intended to form the basis for decision-making for the 2000 budget process, assuming that Initiative 695 (I-695) passes at the November 2, 1999 statewide election and there is not a backfilling of revenue. If I-695 passes, the City of Shoreline will lose an estimated $2.9 million (17%) of the City's General Fund.

To the extent possible, across the board reductions in expenditures will be avoided. Reductions will be made on a case-by-case basis, focusing particularly (though not exclusively) on each program or service. Maintaining a highly professional and efficient service delivery system is of foremost importance. Thus, if it becomes necessary to make significant service level reductions, the goal will be to reduce the quantity of a service provided rather than the quality of service (i.e., limit the number of recipients, rather than the quality of service provided to the remaining recipients).

The I-695 budget criteria requires defining the essential or base service delivery functions within each department. A need exists to separate these essential functions from other activities.

Essential service delivery functions are public safety, basic preservation of the City's infrastructure (roads, surface water, parks, buildings, etc.), planning and development, and other services that we are legally mandated to provide. Many different levels of service can be provided within each of these essential service areas. The criteria below has been developed with this purpose in mind.

It is understood that defining what is an essential service is a difficult task. Furthermore, there is discretion on the relative service level for each essential service. Thus, the City departments have backed into a base level of essential services by providing expenditure reduction packets that result in a General Fund subsidy reduction of 5%, 10%, 15%, and 20%.

Public Safety Protection

The City needs to ensure public safety services for basic coverage, emergency response, and community policing.

Maintain the City's Current Physical Infrastructure (Roads, Surface Water, Parks, Swimming Pool, City buildings, etc.)

The City needs to maintain the City's physical infrastructure at a level that prevents the degradation of current infrastructure conditions. Maintenance activities above this level should be prioritized to prevent more expensive repair or replacements in the future, but recent or planned maintenance increases should be reduced or put on hold.

Fund the City's Essential Service Delivery Responsibilities

The City should maintain expenditures for it's essential or legally mandated service delivery responsibilities such as issuing building permits, developing and implementing a comprehensive plan, operating the City Council meetings and public records through a City Clerk, etc. These essential service delivery functions should be identified. The City should review the level of service issues surrounding each of it's essential service delivery functions. **This could include a review of the current staffing deployments and operations and an assessment of opportunities to make adjustments as appropriate.**

Revisit the City Council's Annual Workplan

The City Council will revisit it's Workplan in light of the potential large reductions to the City's discretionary revenue base. A review of each of the workplan projects, timelines, and outcomes should occur.

Reduce or Freeze Non-Essential Services

All expenditures that are not directly related to the delivery and support of the City's essential service delivery functions should be eliminated, reduced or frozen (i.e., City grants to outside agencies, etc.).

Forestall Adding Employees

No new employees should be added unless they are replacing vacant positions that fulfill the City's essential service delivery functions. Each position should be reviewed for necessity to see if other existing staff can fulfill the workload requirements.

Save Operational Expenses

Every effort and efficiency should be realized to save the City's operational revenue and expenses through the use of capital investments, technological improvements or other means.

Delay Future (Ongoing) Costs

One-time expenses will have priority over those that commit ongoing resources. All future expense increases should be delayed.

Economies of Scale

Potential economies of scale should be reviewed where the City can coordinate with other agencies in the City (i.e., joint City-school district programming, joint operations yards, capital projects, etc.) or departments can collaborate with other departments to save resources.

Review User Fees and Changes for Appropriateness

User fees should be reviewed citywide to optimize the balance between additional revenue and the users needs and demands for services. In some cases, the Council has a specific policy on user fee coverage ratios (e.g., Development Services fees must be at 80% of direct and indirect costs). We must ensure that we comply with these policies.

Encourage the Use of Volunteer's Where Appropriate

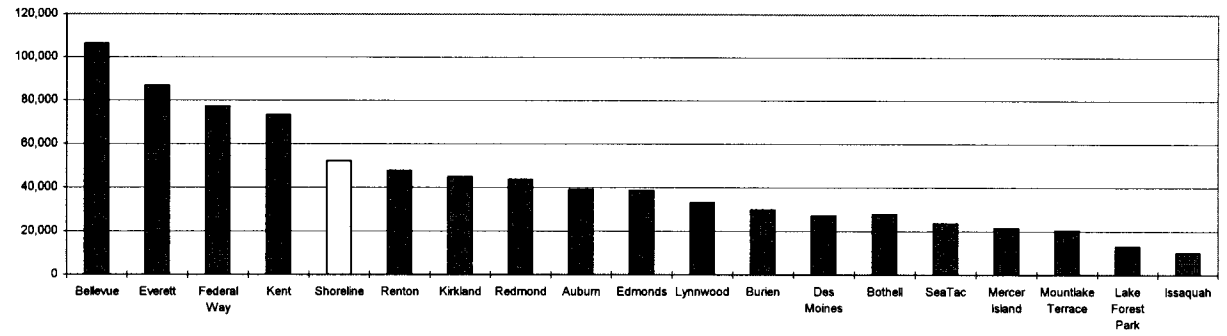
The City should utilize volunteers to the optimum extent possible where appropriate, efficient, and effective to help provide services while saving staff resources. One example could be to have neighborhoods adopt neighborhood parks and volunteer to perform a portion of the routine parks maintenance.

Review Capital Improvement Projects

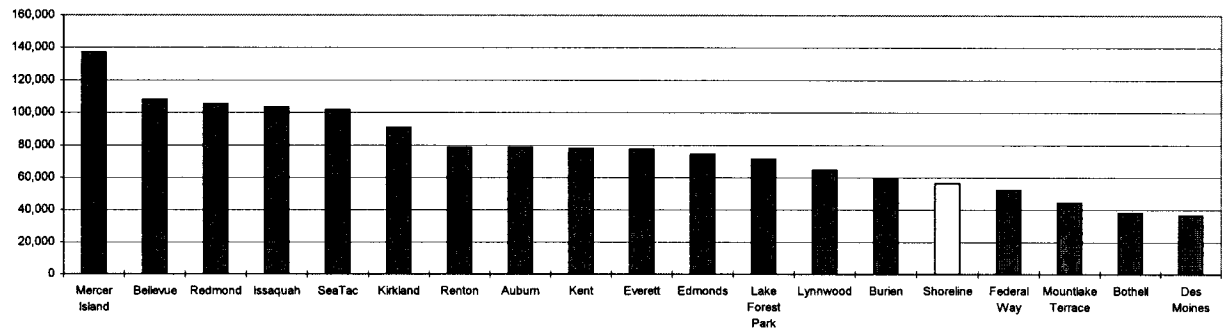
The City should review the capital improvement projects to assess and minimize the impact of adding additional ongoing operating expenses (i.e., ballfield maintenance in Shoreview Park, Skate Park maintenance, etc.) or focusing on projects that are primarily grant funded.

Comparison of Regional Cities (Population, Assessed Value, Sales Tax, and Utility Taxes)

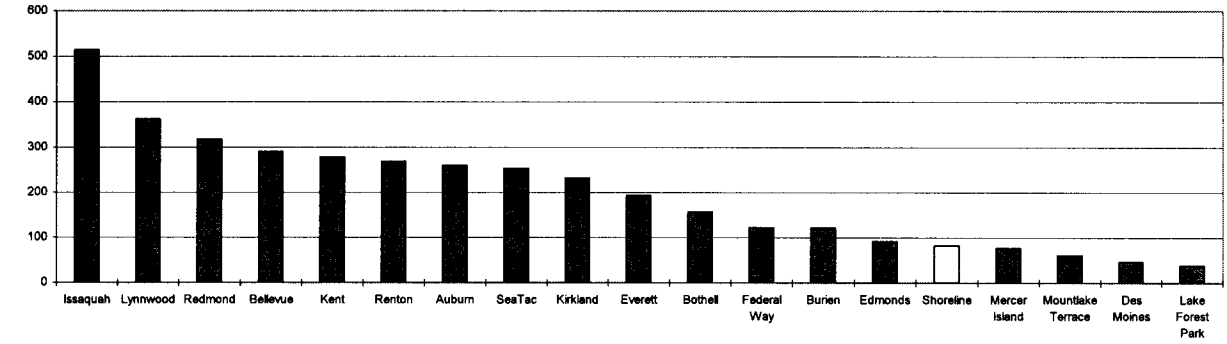
Population of Regional Cities



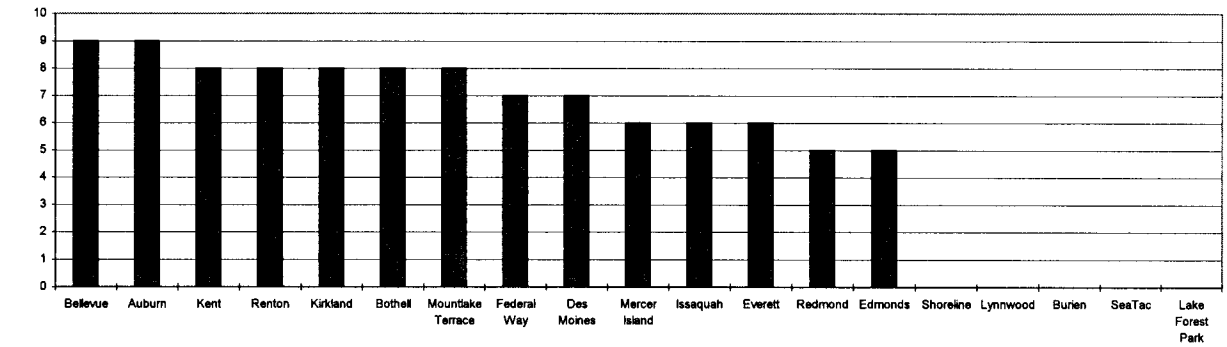
Taxable Assessed Value Per Capita of Regional Cities



Sales Tax Per Capita of Regional Cities



Number of Utility Taxes Used in Regional Cities



Attachment D.

Post I-695 Utility Tax Election Scenarios

Option A—No specific citizen involvement process:

January 2000 – Council workshop for review of utility tax increases

February – Council adopts utility tax ordinance

February – City requests election date from the County (45 days in advance)*

April – special election date

May-June – If adopted by voters, Utilities Commission (UTC) needs 60 days to review and approve

July 1 (approximately) – first date the utility tax could go into effect

Cost: Use of reserves to cover loss of revenue (six months = $1,076,475)
Special Election costs, $95,000

Option B—Using a specific citizen involvement process:

January 2000 – Council appoints a Citizens Task Force to review utility tax issues

February-April – Citizens Task Force takes public comments, makes recommendation

May – Council reviews Task Force recommendations at a workshop

June – Council adopts utility tax ordinance

June – City requests scheduling of measure for primary election with King County* *

September – Primary election date

October-November – If adopted by voters, UTC needs 60 days to review and approve

December 1 (approximately) – first date the utility tax could go into effect

Cost: Use of reserves to cover loss of revenue (eleven months = $1,973,538)
Election costs, $25,000

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*King County special elections are available in only February, March, April and May.
**No election dates available between May and September