

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

<p>AGENDA TITLE: Bond Advisory Committee Report DEPARTMENT: City Manager's Office PRESENTED BY: Bob Olander, Deputy City Manager</p>

PROBLEM/ISSUE STATEMENT:

The Bond Advisory Committee (BAC) was established and authorized by the City Council in January 2003. The City Council established this committee to pursue its 2002 - 2003 Goal No. 7 to..."establish a Citizens Bond Advisory Committee to review and make recommendations regarding financing city capital improvements." The attached report summarizes the recommendations, findings, and process of the committee over the last 10 months.

In general, the majority of the committee concluded that the spring of 2004 is not an opportune time to seek a voter approved tax levy for capital improvements. The consensus of the committee was to reconsider this issue when the economy turns up and voters are more optimistic about economic forecasts. The committee also concluded that a smaller issue, in the range of 10 to 12 million dollars, should be considered when and if the proposition is placed before the voters. In addition, more work is needed to develop detailed project scopes for those projects selected for a potential bond issue. The BAC recommends that the projects and needs identified by the committee be incorporated where appropriate in the upcoming Comprehensive Plan and detailed master plans. More detailed observations and recommendations are attached in the committee's final report.

The consensus of the committee was that it is important to continue the process of project definition, project scope, public education, and financial planning in order to build on the work of the BAC in preparation for a future successful bond election. The work of the committee was very valuable and it is important that this information and momentum not be lost. To that end, the consensus of the committee was that some form of continued committee participation would be useful. Staff recommends that the City Council authorize the continued work of the Bond Advisory Committee. Essential next steps would be to complete the draft Transportation, Surface Water, and Parks, Recreation and Open Space plans and their capital components. Since this information will not be available until possibly May, it is recommended that the committee be reconvened in May or June of next year. This will allow staff time to develop more detailed scopes of work and cost estimates for the higher priority projects identified by the citizen survey and the BAC. The interim time will also allow staff to develop a follow-up work plan and schedule for those members of the BAC willing to continue. It is not anticipated that the committee would need to meet more than two or three times in 2004.

RECOMMENDATION

Staff recommends that the City Council accept the final report of the Bond Advisory Committee, thank the members for their valuable contributions and time, and authorize the continued existence of the BAC in 2004, generally as outlined above.

Approved By: City Manager  City Attorney ____

Attachment A: Bond Advisory Committee Final Report

**Report and Recommendations to the Shoreline City Council
By the Shoreline Bond Advisory Committee
November 5, 2003**

A. INTRODUCTION

The City of Shoreline invited 22 citizens to serve on a Bond Advisory Committee (BAC) to help the City Council review and make recommendations regarding financing City capital improvements. The members of the BAC include:

Larry Blake
Michael Broili
Bill Clements
Brenda Crist
Stan Diddams
Jim Doherty
Kennie Endelman
Darlene Feikema
Sally Granger
Patty Hale

Starla Hohbach
Chris Kuehn
Paul Lesh
Jeff Lewis
Paul Mack
Bonnie Mackey
Rich Matthews
Sis Polin
Jeff Pozarski
Cindy Ryu

Jim Shea
Shari Winstead

Council Liaisons:
Councilmember Rich
Gustafson
Councilmember Bob
Ransom

Committee recommendations were to be advisory to the Council and include reviewing potential projects, timing, and financial issues. At the Committee's first meeting, City of Shoreline Mayor Jepsen explained that the group's emphasis would be capital investments generally, with specific emphasis on parks, sidewalks, and surface water management projects. The Bond Advisory Committee's recommendations were not a foregone conclusion. Direction to the Committee deliberately stated that the group could suggest a voter-approved bond issue (which might go to voters in early 2004), or find that the timing or scale of potential improvements do not warrant bringing a bond issue before the public.

If the Committee recommended putting a bond measure out for a public vote, the group was charged with recommending a package of projects with a good chance of success with voters, considering a potential maintenance and operation levy and exploring how to build community support. If the Committee determined that it was not appropriate to go to voters with a bond measure, the group's recommendations and identification of priorities and core community needs and desires would contribute to other planning efforts underway at the City of Shoreline.

B. SUMMARY OF RECOMMENDATIONS

Following a nine-month review of survey results identifying capital project needs and willingness to pay, learning about prospective projects that could be included in a bond issue, and the City's funding and capital planning picture, the Shoreline Bond Advisory Committee has found and recommends:

1. **2004 is not the time to seek a voter-approved tax levy for capital improvement projects.**
2. **The City should consider seeking future voter approval for some package** of bond-funded projects when the regional and local economy shows signs of improvement and voters are more optimistic about the economy.
3. **The Bond Election Survey results suggested that a bond issue of \$10 to \$12 million for improvements would be the maximum amount at this time that would have a chance for 60% voter approval** (a range of \$3.00 to \$5.00 per month per household property tax increase). The total amount of the package tested in the survey, \$23 million, is a far higher level of investment than most residents would support in the current economic climate.
4. **Additional work is needed to develop a proposed voter-approved bond package.** Any package of projects to go for voter approval must address community needs based on community demographics, be part of a well-conceived plan, with well-documented scope, schedule and budget, and must be much more specific than the packages of projects that the BAC considered in concept. In addition, identifying and matching funding sources to project needs will be very important to ensure that only those projects appropriate for bond funding are included in a future package. Education about the need for projects must be ongoing.
5. **Any proposed package for voter approval should be developed based on specific criteria, such as the need for the project, the balance of projects that will benefit all Shoreline residents City-wide and specific user groups or neighborhoods, and a package that has a likelihood of receiving voter support.**
6. **The City of Shoreline should find near-term funding and support through other funding mechanisms, outside of a bond package, for opportunistic projects and needs** identified during the BAC process, including project ideas for Richmond Beach Saltwater Park, park acquisition projects such as property adjacent to Hamlin Park, pilot project ideas for sidewalks, and the need for storm drainage projects. An additional example is the concept of a dog park that the first survey surfaced as a need not currently being met, but was not supported in the second survey as part of a bond issue. This kind of concept might be established with other City funds and maintained by a community volunteer group. Every example of these project concepts must be further developed.
7. **Neighborhood and community parks, sidewalks, walking and biking trails, and athletic fields are the kinds of priority projects** that received support in the Bond Election Survey. What these findings mean should be more explicitly studied and specific improvements should be identified that can receive focus and be incorporated into the development of the City's Parks, Recreation and Open Space Plan, and the City's comprehensive planning efforts.

8. The work of the Shoreline Bond Advisory Committee should be continued in one of two ways: 1) A subcommittee of the BAC could continue to work with the City; or 2) continued communications with the full Committee could occur, to maintain the momentum of ideas generated by the Committee so far. The nine meetings of the Bond Advisory Committee meeting set a strong foundation to begin scoping project needs, potential bond size and the community's willingness to pay for projects. This work is just the beginning. A specific plan and next steps should be developed for the future work of the Committee. It was suggested that this work should include a sub-committee to conduct a physical survey of the City's facilities, an inventory of sidewalks near public schools, and a "field trip" to physically see all of the parks in the community to create context for the survey priorities, and report back to the full Bond Advisory Committee.

C. RATIONALE

When polled at the final Bond Advisory Committee meeting, some BAC members believed that Shoreline should proceed with a reduced proposal to voters. The majority of Committee members, however, was not optimistic, or said this was not the right time, right set of projects, projects were not well-enough defined, or funding level tested was too high to pursue a voter-approved measure. The rationale for the Committee's recommendations is outlined below.

As the Committee developed recommendations, the following concerns about seeking a voter-approved bond issue were raised.

Timing. A better time to pursue a voter-approved levy is when the regional and global economic picture improves, and people's willingness to invest and optimism for the future improves.

Shoreline's Other Initiatives. The survey and project ideas that were generated in this process were a good start, but all ideas need to be considered in context of other City projects, investments, initiatives, needs and priorities. The City has other budget issues and projects underway, and should build on future successes on projects such as the InterUrban Trail, the Aurora Corridor and City Hall initiatives, and establish credibility with residents and voters before seeking voter approval for additional improvements.

Further Development of Project Concepts. The projects reviewed by the BAC need additional scoping as to cost and exactly what the improvements would be. Good ideas surfaced in this process should be refined and specifics should be addressed. The BAC process provides a good foundation, but more work needs to be done. There is still a need to develop more detailed project scopes and show specifically how they solve problems in the community. The need for certain projects should be clearly articulated and linked to both survey results and other needs assessments. The long-term prospective projects surfaced in this process should become part of the Parks Plan, the Stormwater Plan, and other master planning processes currently underway at the City, and should be articulated in the future work of the Committee.

Further Development of Funding Sources. The BAC considered prospective projects that might be better funded by other sources than a bond issue. Matching and leveraging funds for all City projects needs to be fully explored.

The “Right” Package Takes Time. The decision about which projects to include in a voter-approved package, and how those needs should be funded, must be considered in the context of the full capital improvement plan and other City planning efforts. These decisions deserve an investment of time and energy to build understanding and support in the community. The BAC learned from other jurisdictions (the cities of Lacey and Kirkland are examples) that building support and the right package of project takes time. It could take more than a year to develop a package of projects to go to the ballot.

Community Education. Before the City decides to seek voter approval for a levy, a community education effort should be implemented to highlight the needs and desires for capital projects, designed to gain voter confidence and maximize leveraged funding for improvements (especially for sidewalk projects). Other education efforts should show how funding sources are matched with projects and justify bond funding for the projects in the proposed package. Another point is the potential difficulty for citizens to conceive of dollar amounts such as \$23 million, and the tax impacts over a period of time that a bond issue would imply. The BAC discussed this issue and concluded that education is very important to be sure the project costs have been well-justified and the bond size and tax impact is understood by everyone.

Understand Community Needs and Wants in More Depth. Survey information provided some information about the kinds of projects that would be supported by various groups, but most BAC members believe that additional project details, including understanding needs, desires and support within specific age groups and interest groups is needed (such as youth, seniors, households of different sizes, or sports teams).

Sidewalks: More Planning Needed. Our discussion of prospective sidewalk projects and alternatives for their design indicated the need for the City of Shoreline to develop a more comprehensive sidewalks and trails plan, including design alternatives.

Strategy: Combined or Separate Issues for Parks and Sidewalks. Consensus did not exist among Committee members whether an issue should include sidewalks and parks as a combined issue or whether they should be separate. Some believed that linking the two would be confusing, while others believed this was a strategy to maximize support.

The Rationale for Choosing Projects. Other bond election processes, such as the King County Conservation & Recreation Initiative in 1996, used specific criteria to rate and rank projects to determine priorities for a bond measure. The criteria helped to balance project benefits, community support, funding, and impacts. Criteria were developed through the BAC process which could be built on and used in future planning.

A Sound Link Between Data and a Potential Package. More analysis is needed to link information about Shoreline’s demographics, the economy, and the appropriate projects for a package. What the U.S. Census data told the Committee about poverty, economics, size of

household, families with children, and senior citizens in the community must be better integrated into planning any future package.

Election Costs. If a voted tax levy is offered in a statewide election, the cost to taxpayers is very low. If the City brings the issue in an election other than the general election costs could be \$20,000-\$35,000. Marketing and campaign costs for the ballot issue would be separate from that cost, and a group outside of the City would need to be assembled to support the campaign.

The factors in favor of pursuing a bond issue at this time were also discussed but were outweighed by the concerns above.

Community Priorities. The BAC was asked to advise the City Council about the type of projects that would reflect the needs and desires of city residents. The Needs Assessment Survey and Bond Election Survey demonstrated support for certain project types, including Richmond Beach Saltwater Park, neighborhood and community parks, sidewalks, walking and biking trails, acquisition of land for parks, and athletic fields.

Opportunities to Build Support Now. Some believed that Bond Election Survey results gave optimistic signals of support for some capital improvement project areas, and residents have articulated a need and want for some of these projects now. Although \$23 million was not supported as tested in the survey at this time, reducing the amount of the bond issue could lead to success with voters, or an economic upswing could change the level of acceptance with voters. There is a need for opportunistic improvements now; the 2003 survey indicated that sidewalks, flooding, and other issues were very important and need to be resolved. Voters deserve to choose whether to pursue these improvements, and testing the issue at the ballot may be a good idea at some point. The City should not allow momentum to be lost by doing nothing.

Test a Reduced Package. The recently completed Bond Election Survey indicates that a measure smaller than the \$23 million tested in the survey, such as \$10-\$12 million, might receive approval by voters. Some believed that testing such a package even if it's not successful, might be a good idea. In addition, if the City were to pursue an issue, a 15-year rather than a 20-year issue should be designed to be fiscally responsible and lower the impact to taxpayers.

Pilot Projects. Sidewalks appear to be desirable to citizens right now. A more comprehensive sidewalks and trails plan community education about the types and purposes of sidewalks, alternative designs, and pilot projects should be pursued.

D. THE BOND ADVISORY COMMITTEE'S WORK

The Committee met approximately once a month from March to October, and was supported by the directors of the City of Shoreline's Parks, Recreation & Cultural Services (PRCS), Public Works and Finance Departments. Facilitation support was provided by Berk & Associates, and the survey efforts were conducted by Green Play Consulting Group and ETC Institute's Leisure Vision. David Evans and Associates provided assistance with cost estimation of projects.

Committee members were asked to participate and contribute constructively to Committee work; gain an understanding of, and be able to articulate with members of the public and constituent groups, the City's inventory of parks and recreation facilities, sidewalks and potential improvements that could be made; serve as the Committee's "eyes and ears" on issues of concern relevant to the Committee's work; and actively participate in public outreach efforts following recommendations by the Committee. The Committee determined that it would make decisions by consensus, with the option of issuing a minority report if there were individuals who disagreed with the group's ultimate decisions.

The Committee's work included reading and summarizing background information, identifying and prioritizing individual projects based on community desires and needs, helping to design the Bond Election survey, understanding results of the Needs Assessment Survey and Bond Election Survey, and making a go/no go decision regarding a voter-approved bond issue.

The Committee's work began by understanding the context within which priorities and decisions would have to be made. Staff from the City's the Finance, Public Works and Parks, Recreation & Cultural Services gave briefings describing the City's existing infrastructure, identified needs, and current plans and ongoing work for making additional investments. Debbie Tarry, Finance Director, presented an overview of the City's three capital funds, including the General Capital Fund, Roads Capital Fund, and Surface Water Fund. Paul Haines, Public Works Director, described the City's public storm water infrastructure inventory, storm water projects in the 2003-08 Surface Water Capital Improvement Program and potential surface water future projects. Wendy Barry, PRCS Director, described the City and Parks Infrastructure inventory of 15 General Capital Fund Projects in the 2003-08 General Capital Fund Improvement Program and potential future parks and recreation projects.

The Committee was briefed on the City's ongoing efforts to update its Comprehensive Plan and finish the Transportation Plan, SurfaceWater Plan, and Parks Recreation and Open Space (PROS) Plan. Additional background information outlined the City's Capital Improvement Program and the realities of planning under the Growth Management Act (GMA). Later in the year, the Committee also reviewed a summary of the 2000 Census results for the City in order to gain a better understanding of the demographic makeup of the City's population and expected trends.

City Finance Director Debbie Tarry met with the Committee on two occasions to provide background related to the potential bond option. During her first presentation, she described various types of bond financing, the City's debt capacity and the effect a voted levy would have on property owners. Her second discussion with the Committee covered how the City could fund a bond for capital projects, showing revenue sources, expected expenditures, capital projects versus expenditures and projected General Obligation (GO) bond impacts. Committee members and City staff incorporated this background information in establishing a reasonable dollar amount for the size of a potential bond. Another important consideration in this effort was a measure of community appetite for such investments. Late in the process, the Committee received a profile of other Washington communities' recent experiences with voter-approved levies.

In order to understand the needs and desires of community members, as well as their level of support for a potential bond issue, the City commissioned a two-phase survey. The first phase was principally designed to support the development of the City's Parks Recreation and Open Space Plan by conducting a community needs assessment with a focus on parks and recreation facilities. The second phase of the survey focused on the community's willingness to support capital investments, with the principal goal of helping the BAC gauge community support for a possible bond issue. The Committee had several opportunities to meet with the designers and implementers of the survey, both informing the survey contents and receiving reports of the results.

During the first few meetings, Committee members brainstormed potential project ideas among identified project types, with the goal of surfacing possible projects outside of current City considerations. During the same exercise, Committee members were asked to identify questions to be answered or information needed in order to be able to make their recommendations. The resulting list of ideas and questions continued to be supplemented and discussed over the course of the Committee's work. City staff later issued written responses to Committee questions.

Taking the Committee's brainstormed project list, City staff developed a listing of potential projects with brief descriptions and illustrations of each. The Committee reviewed this list and selected roughly half for cost estimating, including estimates for both design and construction.

The BAC's task was to recommend whether the City should forward a bond issue. This required putting together strategic packages of projects that might gain voter support from the universe of possible projects. The Committee reached consensus that time was too limited to adequately develop project packages, but explored and debated different strategies for assembling such a package, from drawing on special interest group support, or focusing on particularly needy neighborhoods, or creating a package with broad appeal across different population groups and across the City's many neighborhoods.

After receiving cost estimates for priority projects (still with relatively vague scopes) selected by the group, the Committee focused on assembling and examining possible bond packages. At one meeting, the Committee was divided into two groups, each tasked with creating two potential bond packages using a pre-printed set of index cards listing potential projects. The groups were encouraged to incorporate survey results, criteria, cost, and their opinion about the "right" mix of projects. These packages were further examined and refined at subsequent meetings.

The group compared these potential bond packages, totaling between \$17.1 and \$18.0 million, with the Bond Election Survey results, showing the community's willingness to pay for the proposed capital improvements. The survey tested support for a \$23 million package of parks, trails, recreation, sports and sidewalk projects which would have cost the owner of a \$250,000 house approximately \$7.20 per month in increased taxes. The survey analysis reported by Leisure Vision stated that "less than 36% of households indicated they would vote for the total package and 31% indicated they would vote against, with the remaining indicating 'might vote in favor' or 'not sure'. This is a high percentage of voters against at such an early stage."

Given these results, the Committee recommended not going forward with a voter-approved bond issue at this time for a variety of reasons, including the need to develop a new work plan; establish a specific needs assessment; consider funding alternatives; wait until a more robust economic environment returns; waiting until the City has completed the Parks Comprehensive Plan, Transportation Plan, Surface Water Plan, and City design standards for sidewalks; and building education efforts and more community support for some smaller scale of investment.