AGENDA

SHORELINE CITY COUNCIL WORKSHOP DINNER MEETING

Monday, September 10, 2007
6:00 p.m.

Shoreline Conference Center
Highlander Room

TOPICS/GUESTS: Introduction to the National Incident Command System (NICS)

SHORELINE CITY COUNCIL BUSINESS MEETING

Monday, September 10, 2007
7:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

		Page	Estimated Time
1.	**CALL TO ORDER**		7:30
2.	**FLAG SALUTE/ROLL CALL**		
	(a) Proclamation of "Emergency Preparedness Month"	1	
	(b) Recognition of Celebrate Shoreline Sponsors	3	
3.	**REPORT OF THE CITY MANAGER**		
4.	**REPORTS OF BOARDS AND COMMISSIONS**		
5.	**GENERAL PUBLIC COMMENT**		8:00

This is an opportunity for the public to address the Council on topics other than those listed on the agenda, and which are not of a quasi-judicial nature. The public may comment for up to three minutes; the Public Comment under Item 5 will be limited to a maximum period of 30 minutes. The public may also comment for up to three minutes on agenda items following each staff report. The total public comment period on each agenda item is limited to 20 minutes. In all cases, speakers are asked to come to the front of the room to have their comments recorded. Speakers should clearly state their name and city of residence.

6.	**APPROVAL OF THE AGENDA**	8:30
7.	**CONSENT CALENDAR**	8:30

(a)	Approval of expenses and payroll as of August 28, 2007 in the amount of $ 2,111,849.07	5	
(b)	Ordinance No. 480, modifying the penalty for possessing open containers of liquor in a public place; and Ordinance No. 481 prohibiting electric powered motorized foot scooters on the Interurban Trail	7	
(c)	Motion to Authorize the City Manager to execute a Contract with Universal Field Services, Inc. for right-of-way acquisition services for the Aurora Corridor Project (N. 165th Street to N. 205th Street)	17	
(d)	Ordinance No. 477 amending the International Building Code, International Residential Code, and International Fire Code and amending Sections 15.05.010, 15.05.030, 15.05.040 and 15.05.050 of the Shoreline Municipal Code	25	
(e)	Motion to Authorize the City Manager to execute a Fifth Renewal Term of Eighteen Months to the Shoreline Business and Professional Center, LLC (City Hall) lease, providing for an eighteen month extension from March 1, 2008 to August 31, 2009	49	

8. ACTION ITEMS: PUBLIC HEARING

(a)	Public hearing to receive citizens' comments on the Proposed 2008 Community Development Block Grant Allocation Plan	51	8:30

9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS

(a)	Motion to adopt the Proposed 2008 Community Development Block Grant Allocation Plan	51	

10. NEW BUSINESS

(a)	2007 Second Quarter Financial Report	61	9:00

11. ADJOURNMENT 9:30

The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 546-8919 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 546-2190 or see the web page at www.cityofshoreline.com. Council meetings are shown on Comcast Cable Services Channel 21 Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Council meetings can also be viewed on the City's Web site at cityofshoreline.com/cityhall/citycouncil/index.

Council Meeting Date: September 10, 2007 **Agenda Item: 2(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Proclamation of "Emergency Preparedness Month"
DEPARTMENT:	CMO/CCK
PRESENTED BY:	Scott Passey, City Clerk

PROBLEM/ISSUE STATEMENT:

Every year disasters disrupt hundred of thousands of lives, and being prepared for such emergencies can reduce fear, anxiety and losses that might otherwise occur. The month of September has been declared "National Preparedness and Weather Radio Awareness Month," and this proclamation declares September 2007 as "Emergency Preparedness Month" in the City of Shoreline.

Citizens are encouraged to implement emergency preparedness measures at home, at work, and in their vehicles as part of the overall emergency preparedness programs of our community and state. They are invited to attend the Safety Fair on September 15, 2007 at the Fred Meyer Parking lot, 185th and Aurora. They are also encouraged to start a Ready Neighborhood program in their neighborhood. Information on this can be obtained from visiting the City's Web site or contacting our Emergency Managment Coordinator, Gail Marsh.

Gail Marsh, Emergency Management Coordinator, will be at the meeting to accept the proclamation.

RECOMMENDATION

No action is required.

Approved By: City Manager ____ City Attorney ___

CITY OF
SHORELINE

PROCLAMATION

WHEREAS, every year disasters disrupt hundred of thousands of lives, and being prepared for such emergencies can reduce fear, anxiety and losses that might otherwise occur; and

WHEREAS, September has been declared "National Preparedness and Weather Radio Awareness Month"; and

WHEREAS, all Shoreline residents should increase their knowledge and awareness of emergency preparedness actions they can take to make themselves and their families self-sufficient for at least three days following a natural or man-made disaster or an act of terrorism; and

WHEREAS, the use of information from National Oceanic and Atmospheric weather radios, which are available for purchase commercially, can reduce the loss of life and property from all hazards by sounding a warning alarm at any time around the clock; and

WHEREAS, the City is a source of information about how citizens can prepare themselves for an emergency; and

WHEREAS, individual preparedness leads to local, state and national preparedness;

NOW, THEREFORE, I, Robert Ransom, Mayor of the City of Shoreline, on behalf of the Shoreline City Council, do hereby proclaim the month of September, 2007 as

EMERGENCY PREPAREDNESS MONTH

in the City of Shoreline and urge all our citizens to implement emergency preparedness measures at home, at work, and in their vehicle as part of the overall emergency preparedness programs of our community and our state.

_____

Robert Ransom
Mayor of Shoreline

Council Meeting Date: September 10, 2007 **Agenda Item:** 2(b)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	**Thank You Plaques for Celebrate Shoreline Sponsors**
DEPARTMENT:	Parks, Recreation and Cultural Services
PRESENTED BY:	Lynn M. Cheeney, Recreation Superintendent

PROBLEM/ISSUE STATEMENT:

The City of Shoreline would like to recognize and thank the twenty –three sponsors of the 2007 Celebrate Shoreline event held on August 17, 18 & 19, 2007. This year the number of sponsors and the amount of funding received exceeded the previous years.

This year businesses were given the opportunity to sponsor either an individual event or contribute to the general program.

These sponsors include:

CHILDREN'S AREA SPONSOR - $1,000
Shoreline/ South County YMCA

CAR SHOW SPONSOR - $500
Richmond Beach Rehab

PARADE SPONSOR - $500
Dunn Lumber

GOLD SPONSORS - $500
Watermark Credit Union
Gold's Gym
Central Market
Java Jane
Anderson House
Shoreline Community College
Shoreline/LFP Arts Council
Sky Nursery
Shoreline Bank

SILVER SPONORS - $300
Chuck Olson Chevrolet
Dinner's Ready
Parker's Casino
James Alan Salon

Shoreline Top Food & Drug
Mark E. Simons DMD PS
Shoreline Rotary Foundation
Gordon's Les Schwab Tire Center
North City Safeway
Renewel By Anderson

BRONZE SPONSOR - $100
Highlands West Dental

A list of the individuals who will be accepting the awards will be given to the Mayor prior to the presentation.

FINANCIAL IMPACT:
This year the City received $9,600 in sponsorship funds to help support Celebrate Shoreline. These funds are used to support entertainment, activities and sound equipment at the parade, car show and the festival.

RECOMMENDATION

Staff recommends that Mayor present plaques to our sponsors and thank them for their support of Celebrate Shoreline 2007.

Approved By: City Manager ___ City Attorney ___

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Expenses and Payroll as of August 28, 2007
DEPARTMENT:	Finance
PRESENTED BY:	Debra S. Tarry, Finance Director

EXECUTIVE / COUNCIL SUMMARY

It is necessary for the Council to formally approve expenses at the City Council meetings. The following claims/expenses have been reviewed pursuant to Chapter 42.24 RCW (Revised Code of Washington) "Payment of claims for expense, material, purchases-advancements."

RECOMMENDATION

Motion: I move to approve Payroll and Claims in the amount of $2,111,849.07 specified in the following detail:

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
7/29/07-8/11/07	8/17/2007	20265-20467	6745-6810	33726-33735	$401,216.50
					$401,216.50

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
8/15/2007	33630	33660	$746,700.81
8/16/2007	33661	33673	$237,077.48
8/16/2007	33674	33682	$3,623.66
8/22/2007	33683	33707	$324,029.00
8/22/2007	33708	33710	$4,340.75
8/22/2007	33711	33725	$44,312.22
8/27/2007	33736	33769	$135,572.82
8/28/2007	33770	33772	$26,017.65
8/28/2007	33773	33794	$188,958.18
			$1,710,632.57

Approved By: City Manager _____ City Attorney_____

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Council Meeting Date: September 10, 2007 **Agenda Item: 7(b)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Ordinance No. 480 modifying the penalty for possessing open containers of liquor in a public place; Ordinance No. 481 prohibiting electric powered motorized foot scooters on the Interurban Trail
DEPARTMENT:	City Attorney's Office
PRESENTED BY:	Flannary P. Collins, Assistant City Attorney

PROBLEM/ISSUE STATEMENT:

With the Interurban Trail nearing completion, the City Attorney's Office has worked with the Shoreline Police to review crimes and civil infractions which apply to the trail. In compiling this list, one error and one omission were discovered: (1) the penalty provided in state law for possessing an open container of liquor in a public place is a civil infraction, not a misdemeanor as provided in the Shoreline Municipal Code; and (2) federal law prohibits operation of electric powered foot scooters on trails built with federal funds but our ordinance does not provide for this prohibition. Ordinance Nos. 480 and 481 correct the error and fill the omission in the City of Shoreline Municipal Code.

ANALYSIS:

Open Container Law

In 1996, the City of Shoreline adopted an ordinance making it a misdemeanor to possess an open container of liquor in a public place. In 1999, the violation under state law for opening a package containing liquor or consuming liquor in a public place changed from a misdemeanor to a class 3 civil infraction ($50.00 or less). *Attachment A.* In order to ensure consistency with state law, the city ordinance needs to be amended to reflect the correct punishment.

Electric Powered Motorized Foot Scooters

In receiving the federal funding for the Aurora Corridor Project from the Washington State Department of Transportation, the City agreed to comply with the terms in Title 23 of the U.S. Code (*Highway).* 23 U.S.C. 217(h) indicates that if federal funds are used to build trails and walkways, then motorized vehicles must be prohibited from accessing the trails and walkways. *Attachment B.* Proposed Ordinance No. 821 modifies the Shoreline Municipal Code chapter regulating motorized foot scooters to prohibit electric powered foot scooters from accessing the Interurban Trail. Electric powered *bikes* are expressly permitted on the trail, consistent with federal law, which makes an exception for electric bikes on the trail so long as state or local regulations permit.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 480 modifying the penalty for possession of open containers of liquor in a public place and Ordinance No. 481 prohibiting electric powered motorized foot scooters on the Interurban Trail.

Approved By: City Manager City Attorney

ATTACHMENTS

Attachment A: RCW 66.44.100 regarding open containers
Attachment B: U.S.C. Title 23, Section 217

ATTACHMENT A

RCW 66.44.100
Opening or consuming liquor in public place -- Penalty.

Except as permitted by this title, no person shall open the package containing liquor or consume liquor in a public place. Every person who violates any provision of this section shall be guilty of a class 3 civil infraction under chapter 7.80 RCW.

[1999 c 189 § 3; 1981 1st ex.s. c 5 § 21; 1933 ex.s. c 62 § 34; RRS § 7306-34.]

NOTES:

Application -- 1999 c 189: See note following RCW 66.28.230.

Severability -- Effective date -- 1981 1st ex.s. c 5: See RCW 66.98.090 and 66.98.100.

ATTACHMENT B

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Section 217. Bicycle transportation and pedestrian walkways

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(a) Use of STP and Congestion Mitigation Program Funds. - Subject to project approval by the Secretary, a State may obligate funds apportioned to it under sections 104(b)(2) and 104(b)(3) of this title for construction of pedestrian walkways and bicycle transportation facilities and for carrying out nonconstruction projects related to safe bicycle use.

(b) Use of National Highway System Funds. - Subject to project approval by the Secretary, a State may obligate funds apportioned to it under section 104(b)(1) of this title for construction of pedestrian walkways and bicycle transportation facilities on land adjacent to any highway on the National Highway System.

(c) Use of Federal Lands Highway Funds. - Funds authorized for forest highways, forest development roads and trails, public lands development roads and trails, park roads, parkways, Indian reservation roads, and public lands highways shall be available, at the discretion of the department charged with the administration of such funds, for the construction of pedestrian walkways and bicycle transportation facilities in conjunction with such trails, roads, highways, and parkways.

(d) State Bicycle and Pedestrian Coordinators. - Each State receiving an apportionment under sections 104(b)(2) and 104(b)(3) of this title shall use such amount of the apportionment as may be necessary to fund in the State department of transportation a position of bicycle and pedestrian coordinator for promoting and facilitating the increased use of nonmotorized modes of transportation, including developing facilities for the use of pedestrians and bicyclists and public education, promotional, and safety programs for using such facilities.

(e) Bridges. - In any case where a highway bridge deck being

replaced or rehabilitated with Federal financial participation is located on a highway on which bicycles are permitted to operate at each end of such bridge, and the Secretary determines that the safe accommodation of bicycles can be provided at reasonable cost as part of such replacement or rehabilitation, then such bridge shall be so replaced or rehabilitated as to provide such safe accommodations.

(f) Federal Share. - For all purposes of this title, construction of a pedestrian walkway and a bicycle transportation facility shall be deemed to be a highway project and the Federal share payable on account of such construction shall be determined in accordance with section 120(b).

(g) Planning and Design. -

(1) In general. - Bicyclists and pedestrians shall be given due consideration in the comprehensive transportation plans developed by each metropolitan planning organization and State in accordance with sections 134 and 135, respectively. Bicycle transportation facilities and pedestrian walkways shall be considered, where appropriate, in conjunction with all new construction and reconstruction of transportation facilities, except where bicycle and pedestrian use are not permitted.

(2) Safety considerations. - Transportation plans and projects shall provide due consideration for safety and contiguous routes for bicyclists and pedestrians. Safety considerations shall include the installation, where appropriate, and maintenance of audible traffic signals and audible signs at street crossings.

(h) Use of Motorized Vehicles. - Motorized vehicles may not be permitted on trails and pedestrian walkways under this section, except for -

(1) maintenance purposes;

(2) when snow conditions and State or local regulations permit, snowmobiles;

(3) motorized wheelchairs;

(4) when State or local regulations permit, electric bicycles; and

(5) such other circumstances as the Secretary deems appropriate.

(i) Transportation Purpose. - No bicycle project may be carried out under this section unless the Secretary has determined that such bicycle project will be principally for transportation, rather than recreation, purposes.

(j) Definitions. - In this section, the following definitions apply:

(1) Bicycle transportation facility. - The term ''bicycle transportation facility'' means a new or improved lane, path, or shoulder for use by bicyclists and a traffic control device, shelter, or parking facility for bicycles.

(2) Electric bicycle. - The term ''electric bicycle'' means any bicycle or tricycle with a low-powered electric motor weighing under 100 pounds, with a top motor-powered speed not in excess of 20 miles per hour.

(3) Pedestrian. - The term ''pedestrian'' means any person traveling by foot and any mobility-impaired person using a wheelchair.

(4) Wheelchair. - The term ''wheelchair'' means a mobility aid, usable indoors, and designed for and used by individuals with mobility impairments, whether operated manually or motorized.

ORDINANCE NO. 480

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON MODIFYING THE PENALTY FOR OPEN CONTAINERS OF LIQUOR IN A PUBLIC PLACE AND AMENDING SHORELINE MUNICIPAL CODE SECTION 9.10.160

WHEREAS SMC 9.10.160, adopted in 1996, provides that possession of an open container of liquor in a public place is punishable by a misdemeanor; and

WHEREAS RCW 66.44.100 was amended in 1999 to change the penalty for possession of open containers of liquor in a public place from a misdemeanor to a class 3 civil infraction;

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

Section 1. Amendment. Shoreline Municipal Code Section 9.10.160, *Alcoholic beverage control – Opening or consuming liquor or possessing open container of liquor in a public place,* is amended to read as follows:

> 9.10.160 Alcoholic beverage control –Opening or consuming liquor or possessing open container of liquor in public place.
>
> Except as provided by RCW Title 66 or SMC 8.12.500, relating to park rules, any person who possesses an open container of liquor in a public place shall be subject to a civil fine not to exceed $50.00 ~~is guilty of a misdemeanor and shall be fined not more than $100.00~~; provided, that this provision shall not apply to containers kept in the trunk of a vehicle or in an area of the vehicle not normally occupied by the driver or passengers. A utility compartment or glove compartment is deemed to be within the area occupied by the driver and passengers

Section 2. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City and the ordinance shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 10, 2007.

_____

Mayor Robert L. Ransom

ATTEST:

Scott Passey
City Clerk

APPROVED AS TO FORM:

Ian Sievers
City Attorney

Date of Publication:
Effective Date:

ORDINANCE NO. 481

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON PROHIBITING ELECTRIC POWERED MOTORIZED FOOT SCOOTERS ON THE INTERURBAN TRAIL AND AMENDING SHORELINE MUNICIPAL CODE SECTION 10.07.040

WHEREAS a state may obligate funds from the federal government for construction of pedestrian walkways and bicycle transportation facilities;

WHEREAS, under United States Code Title 23, Section 217, all motorized vehicles, including electric powered motorized foot scooters, are prohibited from accessing any trails or pedestrian walkways built with the federal funds; and

WHEREAS, the Washington State Department of Transportation provided federal funds to the City for construction of the Interurban Trail.

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

Section 1. Amendment. Shoreline Municipal Code Section 10.07.040, Prohibited areas, is amended to read as follows:

10.07.040 Prohibited areas.

A. It is unlawful for any person to operate or ride a gas or electric powered motorized foot scooter or similar device in any of the following areas:

1. Streets with a maximum speed limit above 25 miles per hour; and
2. Sidewalks, with the exception of electric powered motorized foot scooters.

B. Electric powered motorized foot scooters may be operated or ridden upon sidewalks, subject to the following:

1. The electric foot scooters may not be operated on sidewalks in a business district, on the Interurban Trail, or as otherwise prohibited by traffic control devices;
2. Operators have all the rights and are subject to all of the duties applicable to a pedestrian; and
3. Operators must yield the right-of-way to any pedestrian.

Section 2. Effective Date and Publication. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City and the ordinance shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 10, 2007.

_____

Mayor Robert L. Ransom

ATTEST:

Scott Passey
City Clerk

APPROVED AS TO FORM:

Ian Sievers
City Attorney

Date of Publication:
Effective Date:

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Council Meeting Date: September 10, 2007 **Agenda Item: 7(c)**

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to execute a contract with Universal Field Services, Inc. for right-of-way acquisition services for the Aurora Corridor Project (N 165th Street to N 205th Street)
DEPARTMENT:	Public Works
PRESENTED BY:	Kirk McKinley, Aurora Corridor/Interurban Trail Project Manager Kris Overleese, PE, Capital Projects Manager

PROBLEM/ISSUE STATEMENT:
The purpose of this report is to obtain Council's authorization to execute a contract with Universal Field Services, Inc. (UFS) for the right-of-way acquisition phase of the Aurora Corridor Project (N 165th to N 205th Street). The maximum, not to exceed, contract amount is $833,920.

The purpose of this phase of the project is to acquire the right-of-way, easements and relocations, where necessary, for the Aurora project from N 165th to N 185th Streets. It also includes early work on some of the challenging properties in the N 185th Street to N 205th Street section. In 2008, or as funding allows, this contract would be amended and extended to complete the right-of-way process from N 185th to N 205th Streets.

Later this fall, staff will submit more detail on how the City might fund and phase the last two miles of Aurora. This contract with UFS is proposed to be the initial phase for the right-of-way acquisition of the last two miles of the corridor. This will allow for the timely utilization of our existing funding and begin construction in 2009 of at least the next mile.

Universal's contract is to provide:

- Title/ownership review of existing right-of-way and private property ownership
- Preparation and administration of all documents required for right-of-way acquisition and relocation
- Outreach to the community and property owners
- Development of the Project Funding Estimate, which provides the probable right-of-way project costs and expenses broken down by parcel
- Perform appraisal and appraisal review services
- Perform negotiation for right-of way acquisition
- Develop and implement a relocation program on parcels where necessary
- Perform title clearance and closing for all parcels
- Prepare files for right-of-way certification

All work will be accomplished in accordance with federal guidelines for right-of-way acquisition.

We currently have UFS on a small contract to begin the Project Funding Estimate, prepare an update to the City's right of way policies and procedures manual, and develop a relocation plan.

Please see Attachment A for a proposed schedule of the right-of-way acquisition process.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a contract with UFS for right of way acquisition services work for the Aurora Corridor Improvement Project (N 165th to N 205th Street) for an amount not to exceed $833,920 plus a 10% contingency.

Approved By: City Manager ____ City Attorney ___

BACKGROUND

On May 2, 2005, Council authorized staff to initiate the Public Outreach and Pre-Environmental phase of the Aurora Corridor Improvement Project (N 165th to N 205th Street). The purpose of the work was to compile baseline environmental information, develop alignment concepts, discuss project concerns with businesses, property owners, and the community, develop a photo log of the corridor, create a private property access and parking inventory, and traffic analysis. The first open house for the project was August 17, 2005. The process included staff one-on-one meetings with all property owners along Aurora Avenue N between N 165th Street and N 205th Street. Staff met with approximately 90 property owners representing 103 properties and discussed the project and its timeline, specific property concerns, and answered development related questions.

Staff worked with the Aurora Business Team (ABT) in 2006 and they developed the build Alternative A. In addition to the ABT work, staff developed two draft alignment alternatives in 2006 (Alternatives B and C), performed an east/west traffic analysis, and created a business sign inventory.

In the fall of 2006, the City hired Jones & Stokes to complete the environmental analysis for the project. As part of the environmental process, two public meetings were held (November 30 and December 6, 2006) to receive public feedback before the environmental analysis began. There was also a comment period that ended January 16, 2007 to receive feedback on items to analyze in the environmental process.

Early in 2007, the twenty-three member Aurora Business and Community (ABC) Team was created to assist staff with: environmental analysis, update of the "32 Points" which were previously adopted to guide project design (now called Implementation Strategies), and development of natural stormwater system concepts. The ABC Team also gave staff feedback from construction of the first mile and had many ideas on how to improve construction conditions for businesses, motorist and pedestrians.

On June 20, 2007, a public open house was held to show the community the Draft Recommended Flexible Alternative and preliminary environmental analysis results. This meeting was attended by over 200 people. On June 27, 2007, the ABC Team recommended unanimously to the City Manager that this alternative be adopted by Council as the Preferred Alternative for the project.

On July 16, 2007 a public hearing was held for Alternatives A, B, C, the Draft Recommended Flexible Alternative and the Do Nothing Alternative. Testimony was received from twenty-five people and the feedback overwhelmingly supported adoption by Council of the Draft Recommended Flexible Alternative. Organized Shoreline groups including Forward Shoreline, Vision Aurora, the Shoreline Chamber of Commerce, and the ABC Team sent Council documentation supporting the Draft Recommended Flexible Alternative. On July 23rd, Council adopted the Draft Recommended Flexible Alternative and Implementation Strategies.

The environmental process continues and is anticipated to be completed by December 2007. It is appropriate to move forward with the Right of Way Acquisition phase of the

project. Staff has also advertised and interviewed design teams and will return to Council in September to request award of a design contract.

Phasing and Schedule:
This contract with UFS will provide right-of-way acquisition and relocation for N 165th to N 185th and select parcels from N 185th to N 205th Streets. The N 185th Street to N 205th Street acquisition will begin once the N 165th Street to N 185th Street acquisition is substantially complete and funding is secured. Staff is recommending the City take this "phased" approach to meet our current commitments for funding and having the project under construction by mid-2009; the City has project funding for construction which is due to expire in June 2009. In addition, the City currently has not received enough funding to construct the entire two miles. Should funding become available via RTID or other sources, we will have the flexibility to complete right-of-way acquisition for the remaining mile. Staff will submit more detail on how we might approach this phasing and funding for the remaining two miles later this fall. Having UFS under contract to prepare the Project Funding Estimate for the entire two miles will provide enough information for anticipated future financial needs regarding right-of-way acquisition and relocation.

Right-of-Way Consultant Selection:
UFS's team was chosen as the right-of-way acquisition consultant for the Aurora Corridor Improvement Project (N 165th to N 205th Street) through a competitive process. Staff published a request for consultants to provide their proposals for right-of-way acquisition experience. Six RFP submittals were received from the following firms: HDR, Universal Field Services, Tierra, Certified Land Services, PHAROS Corporation and Overland, Pacific and Cutler. All six proposals were reviewed by City and WSDOT staff and three teams were interviewed (UFS, Tierra, and Certified Land Services). The interview team was also made up of Shoreline and WSDOT staff. Staff checked three references for UFS and two references each for their subconsultants, all of which were very positive. Universal Field Services was formally selected based on their team's experience with right-of-way acquisition on similar projects.

Universal Field Services' Team Experience: UFS, along with their subconsultants McKee & Schalka and The Granger Company, have extensive experience working on right-of-way acquisition projects. UFS have pledged their resources to complete the project and have assembled a team with extensive experience in right-of-way acquisition and relocation on similar highway improvement projects. McKee & Schalka will provide appraisal services, with The Granger Company providing review appraisal services. Both subconsultant firms are local, experienced, qualified and respected in their lines of work.

FINANCIAL IMPACT:
The Aurora Corridor Improvement Project (N 165th to N 205th Street) is identified as continuing Council Goal and this project is identified in the 2008-2013 Capital Improvement Program. Funds from federal grants and City contributions from the Roads Capital Fund will be utilized to pay for this scope of work that is estimated not to exceed $833,920. Funding exists to finish the Project Funding Estimate between N 165th and N 205th Streets. Funding exists for appraisal, review appraisal, relocation, and right of way acquisition for N 165th to N 185th Street and select parcels from N 185th Street to N 205th

Street as this contract reflects. As additional project funding is secured, staff will return to Council to amend UFS's contract for the N 185th to N 205th Street segment.

The Funding Source Table provides a summary of the funding sources for the Aurora Corridor Project (N. 165th Street – N. 205th Street).

Funding Sources	Amount
Roads Capital Fund	$10,490,599
Federal STP – C	$7,393,631
Federal STP Funds	$3,600,000
Federal - STP –U	$525,361
Federal - SAFETEA – LU	$855,472
Federal - SAFETEA – LU	$1,368,755
Gas Tax Funding	$10,000,000
Nickel Gas Tax Funding	$2,100,000
King County	$2,401,742
Regional Mobility Transit Grant	$2,500,000
Surface Water Funds	$1,000,000
Future Funding	$51,171,988
Total	**$93,407,548**

The utility costs of $12,355,000 are handled though the City's franchise agreements with Seattle City Light, Seattle Public Utilities, Ronald Wastewater and telecommunication companies.

The following table summarizes the project budget:

1. Project Costs

Engineering	
Contracted Services[1]	$1,500,000
Design Contract	$4,345,000
Future design amendment (N 185 – N 205)	$1,500,000
Overhead[2]	$3,621,201
Subtotal Engineering	$10,966,201
Right of Way	
UFS Contract	**$ 833,920**
10% Contingency	**$ 83,392**
Future ROW acquisition amendment (North 185th – North 205th)	$ 449,931
Property Purchase	$15,670,037
Subtotal Right-of-Way	$17,037,280
Construction	$59,780,512
Contingency	$17,978,555
Total Project Cost	$105,762,548

2. Project Revenue

Budget Aurora (N 165 - N 205)	$93,407,548
Budget Utility Improvements (N 165 –N 205)	$12,355,000
Total Project Revenue	$105,762,548

Please note that while construction includes utility work and improvements, all costs associated with right-of-way acquisitions will be covered by the Aurora Corridor Improvement Project budget (N 165 – N 205). Additionally, as right-of-way acquisition is different for all projects, there is no industry standard for right-of-way acquisition cost. The contract amount is based upon estimates of time needed to secure right-of-way for individual properties based upon the preferred alternative and estimates of needed right-of-way and staff believes the UFS costs are reasonable.

STAKEHOLDERS:

The City has funding from many partners to complete this project: Federal Highway Administration, the Washington State Department of Transportation (WSDOT), and King County Metro. UFS staff will ensure we meet the requirements of our funding partners and will work with staff to keep them informed of project progress.

Staff will continue to pull regional stakeholders together at key milestones to review the project's progress (King County METRO; Cities of Seattle, Edmonds, Mountlake Terrace, and Lake Forest Park; WSDOT; Seattle City Light and Public Utilities; and the State Departments of Ecology and Fish and Wildlife).

[1] Contracted Services: includes environmental costs for Jones & Stokes contract, the Public Outreach and Pre-Environmental process, and technical studies such as the electrical engineering feasibility studies for Seattle City Light coordination.

[2] Overhead includes: staff related costs (including finance, legal, public works), building utilities and maintenance, supplies, etc.

The right-of-way acquisition phase of the project requires extensive one on one work with property and business owners. Staff from UFS and their subconsultants are committed to maintaining and continuing the high level of public involvement currently underway by the City.

SCHEDULE:

Attachment A shows the right of way acquisition schedule for the project. Right-of-way acquisition for N 165th to N 185th Streets is expected to be complete by the end of 2008, assuming that the acquisition process goes smoothly. Upon completion of the updated "Aurora Corridor Real Property Acquisition and Relocation Policy, Procedures and Guidelines", staff will return to Council for adoption.

RECOMMENDATION

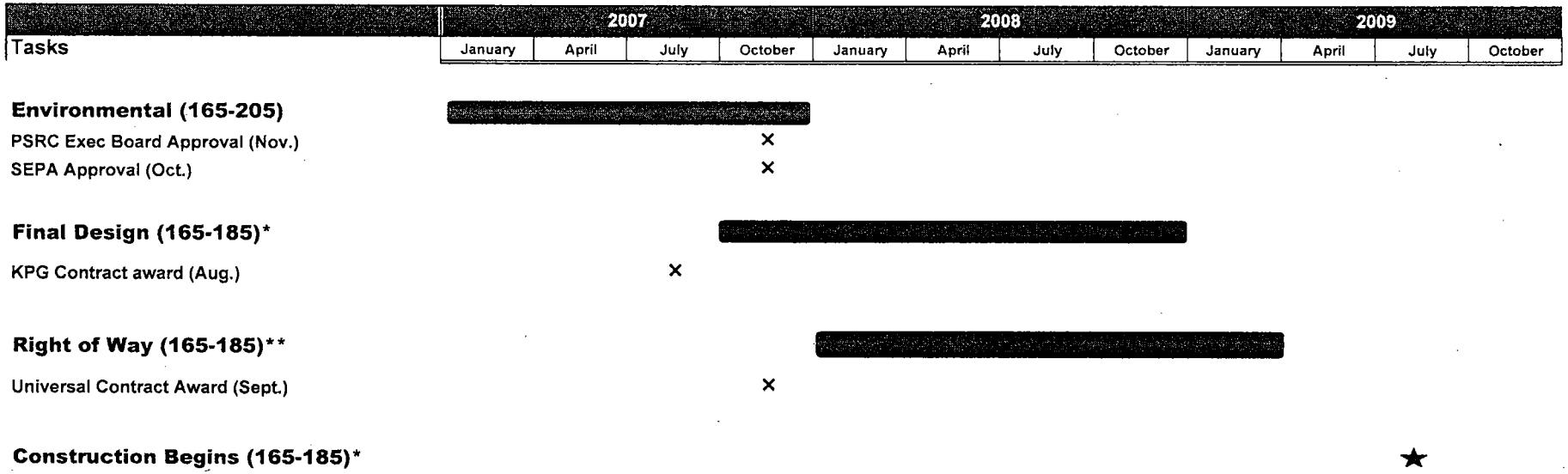
Staff recommends that Council authorize the City Manager to execute a contract with Universal Field Services right of way acquisition services for the Aurora Corridor Improvement Project (N 165th to N 205th Street) for an amount not to exceed $833,920 plus a 10% contingency.

ATTACHMENTS

Attachment A: Proposed Project Schedule

Aurora Corridor Improvement Project - N 165th Street to N 205th Street - Schedule

Attachment A



*Final design and row acquisition will begin on 185-205 when funding is secured.
** This timeline assumes no condemnation court proceedings

Council Meeting Date: **Agenda Item: 7(e)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Shoreline Business & Professional Center, L.L.C. Lease Extension (City Hall)
DEPARTMENT:	Public Works Department
PRESENTED BY:	Mark Relph, Public Works Director Jesus Sanchez, Public Works Operations Manager

ISSUE STATEMENT:

In February 2000, the City of Shoreline (Lessee) and the Shoreline Business & Professional Center, L.L.C. (Lessor) entered into a lease agreement for approximately 10,457 square feet of office space, located at 17544 Midvale Avenue North, Shoreline, WA.

The Lease provided for three additional one-year Renewal Terms following the initial term, which ended on February 28, 2003. Subsequently, the Lessee and Lessor exercised the options for a First Renewal Term Addendum expiring on February 28, 2004; a Second Renewal Term Addendum expiring on February 28, 2005; and a Third Renewal Term Addendum expiring on February 28, 2006.

On January 12, 2006, the Lessee and Lessor executed a Fourth Renewal Term Addendum which expires on February 29, 2008.

The Lessor has agreed to amend Section 34 of the Lease Agreement by granting the Lessee renewal of the Lease Agreement for a Fifth Renewal Term of Eighteen Months. If exercised, the Fifth Renewal Term will commence on March 1, 2008 and expire on August 31, 2009.

The terms of the Fifth Renewal Term call for a 4% increase in the monthly base rent for the period March 1, 2008-February 28, 2009 ($16,649.81/mo.) and a 4% increase in the monthly base rent for the remaining six months from March 1, 2009 – August 31, 2009 ($17,315.80/mo.). The annual cost per square foot, calculated on the base rental cost for the first twelve (12) months of the renewal term is $19.11/ per sq. ft.

The total lease payments for March 1, 2008 – February 28, 2009 is estimated at approximately $300,121 which includes the annual estimated base rent ($198,517) and our estimated proportionate share of the annual cost of the common areas (CAM charges) and general utility charges ($101,604). Additional rent shall be charged as determined under Section 3 of the Lease Agreement.

ALTERNATIVES ANALYZED:
Pending Council considerations and decisions relative to a new City Hall site, and the prohibitive costs of moving people and the telecommunication network system, no other alternative was analyzed.

FINANCIAL IMPACT:
For the first year (March 1, 2008-February 28, 2009), the lease expense for the City Hall is budgeted in Public Works' Facilities Division.

RECOMMENDATION

Staff recommends that Council authorize the City Manager to execute a Fifth Renewal Term of Eighteen Months to the Shoreline Business and Professional Center, L.L.C. (City Hall) lease providing for an eighteen month extension from March 1, 2008 to August 31, 2009.

Attachments

Approved By: City Manager ___ City Attorney ___

Council Meeting Date: September 10, 2007 **Agenda Item:** 8(a) 9(a)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Action Adopting the 2008 Community Development Block Grant Allocation Plan
DEPARTMENT:	Community Services Division
PRESENTED BY:	Rob Beem, Community Services Division Manager

PROBLEM/ISSUE STATEMENT: In order to use Community Development Block Grant funds, the City must annually hold a public hearing and adopt a plan that specifies how it will use this funding. The City's 2007-8 Human Services Allocation Plan specifies how the City will support human services delivery with both local General Funds and federal Community Development Block Grant (CDBG) funds. This Plan was developed by an ad-hoc Human Services Allocations Committee and adopted by the City Council in October 2006. The 2008 CDBG Funding Plan implements this direction. The public hearing and action are limited to the CDBG funded activities.

For 2008, the City proposes to use CDBG funding to:

- Support the Shoreline/Lake Forest Park Senior Center
- Repair and replace sidewalks
- Continue to support home repair and housing development
- Defray the City's costs to operate the CDBG program

FINANCIAL IMPACT: It is anticipated that the City of Shoreline will receive $190,935 in CDBG funds to allocate locally among human services, capital projects, and administration. The balance of 2008 CDBG funding, $197,752, is allocated according to a formula outlined in the CDBG Interlocal agreement with King County.

RECOMMENDATION

After holding a public hearing, staff recommends that Council adopt the proposed 2008 Community Development Block Grant Allocation Plan in accordance with Attachment A and authorize the City Manager to enter into agreements for implementing the funded projects.

Approved By: City Manager City Attorney ___

INTRODUCTION

The Community Development Block Grant program makes federal funds available to cities in order to "develop viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income." In 2008, the City's CDBG funding is estimated to be a total of $388,687. To achieve economies of scale and to administer the program effectively, the City contracts with King County to administer and operate a portion of the overall program. Both the federal rules and the terms of our interlocal agreement with King County place limits on the ways in which CDBG funds are used. As a result, the City annually decides how to allocate approximately 45% of the CDBG revenues. Typically, these funds are used for public services (agency operations), capital projects, and housing related projects.

Bi-annually the City develops a Human Services Allocation Plan that specifies how the City will use both local and CDBG monies to address human services needs of people in Shoreline. Following a public hearing in September 2006, the City Council adopted the 2007-8 Human Services Allocation Plan which guides the City's funding for services for 2007 and 2008 and capital funds for 2007. Additionally, in 2007, the City Council adopted the 2008-2013 Capital Improvement Program which programmed CDBG funding to support the improved accessibility of our pedestrian system. While each of these plans covers multiple years, federal rules require the City to annually take public comment and to separately adopt a funding plan for the use of CDBG funds. For 2008, CDBG funds are proposed to be used for public services, capital projects, housing, and planning and administration. The non-CDBG portions of these plans are the same as when they were adopted and are not the subject of this action.

The CDBG program has specific requirements that call for an annual public hearing and action on the part of the City Council to adopt an annual CDBG Allocation Plan (Attachment A). The terms of our interlocal agreement with King County require that the City take action no later than October 1, 2007.

BACKGROUND

Community Development Block Grant Program

The Federal Community Development Block Grant Program was created under Title I of the Housing and Community Development Act of 1974. The primary objective of the community development program is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities principally for persons of low- and moderate-income. CDBG funds can serve households with incomes up to 80% of the King County median income ($59,600 for a family of four). Federal rules allow CDBG funds to be used for the following activities:

- acquisition and rehabilitation of housing for low-income and special needs populations;
- housing repair for homeowners and renters;
- acquisition and rehabilitation of community facilities;
- public infrastructure improvements;

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

The City of Shoreline has chosen to focus its use of the CDBG on delivery of human services, housing development/acquisition/repair, and public infrastructure.

Local and Federal Funding Available for Allocation
For 2008, we estimate that $388,687 of CDBG funds will be available to the City of Shoreline. The precise figure will be known only after the federal fiscal year (FY) 2008 budget is approved in Washington D.C. In total, this figure is down slightly from the 2007 level of $397,724 ($9,037). Our estimated 2008 CDBG funding is made up of:

Funding Sources	Amount
Annual federal appropriation	$357,484.00
Program income from home repair loans	$22,807.00
Savings from a prior year project, which was completed under budget	$8,396.00
Total	$388,687.00

Our interlocal agreement with King County calls for the County to perform various administrative functions for the City as well as to operate several county-wide programs that address homeless prevention and major home repair. In addition, when necessary, the County assists with contracting and managing capital projects funding. These services represent 55% of the overall annual allocation of CDBG funding. The City annually decides on the allocation of portions of the grant to be used for public services (agency operations), capital projects, and other uses. This accounts for 45% of the total CDBG funding each year.

In March of 2007, the City Council took action to "reprogram" unspent CDBG funding from prior years. This action provided revenue for two projects which will be active in 2008: Minor Home Repair ($70,000); and implementation of the Comprehensive Housing Strategy which address housing needs of people with limited incomes ($78,216). These funds will be combined with other new 2008 CDBG revenues.

CDBG Funding Allocation for 2008

As is typical for the mid-cycle year of the competitive Human Services allocations, applications were not solicited in 2007. Instead, the CDBG Plan for 2008 implements the adopted 2007-8 Human Services Funding Plan (Attachment B), the 2008-2013 CIP (Attachment C), and Council Goal #5, Develop a Comprehensive Housing Strategy as follows:

Projects/Services Funded	Amount
Shoreline/Lake Forest Park Senior Center	$38,029.00
Installation of accessible sidewalks throughout the city	$122,000.00
Implement the Comprehensive Housing Strategy recommendations (This funding of $30,906 is to be combined with $78,116 already reserved for this purpose bringing the total available in 2008 to $109,022,)	$30,906.00
Total	$190,935.00

The complete funding plan, including the amounts allocated by the formula through the interlocal agreement with King County, may be found here as Attachment A.

RECOMMENDATION

After holding a public hearing, staff recommends that Council adopt the proposed 2008 Community Development Block Grant Allocation Plan in accordance with Attachment A and authorize the City Manager to enter into agreements for implementing the funded projects.

Approved By: City Manager ____ City Attorney ___

ATTACHMENT A

2008 CDBG Allocation Plan

Project	Funding Amount
Senior Services of Seattle/King County – Shoreline/LFP Senior Center	$ 38,029
Sidewalk Accessibility Improvements	$ 122,000
Implement Comprehensive Housing Strategy	$ 30,906
Sub Total: Competitive Allocation	$ ***190,935***
Shoreline Planning & Administration*	$ 38,029
King County Planning & Administration*	$ 38,029
King County Capital Project Management*	$ 7,606
Major Home Repair*	$ 95,073
Housing Stability Program*	$ 19,015
Sub Total: Interlocal Formula Allocation	**$ *197,752***
Total	**$ 388,687**
*Amounts set by formula	

2008 CDBG Funding Contingency Plan

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

1. If additional funding becomes available:

   a. **Public Services**
   In the event CDBG Public Service funds are increased in 2008, any additional funds would be distributed equally among programs funded in the 2007-8 Human Services Funding Plan based on the percent of the increase in funds available.

   b. **Capital Projects**
   If additional CDBG Capital funds become available to the City in 2008, these funds will be allocated to support implementation of the Comprehensive Housing Strategy.

c. **Planning & Administration**
If additional CDBG Planning & Administration funds become available to the City in 2008, it is recommended that the City use these funds for planning and administration.

2. If funding reductions are necessary:

a. **Public Services**:
In the event CDBG Public Service Funds are reduced in 2008, the Committee recommends reducing funding to all projects by the percentage of the decrease in overall funds.

b. **Capital Projects**. In the event the City's 2008 CDBG Capital Funds are reduced, the Committee recommends reducing funding to housing development.

c. **Planning & Administration.** If a reduction is necessary in CDBG Planning & Administration funds in 2008, it is recommended that the City reduce the amount to be used funds for planning and administration purpose.

ATTACHMENT B

2007-2008 Human Services Funding Plan
for Public Services
As Adopted in October 2007 and amended July 2007

Program	General Fund	Block Grant	2007-2008 Annual
Catholic Community Services/ Volunteer Chore	$ 3,728		$ 3,728
Children's Response Center	$ 5,082		$ 5,082
CHS-Family Counseling	$ 47,722		$ 47,722
CHS-Shoreline/Ballinger Homes Family Support Ctr	$ 63,042		$ 63,042
CHS-Substance Abuse	$ 11,000		$ 11,000
Child Care Resources	$ 4,958		$ 4,958
Community Health Centers	$ 4,958		$ 4,958
Congregate Meal Program	$ 2,975		$ 2,975
Crisis Clinic/ 24 -Hour Crisis Line	$ 3,830		$ 3,830
Crisis Clinic/Teen Link	$ 4,958		$ 4,958
Crisis Clinic/ 211	$ 3,470		$ 3,470
Family Services: The Homelessness Project	$ 4,958		$ 4,958
Food Lifeline	$ 5,950		$ 5,950
Hopelink/ Adult Literacy	$ 3,000		$ 3,000
Hopelink/ Family Development Program	$ 7,500		$ 7,500
Hopelink/ Transitional & Emergency Housing	$ 7,437		$ 7,437
Hopelink/Emergency Food Services	$ 4,958		$ 4,958
Hopelink/Emergency Services	$ 23,798		$ 23,798
KSARC/Comprehensive Sexual Assault Service	$ 5,206		$ 5,206
North and East Healthy Start	$ 9,876		$ 9,876
Shoreline/LFP Senior Center*	$ 57,679	$ 38,029	$ 95,708
Meals On Wheels	$ 4,958		$ 4,958
Volunteer Transportation	$ 3,728		$ 3,728
Wonderland Development Center	$ 4,958		$ 4,958
Total Public Services	**$ 299,729**	**$ 38,029**	**$ 337,758**

* Includes $18,000 granted in mid-year 2007 for Senior Center.

Project: CURB RAMP, GUTTER & SIDEWALK PROGRAM

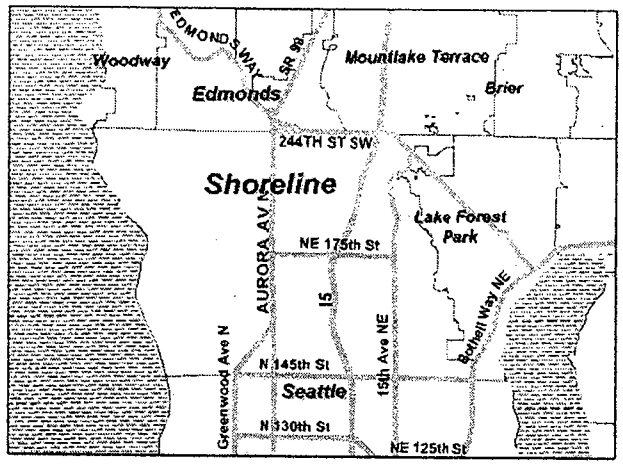
Fund: Roads Capital

Project Category:
Pedestrian / Non-Motorized Projects

Strategic Objective:
Safe and Attractive Neighborhoods and Business Districts

Desired Community Condition:
Residents and visitors are safe to travel on streets and walkways

COUNCIL GOAL # 7:
Provide safe and affordable transportation options to support land use plans including walking, bicycling, transit and vehicular options.



Project Description:
The Curb Ramp, Gutter and Sidewalk Program includes:

- Designing and construction of curb ramps in compliance with the Americans with Disabilities Act (ADA) standards.
- Installing wheelchair detection loops, and audible pedestrian signals.
- Repairing and replacing existing cement concrete gutters and sidewalks damaged by tree roots, cracking or settlement.
- Constructing new sidewalk panel sections to fill existing gaps in the pedestrian walkway.

Comprehensive Plan Policy T34:
Implement the City's curb ramp program to install wheelchair ramps at all curbed intersections.

Service Impact:
This project addresses locations throughout the City as determined from an inventory compiled and maintained by the Public Works Operations Division. These improvements are needed to increase the safety of the users of the City's sidewalk system by

- Removing barriers and increase/enhance accessibility in the community.
- Eliminating damaged sections and completing missing links in the existing system

There are approximately 41 miles of arterial streets in the City. The equivalent of approximately 15 miles of those arterial streets have sidewalks on both sides, which results in 26 miles of arterial streets missing sidewalk. This program will repair or construct approximately 700 feet of sidewalk each year for a total of 0.8 miles of sidewalk repairs during 2008-2013, and addresses approximately 3% of the total arterial streets without sidewalks.

Total Project Budget: $ 2,267,128
Funding Source:

- Roads Capital Fund
- Community Development Block Grant

Critical Milestones:

- Q1 each year – Planning
- Q2 each year – Design
- Q3 - Q4 each year - Construction
- Install 14-20 curb ramps per year
- Repair 400 linear feet of sidewalk per year

City of Shoreline 2008 - 2013 Capital Improvement Plan
Curb Ramp, Gutter & Sidewalk Program

Orgkey: 2914096 J.L.# ST100600, ST100612 $2,267,128

Phase	Prior Years' Expenditures	2007 Budget	2007 Projected	2008 Estimate	2009 Estimate	2010 Estimate	2011 Estimate	2012 Estimate	2013 Estimate	Total Project Cost
Project Expenditures:										
Planning/Design	$405,304	$50,933	$40,000	$41,000	$42,000	$43,000	$44,000	$45,000	$46,000	$706,304
Real Estate Acquisition										
Construction	$703,824	$114,000	$275,000	$81,000	$88,000	$95,000	$101,000	$106,000	$111,000	$1,560,824
Total Project Expenditures	**$1,109,128**	**$164,933**	**$315,000**	**$122,000**	**$130,000**	**$138,000**	**$145,000**	**$151,000**	**$157,000**	**$2,267,128**
Revenue Sources:										
Congestion Mitigation & Air Quality (CMAQ)	$80,440									$80,440
Metro King County	$6,060									$6,060
Community Development Block Grant	$548,730	$40,608	$190,608	$122,000						$861,338
In-Lieu Payment	$3,835									$3,835
Roads Capital Fund	$470,063	$124,325	$124,392		$130,000	$138,000	$145,000	$151,000	$157,000	$1,315,455
Total Project Revenues	**$1,109,128**	**$164,933**	**$315,000**	**$122,000**	**$130,000**	**$138,000**	**$145,000**	**$151,000**	**$157,000**	**$2,267,128**
1% for Public Art *Ineligible - Repair & Maintenance*										
Impact on Operating Budget										

Project Time Line:		2007	2008	2009	2010	2011	2012	2013
Design		Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2	Q1 Q2
Real Estate Acquisition								
Construction		Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4	Q3 Q4

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Council Meeting Date: September 10, 2007 **Agenda Item: 10(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	2007 Second Quarter Financial Report
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

The purpose of this agenda item is to summarize the second quarter financial activities for the City's major funds: General, Streets, Surface Water Utility, General Capital, and Roads Capital. The second quarter report is provided to keep the Council informed of the financial issues and the financial position of the City.

Revenue Section

Revenues						
Fund	2007 Budget	2007 Projected	2nd Quarter Projected	2nd Quarter Actuals	$$ Variance Actuals v. Projected	% Variance
General Fund	$28,712,699	$29,466,646	$12,243,179	$12,694,832	$451,653	3.69%
Streets	$2,422,087	$2,450,173	$1,105,688	$1,122,410	$16,722	1.51%
SWM Utility Fund	$6,277,263	$4,698,146	$1,767,726	$1,772,801	$5,075	0.29%
General Capital	$24,803,835	$12,889,810	$772,219	$1,057,811	$285,592	36.98%
Roads Capital	$13,066,740	$14,309,438	$2,024,563	$2,046,321	$21,758	1.07%
General Reserve Fund	$58,546	$58,546	$29,273	$39,967	$10,694	36.53%
Code Abatement Fund	$100,000	$100,000	$50,000	$3,102	-$46,898	-93.80%
Asset Seizure Fund	$23,500	$23,500	$11,750	$3,489	-$8,261	-70.31%
Unltd Tax GO Bond Fund	$1,800,000	$1,800,000	$907,917	$907,917	$0	0.00%
Public Arts Fund	$0	$5,053	$0	$5,053	$5,053	0.00%
Vehicle Operations Fund	$139,988	$143,152	$139,000	$143,152	$4,152	2.99%
Facility - Major Maintenance Fund	$110,000	$90,000	$33,000	$33,642	$642	1.95%
Equipment Replacement Fund	$315,569	$315,569	$296,000	$302,878	$6,878	2.32%
Unemployment	$10,500	$10,500	$10,250	$11,278	$1,028	10.03%
Totals	$77,840,727	$66,360,533	$19,390,564	$20,144,653	$754,089	3.89%

Expenditure Section

	Expenditures					
Fund	2007 Budget	2007 Projected	2nd Quarter Projected	2nd Quarter Actuals	Variance Actuals v. Projected	% Variance
General Fund	$29,016,399	$28,382,882	$11,963,039	$8,822,715	$3,140,324	-26.3%
Streets	$2,556,529	$2,532,552	$1,107,537	$967,989	-$139,548	-12.6%
SWM Utility Fund	$6,742,785	$4,295,343	$1,710,929	$1,220,100	-$490,829	-28.7%
General Capital	$35,349,846	$13,917,119	$7,595,525	$7,177,789	-$417,736	-5.5%
Roads Capital	$16,358,554	$14,364,165	$5,772,775	$5,172,887	-$599,888	-10.4%
General Reserve Fund	$0	$0	$0	$0	$0	0.0%
Code Abatement Fund	$100,000	$100,000	$50,000	$0	-$50,000	-100.0%
Asset Seizure Fund	$23,500	$23,500	$11,750	$9,076	-$2,674	-22.8%
Unltd Tax GO Bond Fund	$1,636,227	$1,636,227	$348,034	$348,034	$0	0.0%
Public Arts Fund	$84,000	$84,000	$42,000	$15,544	-$26,456	-63.0%
Vehicle Operations Fund	$139,988	$139,988	$58,795	$34,879	-$23,916	-40.7%
Facility - Major Maintenance Fund	$110,000	$90,000	$45,000	$33,953	-$11,047	-24.5%
Equipment Replacement Fund	$100,000	$100,000	$50,000	$48,983	-$1,017	-2.0%
Unemployment	$10,000	$10,000	$5,000	$1,111	-$3,889	-77.8%
Totals	$92,227,828	$65,675,776	$28,760,384	$23,853,060	$4,907,324	-17.1%

RECOMMENDATION

No action is required by the Council. This item is provided for informational purposes.

Approved By: City Manager ___ City Attorney ___

ATTACHMENTS

Attachment A – 2007 Second Quarter Financial Report

Attachment A

CITY OF SHORELINE

2007 Second Quarter Financial Report

Prepared by the Finance Department

for the

Fiscal Year January 1, 2007 – December 31, 2007

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General Fund

Actual revenue collections of $12,694,832 through the second quarter of 2007 were $451,654 or 3.69% above revised projections of $12,243,179. The General Fund is projected to collect $753,947 or 2.6% more revenue than originally budgeted for 2007 as projected revenue is $29,466,646 up from budgeted revenue of $28,712,699.

Departmental expenditures during the first half of 2007 were $8,822,715; less than projected expenditures of $11,963,039 by $3,140,324 or 26%. The primary reason for expenditures being less than projected is because Kind County billed for Police contracted services later than in previous years. If this had not been the case, the actual expenditures would have been $3 million greater.

Street Fund

Street Fund revenue through the first half of 2007 was $1,122,410, over revised projections of $1,105,688 by $16,722, a 1.5% variance. Projected revenues for 2007 have been increased by $28,086 to include a grant from the Washington Traffic Safety Council (WTSC) for $37,500, increased investment earnings of $2,171, unanticipated Superior Court Restitution of $1,807 and other miscellaneous revenue of $1,350. Projected fuel tax revenue has been decreased by $14,742.

Street Fund expenditures of $967,989 are below projections of $1,107,537 by $139,548 or 16.6% due to salary savings from staff vacancies and delayed billing for streetlights and other King County services.

Surface Water Utility Fund

Revenues in the Surface Water Utility Fund of $1,772,801 are behind projections of $1,767,726 by $5,075 or 0.29%. Storm drainage fees are slightly behind projections by $7,647 or 0.49%. Investment earnings are slightly ahead of projections by $2,572 or 1.23%.

Total projected 2007 expenditures are expected to be well below the 2007 budget. Operating expenditures are projected to be $77,681 under budget due to staff vacancies and capital expenditures are expected to be $2,369,761 less than budget due to changes in project schedules. Year to date operating expenditures are $106,528 or 11.67% under projections mainly due to staffing vacancies and the timing of special projects in the professional services category. Capital expenditures are $391,268 or 67.87% behind projections.

Capital Funds

In the General Capital Fund, the major sources of revenue are contributions from the General Fund, real estate excise tax and investment earnings. Funding from the General Fund is on target and real estate excise tax collections are ahead of projections by $132,301 or 30.3%. Investment earnings also exceeded projections by $153,291 or 53.6%. Projected 2007 revenue from real estate excise taxes has been increased by $517,000 over the adopted budget. 2007 projected revenues have been adjusted to reflect the delay of debt financing for the Civic Center project until 2008. Through the first half of 2007, $7,177,789 has been spent, which is under projections of $7,595,525 by $417,736 or 5.51%. Overall, 2007 projected expenditures have been decreased to match the recently adopted Capital Improvement Plan. The Civic Center/City Hall project is the largest project that impacts this projection.

In the Roads Capital Fund, year-to-date revenues of $2,046,321 are above projected revenue of $2,024,563 by $21,758 or 1.07%. Overall projected revenues for 2007 have been increased from a budget of $13,066,740 to $14,309,438 to reflect the recently adopted CIP.

Projected 2007 expenditures have been lowered from the original budget of $16,358,554 to $14,364,165. This change reflects the projections included in the 2008 – 2013 CIP. The majority of this revision is related to the delay in the Richmond Beach Overcrossing project. Expenditures through June totaling $5,172,887 are under projections of $5,772,775 by $599,888 or 10.4%.

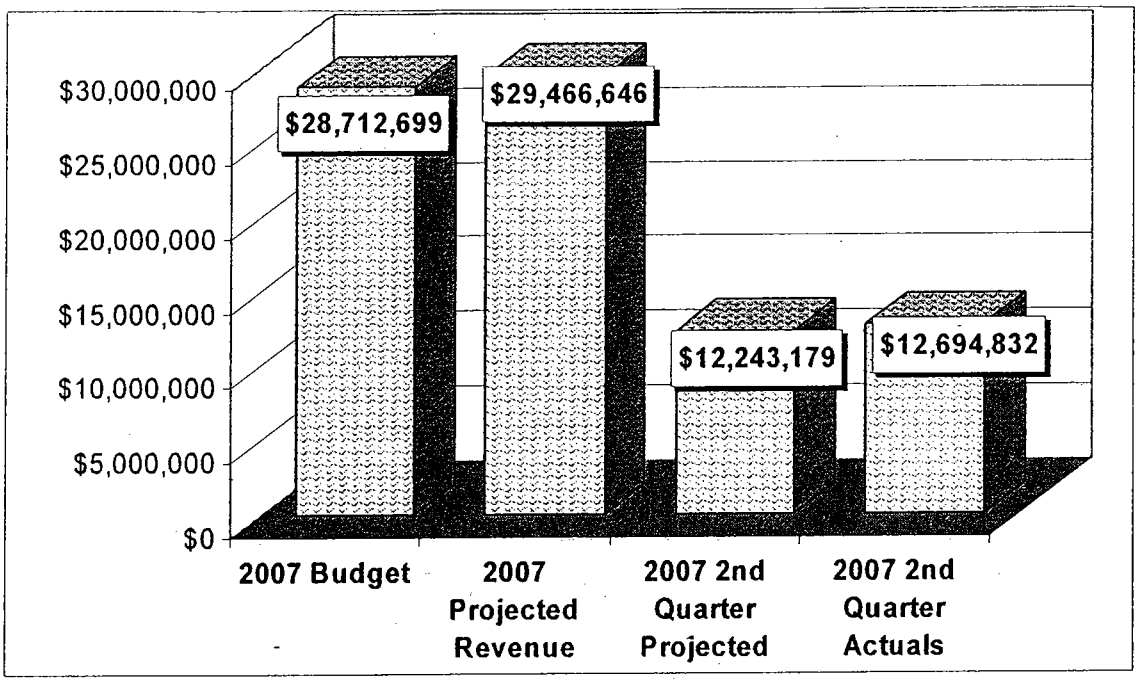
Summary of Key Operating Funds

The following table provides a summary of the financial results for each City fund for first half of 2007.

Revenues						
Fund	2007 Budget	2007 Projected	2nd Quarter Projected	2nd Quarter Actuals	$$ Variance Actuals v. Projected	% Variance
General Fund	$28,712,699	$29,466,646	$12,243,179	$12,694,832	$451,653	3.69%
Streets	$2,422,087	$2,450,173	$1,105,688	$1,122,410	$16,722	1.51%
SWM Utility Fund	$6,277,263	$4,698,146	$1,767,726	$1,772,801	$5,075	0.29%
General Capital	$24,803,835	$12,889,810	$772,219	$1,057,811	$285,592	36.98%
Roads Capital	$13,066,740	$14,309,438	$2,024,563	$2,046,321	$21,758	1.07%
General Reserve Fund	$58,546	$58,546	$29,273	$39,967	$10,694	36.53%
Code Abatement Fund	$100,000	$100,000	$50,000	$3,102	-$46,898	-93.80%
Asset Seizure Fund	$23,500	$23,500	$11,750	$3,489	-$8,261	-70.31%
Unltd Tax GO Bond Fund	$1,800,000	$1,800,000	$907,917	$907,917	$0	0.00%
Public Arts Fund	$0	$5,053	$0	$5,053	$5,053	0.00%
Vehicle Operations Fund	$139,988	$143,152	$139,000	$143,152	$4,152	2.99%
Facility - Major Maintenance Fund	$110,000	$90,000	$33,000	$33,642	$642	1.95%
Equipment Replacement Fund	$315,569	$315,569	$296,000	$302,878	$6,878	2.32%
Unemployment	$10,500	$10,500	$10,250	$11,278	$1,028	10.03%
Totals	$77,840,727	$66,360,533	$19,390,564	$20,144,653	$754,089	3.89%

Expenditures						
Fund	2007 Budget	2007 Projected	2nd Quarter Projected	2nd Quarter Actuals	Variance Actuals v. Projected	% Variance
General Fund	$29,016,399	$28,382,882	$11,963,039	$8,822,715	$3,140,324	-26.3%
Streets	$2,556,529	$2,532,552	$1,107,537	$967,989	-$139,548	-12.6%
SWM Utility Fund	$6,742,785	$4,295,343	$1,710,929	$1,220,100	-$490,829	-28.7%
General Capital	$35,349,846	$13,917,119	$7,595,525	$7,177,789	-$417,736	-5.5%
Roads Capital	$16,358,554	$14,364,165	$5,772,775	$5,172,887	-$599,888	-10.4%
General Reserve Fund	$0	$0	$0	$0	$0	0.0%
Code Abatement Fund	$100,000	$100,000	$50,000	$0	-$50,000	-100.0%
Asset Seizure Fund	$23,500	$23,500	$11,750	$9,076	-$2,674	-22.8%
Unltd Tax GO Bond Fund	$1,636,227	$1,636,227	$348,034	$348,034	$0	0.0%
Public Arts Fund	$84,000	$84,000	$42,000	$15,544	-$26,456	-63.0%
Vehicle Operations Fund	$139,988	$139,988	$58,795	$34,879	-$23,916	-40.7%
Facility - Major Maintenance Fund	$110,000	$90,000	$45,000	$33,953	-$11,047	-24.5%
Equipment Replacement Fund	$100,000	$100,000	$50,000	$48,983	-$1,017	-2.0%
Unemployment	$10,000	$10,000	$5,000	$1,111	-$3,889	-77.8%
Totals	$92,227,828	$65,675,776	$28,760,384	$23,853,060	$4,907,324	-17.1%

General Fund Revenue



Actual revenue collections of $12,694,832 through the second quarter of 2007 were $451,654 or 3.69% above revised projections of $12,243,179. The General Fund is projected to collect $753,947 or 2.6% more revenue than originally budgeted for 2007 as projected revenue is $29,466,646, up from budgeted revenue of $28,712,699.

The revenue increase is a result of the following:

- the utility tax rate increase (1% to 6%) on cable television will generate an additional $250,000
- rate increases in natural gas will result in an additional estimated revenue of $125,000 of utility tax
- increases in telephone/cell phone usage and costs generate an additional $169,660 in utility tax
- significant increases in permit activity will generate an additional $149,162 in permit fee revenue
- revenue from Shoreline A & B soccer fields as a result of both increased fees and usage following capital improvements
- increased participation in the City's special recreation programming will generate an additional $53,170

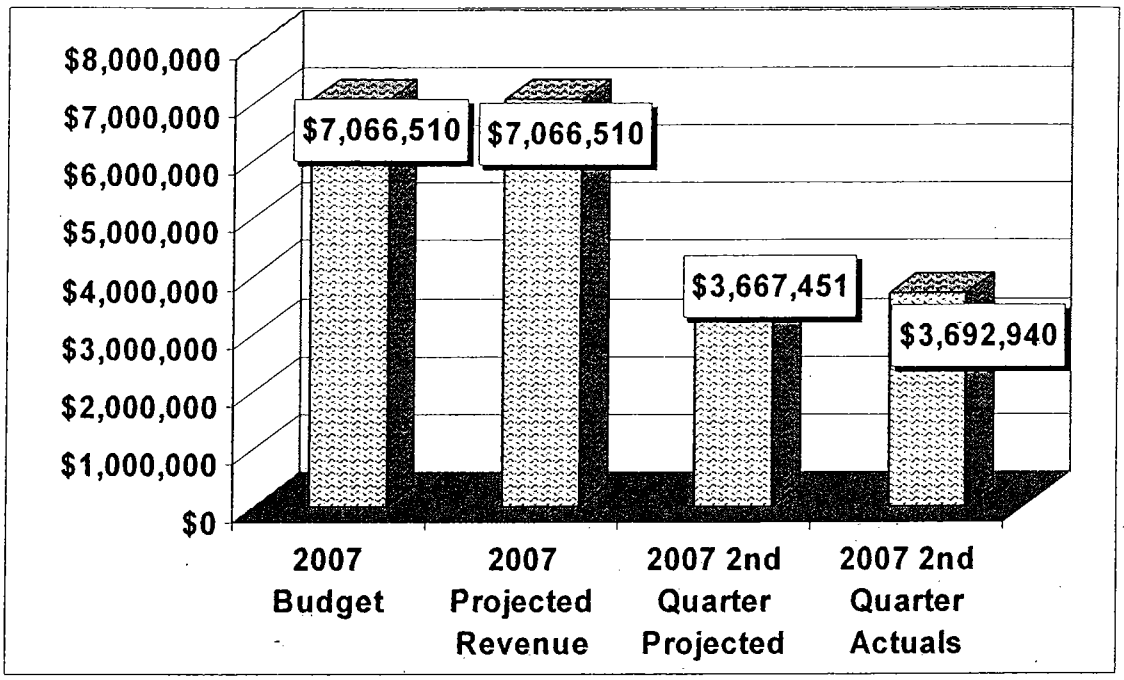
Tempering the good news on the general fund revenue, is the flattening of the City's other primary revenue sources namely property tax, sales tax and gambling tax. Gambling tax revenue is estimated to be $31,000 under budget estimates due to the declining pull tab market. For the second quarter sales tax revenue is ahead of projected amounts, but the increase is due almost entirely to construction related sales tax. Given the one-time nature of construction and the intense building schedules, the sales tax growth exhibited through the second quarter is not anticipated to last through 2007. More detail about specific general fund revenues follows later in this report.

The following chart details each revenue category for the General Fund for first half of 2007. The first column is the adopted 2007 revenue budget. The second column represents the revised annual projection, if applicable, for each category. The third column displays the projected revenue through the first half of the year. The fourth column displays the actual revenues through June. The fifth column shows the variance between second quarter projections and actual collections. The last column displays the variance in percentage terms.

General Fund Revenue Detail

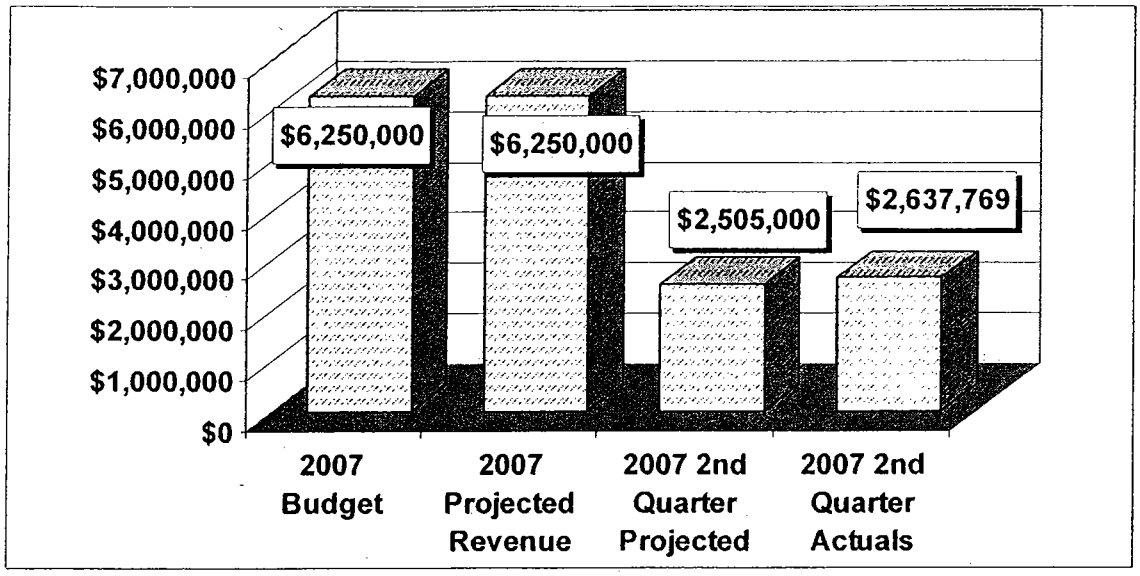
Revenue Source	2007 Budget	2007 Projected Revenue	2007 2nd Quarter Projected	2007 2nd Quarter Actuals	$$ Variance Actuals v. Projected	% Variance
Budgeted Fund Balance	$671,500	$671,500	$0	$0	$0	0.00%
Property Tax	$7,066,510	$7,066,510	$3,667,451	$3,692,940	$25,489	0.70%
Sales Tax	$6,250,000	$6,250,000	$2,505,000	$2,637,769	$132,769	5.30%
Criminal Justice Sale Tax	$1,224,500	$1,224,500	$600,361	$616,482	$16,121	2.69%
Utility Tax/Franchise Fee Category						
Natural Gas Utility Tax	$1,045,000	$1,170,400	$595,734	$616,862	$21,128	3.55%
Sanitation Utility Tax	$340,000	$340,000	$137,360	$136,726	-$634	-0.46%
Cable TV Utility Tax	$98,000	$348,000	$36,554	$45,679	$9,125	24.96%
Telephone/Cell Utility Tax	$1,555,000	$1,724,660	$593,283	$619,751	$26,468	4.46%
Water Franchise Fee	$565,000	$565,000	$137,578	$138,252	$675	0.49%
Sewer Franchise Fee	$655,595	$655,595	$326,486	$328,001	$1,515	0.46%
Storm Drainage Utility Tax	$177,000	$177,000	$91,861	$93,486	$1,625	1.77%
Cable TV Franchise Fee	$533,767	$583,767	$146,160	$144,903	-$1,257	0.00%
Utility Tax/Franchise Fee Subtotal	$4,969,362	$5,564,422	$2,065,016	$2,123,660	$58,644	2.84%
Electricity Contract Payment	$1,000,000	$1,000,000	$437,000	$417,660	-$19,340	-4.43%
Gambling Tax	$2,134,500	$2,103,500	$408,935	$422,243	$13,308	3.25%
State Revenue	$729,448	$729,448	$379,573	$397,256	$17,683	4.66%
Permit Revenue	$1,293,935	$1,443,097	$741,577	$798,485	$56,908	7.67%
Parks & Recreation Revenue	$1,203,964	$1,257,134	$544,689	$615,420	$70,731	12.99%
Fines & LicensesForfeitures	$34,530	$34,530	$10,170	$50,990	$40,820	401.38%
Grants & Misc. Revenue	$676,648	$664,203	$148,999	$170,390	$21,391	14.36%
Investment Interest	$411,355	$411,355	$211,186	$228,313	$17,127	8.11%
Transfers-In	$1,046,447	$1,046,447	$523,224	$523,224	$0	0.00%
Total General Fund Revenue	$28,712,699	$29,466,646	$12,243,179	$12,694,832	$451,654	3.69%

Property Tax Revenue



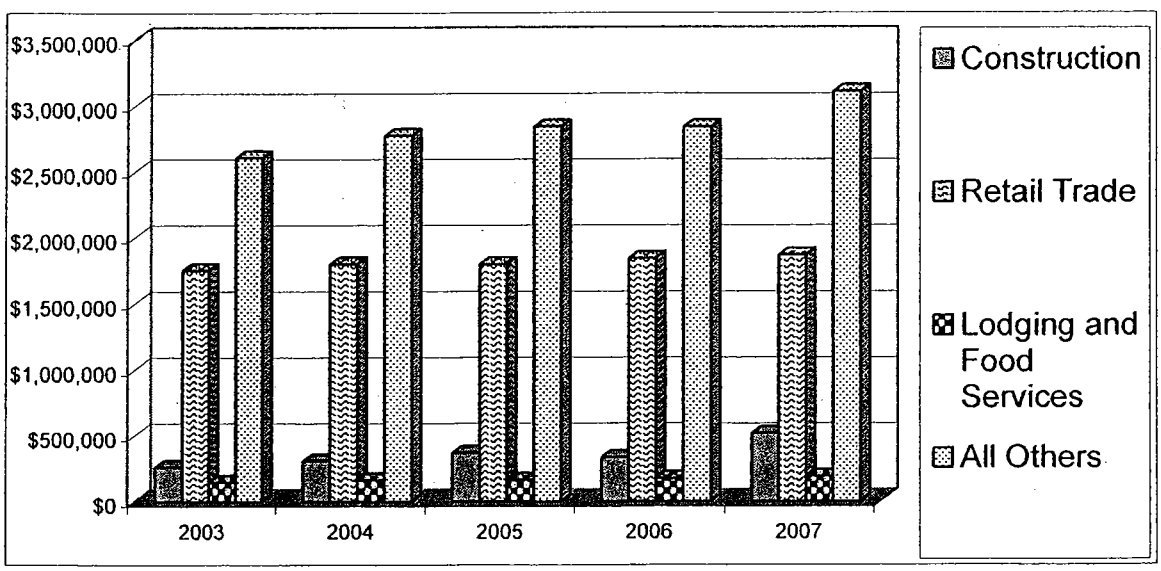
Property tax collections of $3,692,940 exceeded projections of $3,667,451 by $25,489 or 0.7%. No change has been made in the 2007 projected revenue in this category as the adopted budget for this tax is based upon the property tax levy adopted by Council. Only 98% of the levy is expected to be collected due to an anticipated 2% rate of delinquencies. Through the first half of each year, the City typically receives about 52% of the annual collections.

Sales Tax Revenue

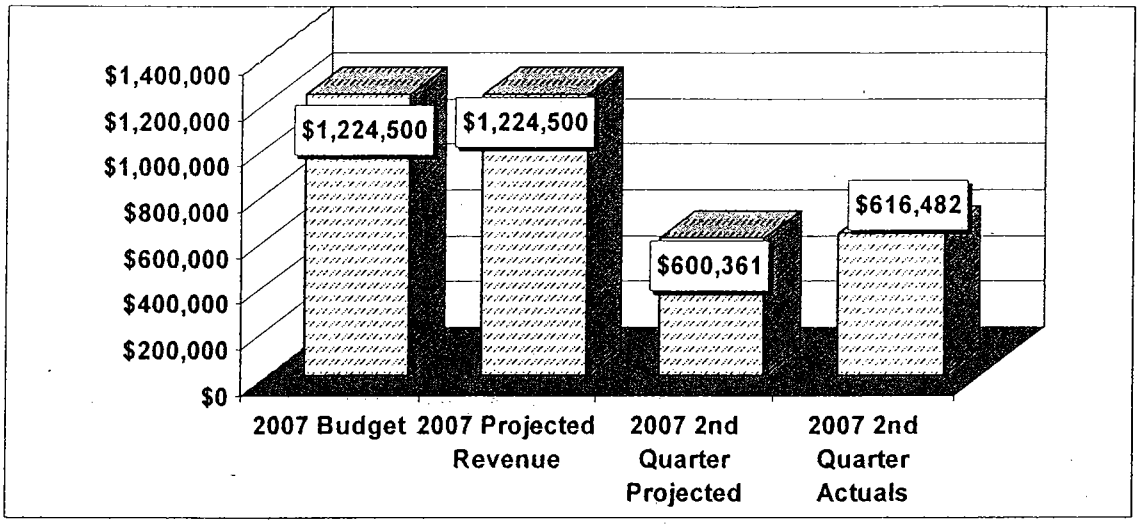


Sales tax collections of $2,637,769 are ahead of projections of $2,505,000 by $132,769 or 5.3%. Sales tax revenue is tracking above budgeted levels due to strong revenue activity from construction. Compared to June 2006 construction related sales tax revenue is $182,717 higher. Due to the one-time nature of construction activity we are cautious in adjusting the year long trend. General retail sales are only $25,512 ahead of 2006 which is only a 1% increase.

The chart immediately below illustrates the top business sectors that generate sales tax revenue and to highlight the subtle changes in the City's revenue pattern five years of history are shown. The three largest contributors to the City's sales tax revenue are retail sales, construction, and lodging and food which have for the past five years represented between 82-83% of the total sales tax base. Construction revenue has shown the largest increase growing by 49.9% or $259,466. Retails sales have grown by only 6.64% or $116,551 a rate of increase that does not keep up with inflation.

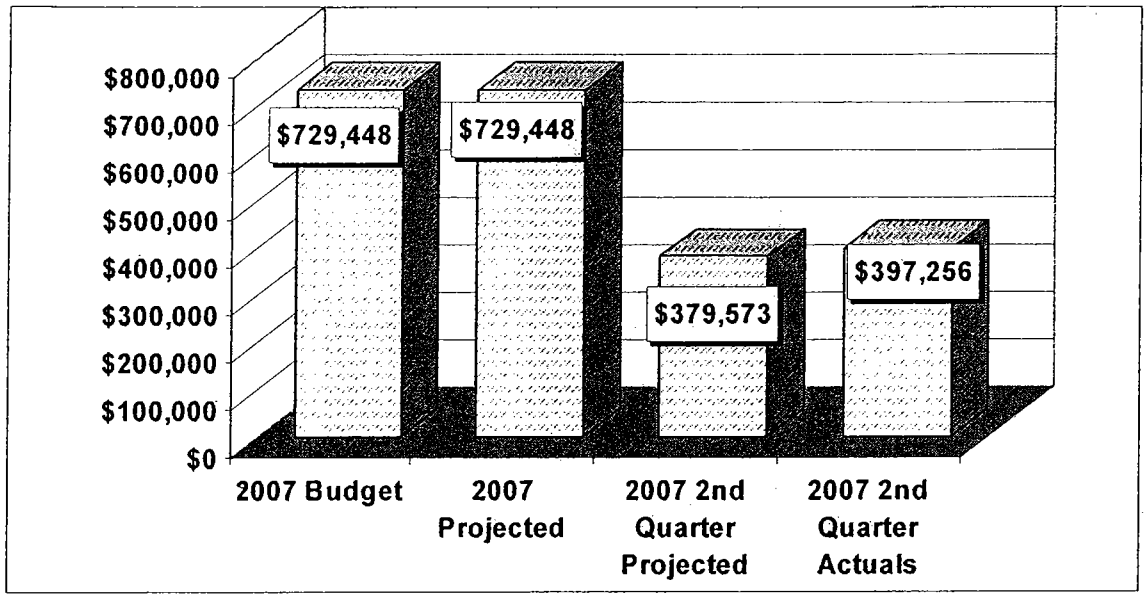


Criminal Justice Sales Tax Revenue



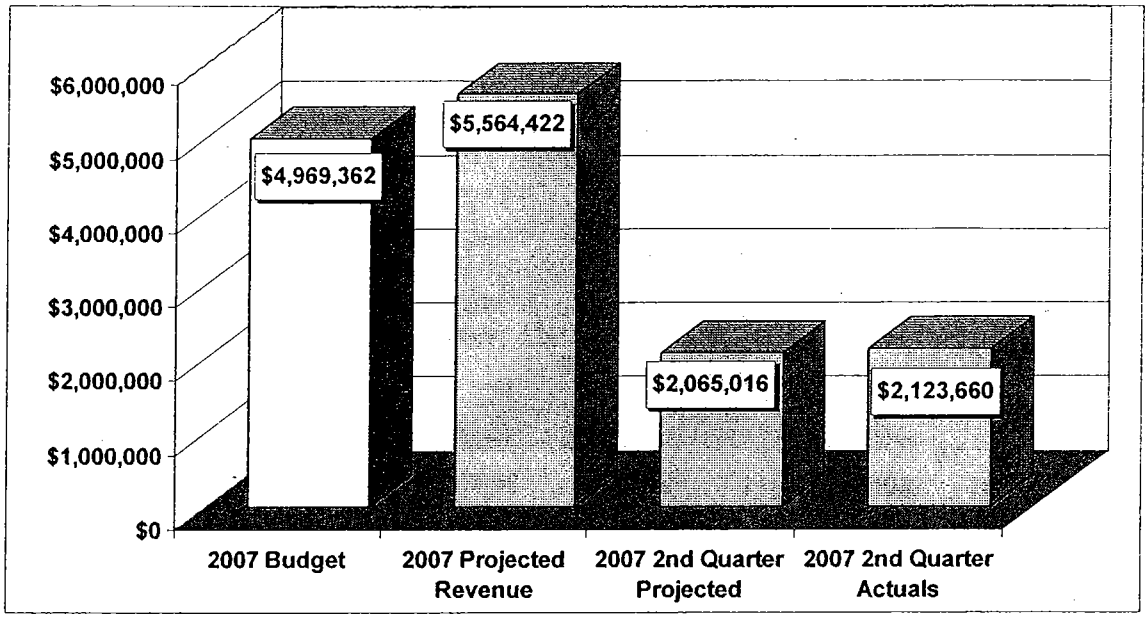
Local Criminal Justice Sales Tax of $616,482 is ahead of projected revenue of $600,361 by $16,121 or 2.7%. This category differs from sales tax because it results from a distribution by the County and is collected on a countywide basis. The distribution amount is based on a city's population and the amount of sales tax collected through all of King County.

State Revenue



State Revenue of $397,256 was above projected revenue of $379,573 by $17,683 or 4.7%. Criminal justice funding is ahead of projections by $14,117, liquor board profits are below projections by $1,530 and liquor excise tax collections are ahead of projections by $5,095.

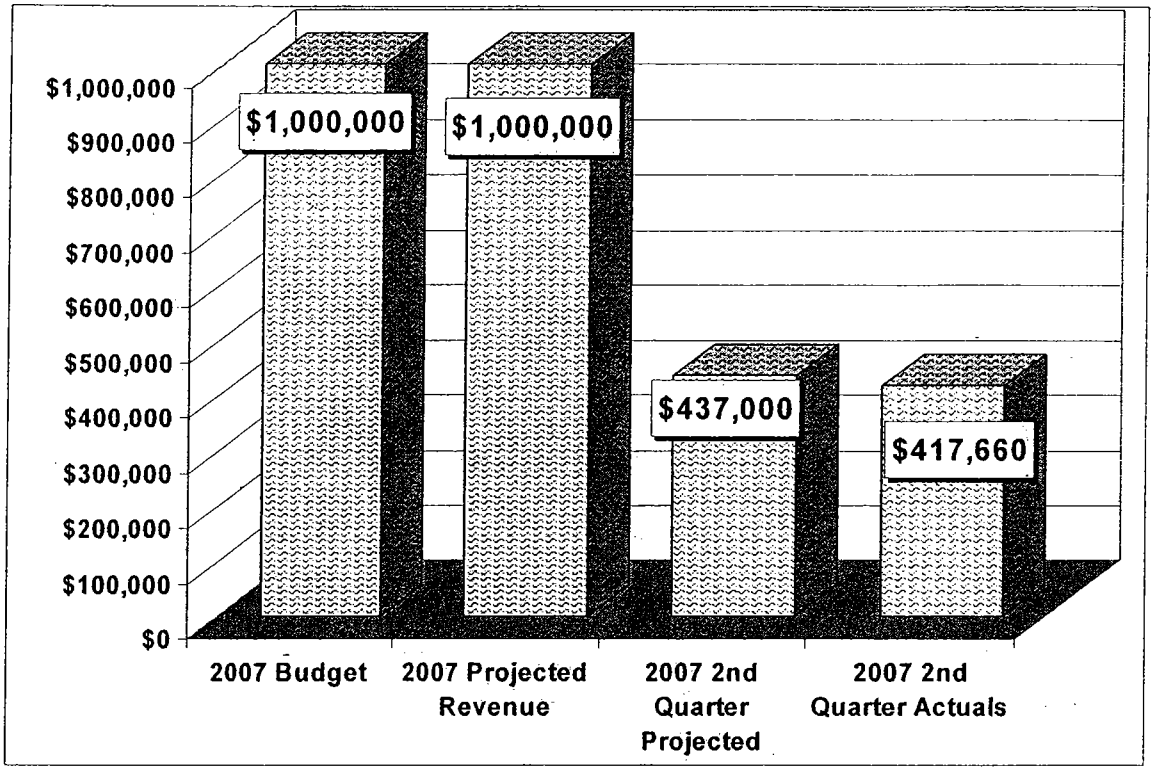
Utility Tax and Franchise Fee Revenue



Utility tax and franchise fee revenue of $2,123,652 is above projected revenue of $2,065,016 by $58,644 or 2.8%. So far through 2007 most of the utility revenues are ahead of projections. Collections from natural gas are ahead of projections by $21,128 or 3.55%. This is due to rate increases by Puget Sound Energy. Projected revenue in this category has been increased by $125,400 for the year. Activity in the telecommunications category continues to grow. Through the first half of the year, this category exceeded projections by $26,468 or 4.5%. Total 2007 projected revenue for this category has been increased by $169,660. Projected revenue from cable television utility tax has been increased to reflect the increase in the tax rate from 1% to 6%. This tax did not become effective until July 1, 2007. To date, that category is already running ahead of projections by $9,125 or 25% due to rate increases and increased activity. Projected revenues from the cable television franchise fee are being increased by $50,000 to reflect actual payments. Only one quarterly payment had been received by June 30, but after receiving a payment in July, this category warranted an increase.

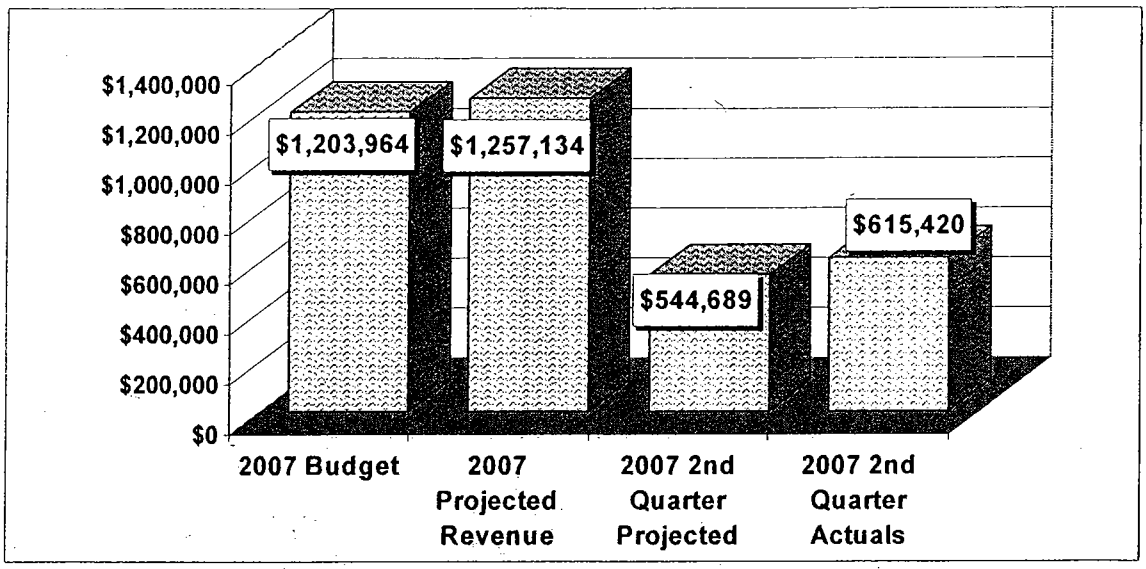
Utility Tax and Franchise Fees	2007 Budget	2007 Projected Revenue	2007 2nd Quarter Projected	2007 2nd Quarter Actuals	$$ Variance Actuals v. Projected	% Variance
Natural Gas Utility Tax	$1,045,000	$1,170,400	$595,734	$616,862	$21,128	3.55%
Sanitation Utility Tax	$340,000	$340,000	$137,360	$136,726	-$634	-0.46%
Cable TV Utility Tax	$98,000	$348,000	$36,554	$45,679	$9,125	24.96%
Telephone/Cell Utility Tax	$1,555,000	$1,724,660	$593,283	$619,751	$26,468	4.46%
Water Franchise Fee	$565,000	$565,000	$137,578	$138,252	$675	0.49%
Sewer Franchise Fee	$655,595	$655,595	$326,486	$328,001	$1,515	0.46%
Storm Drainage Utility Tax	$177,000	$177,000	$91,861	$93,486	$1,625	1.77%
Cable TV Franchise Fee	$533,767	$583,767	$146,160	$144,903	-$1,257	100.00%
Total Utility Revenue	$4,969,362	$5,564,422	$2,065,016	$2,123,660	$58,644	2.84%

Seattle City Light Contract Payments



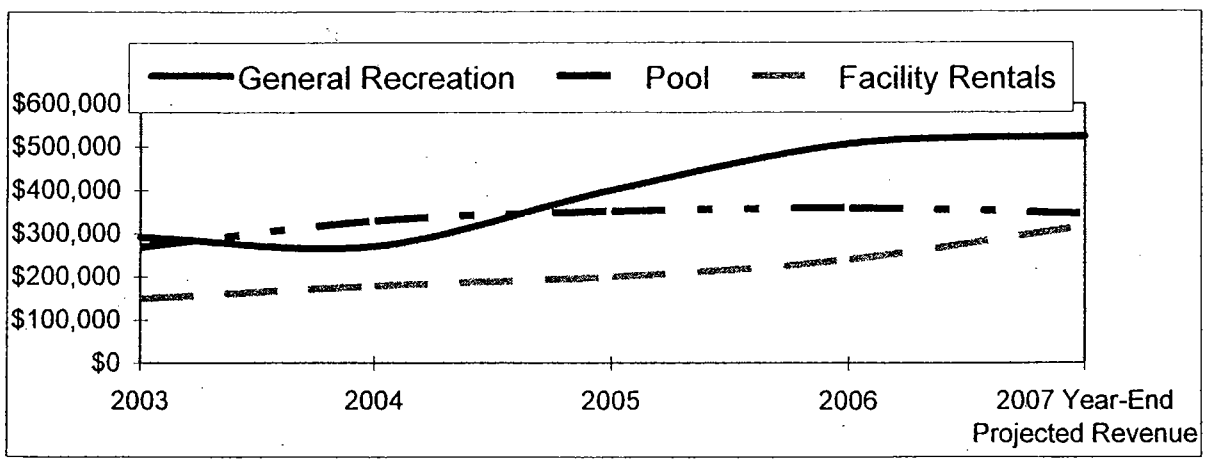
Seattle City Light contract payment revenue of $417,660 is below projected revenue of $437,000 by $19,340 or 4.4%. We anticipate that revenue collections through the remainder of the year will meet the budget.

Parks and Recreation Fee Revenue

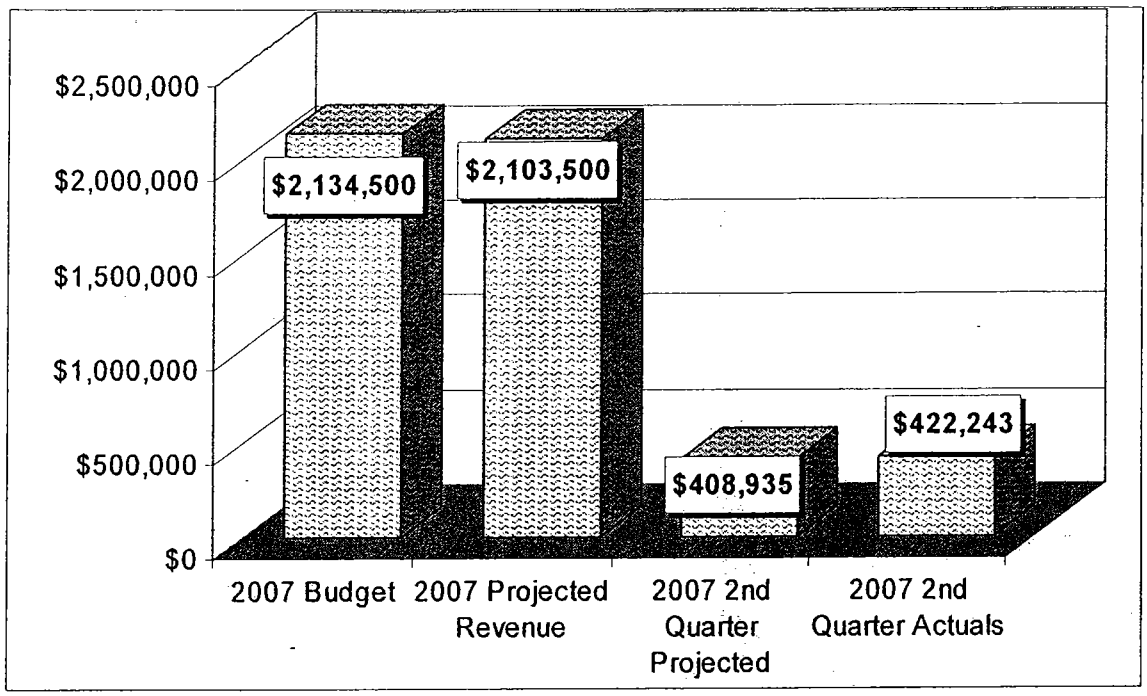


Parks fee revenue of $615,420 is above projections by $70,731 or 13%. At this time, we are increasing 2007 Parks projected revenue by $53,170 or 4%. The additional revenue is due to better than expected field rental revenue from the full operation of Shoreline A and B soccer fields and dramatic increases in revenue from special recreation classes and programs. Revenues for the pool are running just slightly under budget due to the closing of the pool for several days of bad weather and the extended 2006 – 2007 school year cut short several popular swimming programs.

The chart immediately below illustrates the growth patterns for the three primary revenue producers General Recreation, Pool and Facility rentals. In the five year study period (2003 to 2007 Year-end estimates) all three programs areas saw significant revenue expansion General Recreation grew by 79% or $233,111; Pool by 28% or $77,575 and facility rentals by 113% or $169,356. The chart illustrates the effect Shoreline A & B have had on facility rental revenue.

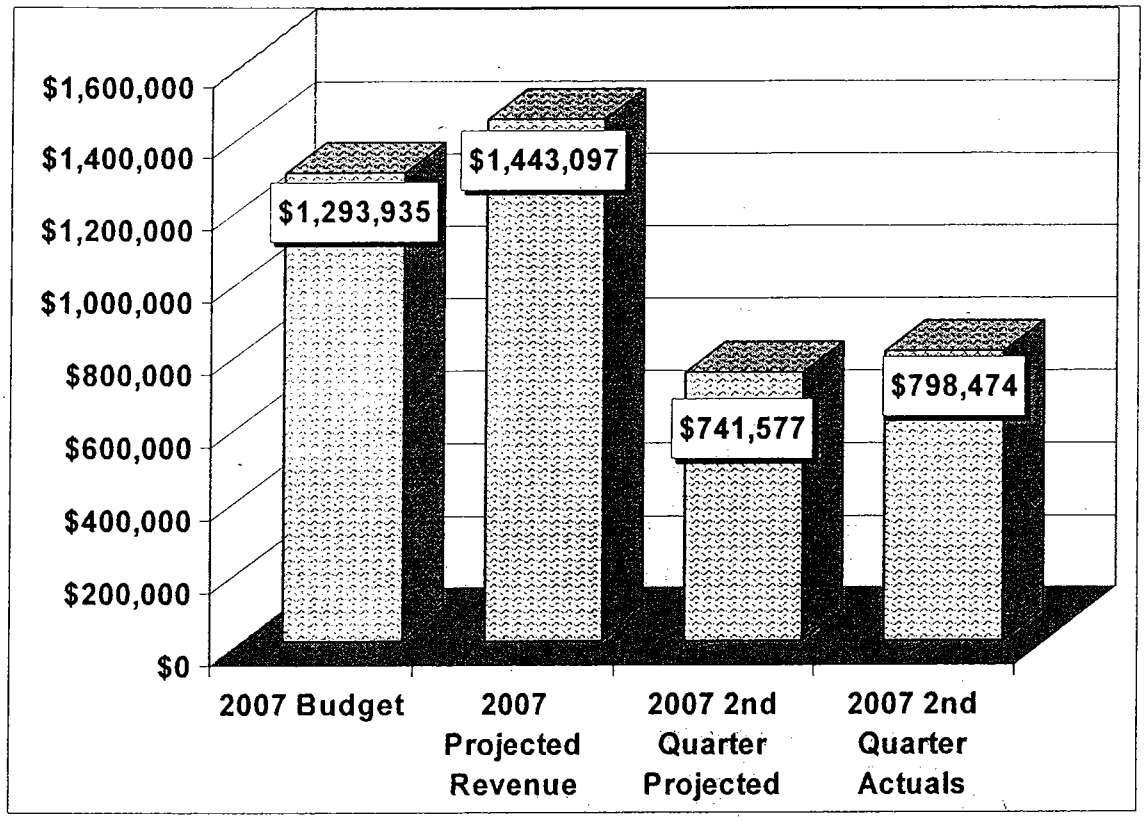


Gambling Tax Revenue



Given the timing of the second quarter report the revenue reported includes only the first quarter gambling tax filings. Second quarter gambling revenue is not due to the City until the end of July. The 2007 projected gambling tax revenues have been reduced by $31,000 for 2007 in the pull tabs category. Activity continues to decline in this area. Based on the reduced projections gambling tax collections of $422,243 are just slightly ahead of projected revenue by $13,308 or 3.3%.

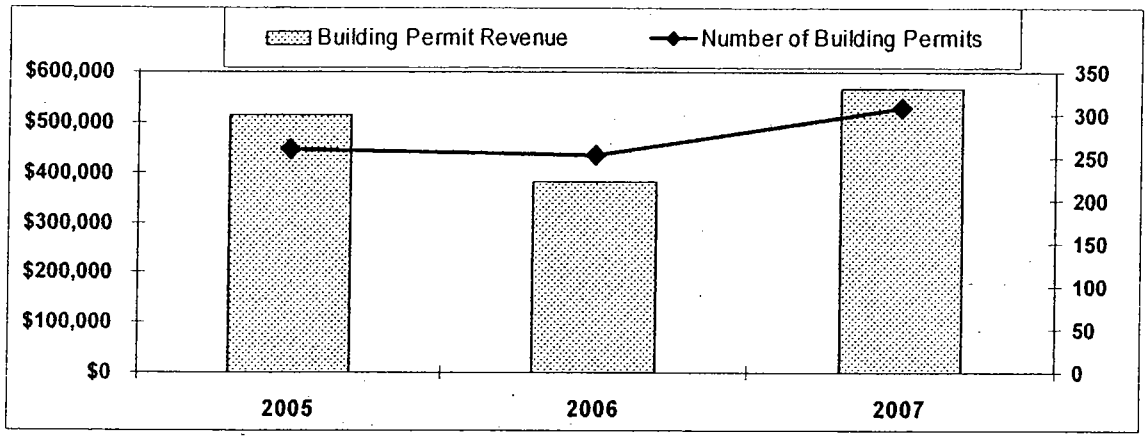
Permit Revenue



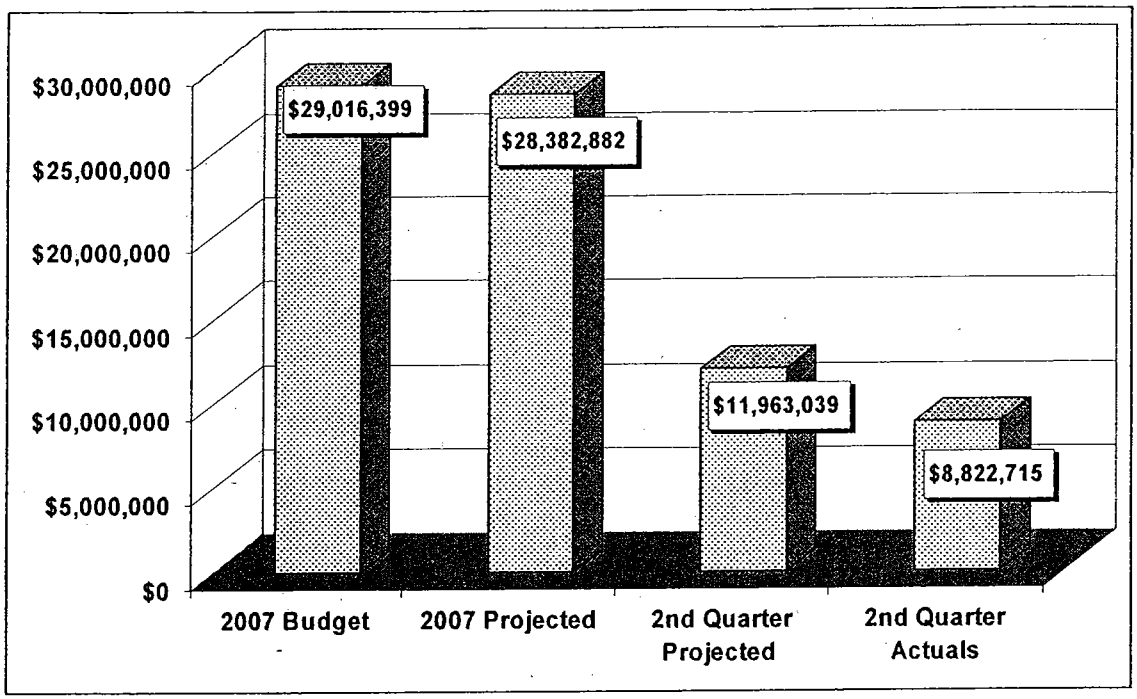
Permit revenue of $798,474 is ahead of projected revenue of $741,577 by $56,908 or 7.7%. Total 2007 projected revenue has been increased by $149,162. The largest increase of $145,800 is in the plan check fee category. Other categories being increased are building permits ($19,200), environmental review ($5,650), mechanical permits ($4,750), plumbing inspections ($3,100), and plumbing permits ($1,800). Projections in a few categories have been reduced: electrical permits (-$19,135), land use fee (-$12,000), and fire system permits (-$400).

Through the first half of the year, building permits are ahead of projections by $38,204 or 16% and plan check fees are ahead by $13,595. Plumbing, electrical, mechanical, and fire system permits are slightly ahead of projections; plumbing inspections are ahead; land use and environmental reviews are under projections. During this period, 308 building permits have been issued compared with 254 during the same period last year.

The graph immediately below illustrates the number of building permits and the revenue generated by building permits at the mid-year point for 2005 – 2007.



General Fund Expenditures



Departmental expenditures during the first half of 2007 were $8,822,715, under projected expenditures of $11,963,039 by $3,140,324 or 26%. Most of this under-expenditure is in the police contract. Billings from King County for police services were received later than in previous years. Typically, the City would have paid for the first few months of services by the end of June. This year only invoices for some special services were received and paid during the first half of the year. All outstanding invoices for police services have now been received and paid. The 2007 budget does not include the new street crimes officer that is budgeted for half of 2007. A budget amendment will be included on a future council agenda. Parks expenditures are running above projections due to increased utility costs in water and gas for operations and the swimming pool. In response to these increases Parks has been able to identify expenditure savings in other areas namely professional services and extra help to off-set the utility cost increase. As a result Parks is estimated to come in under budget.

Other expenditure trends of note: the City Attorney is trending above budget as a result of professional legal services. Criminal Justice, namely jail services, is under spending through second quarter. Unfortunately this is just a matter of the timing of billings with King County running unexpectedly behind schedule. Jail costs are projected to be right at budget at the end of the year.

Projected 2007 expenditures for Public Works include costs associated with the management and operation of the Highland Plaza and Highland Park Center buildings. These costs were not included in the original 2007 budget since the City had not yet completed the acquisitions. A budget amendment will be presented to Council this Fall to add these costs and the corresponding lease income to the current budget.

This year all City departments completed their year-end cost estimates before the submittal of the second quarter report. As a result, the 2007 year-end estimates are included in this report and show-up in the 2007 projected column in the table that

follows. However, the two variance columns included in this report are comparing the results of second quarter only. Overall for year-end 2007 the general fund is projected to be $633,517 or 2.2% under budget but this number includes roughly $251,647 in unspent citywide contingency funding and $255,000 for the City's insurance reserve. When factoring out these two numbers the year-end savings decreases to $155,258 or just a 0.54% savings.

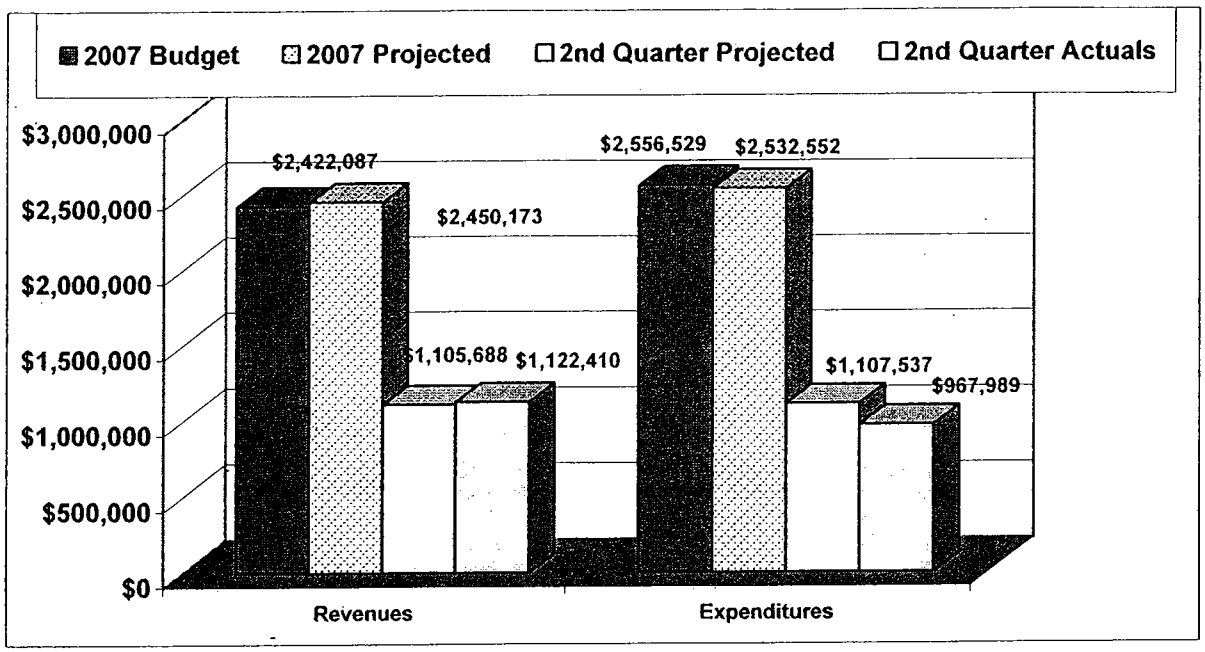
General Fund Expenditure Detail

Department	2007 Budget	2007 Projected	2nd Quarter Projected	2nd Quarter Actuals	$$ Variance 2nd Qtr Actuals v. 2nd Qtr Projected	% Variance 2nd Qtr Actuals v. 2nd Qtr Projected
City Council	$172,914	$169,406	$97,595	$83,552	-$14,043	-14.4%
City Manager [1]	$1,414,533	$1,352,903	$663,130	$616,577	-$46,553	-7.0%
City Clerk	$404,493	$386,693	$185,046	$170,471	-$14,575	-7.9%
Community Services [2]	$1,623,357	$1,595,295	$674,685	$652,082	-$22,603	-3.4%
City Attorney	$547,803	$671,909	$237,232	$248,289	$11,057	4.7%
Finance	$2,469,917	$2,409,224	$1,133,291	$1,154,575	$21,284	1.9%
Citywide	$1,268,333	$790,074	$748,079	$726,889	-$21,190	-2.8%
Human Resources	$391,787	$366,880	$187,948	$176,924	-$11,024	-5.9%
Police	$8,553,531	$8,629,204	$3,095,494	$104,098	-$2,991,396	-96.6%
Criminal Justice	$1,379,426	$1,379,326	$538,322	$456,137	-$82,185	-15.3%
Parks	$4,052,719	$4,037,215	$1,655,959	$1,688,821	$32,862	2.0%
Planning and Development Services	$2,791,866	$2,602,404	$1,192,590	$1,176,731	-$15,859	-1.3%
Public Works	$1,391,597	$1,438,226	$616,480	$630,380	$13,900	2.3%
Transfers Out	$2,554,123	$2,554,123	$937,189	$937,189	$0	0.0%
General Fund Total	$29,016,399	$28,382,882	$11,963,039	$8,822,715	-$3,140,324	-26.3%

[1] City Manager includes Economic Development, Communications & Intergovernmental Relations

[2] Community Services includes Emergency Management Planning, Neighborhoods, Human Services & CRT

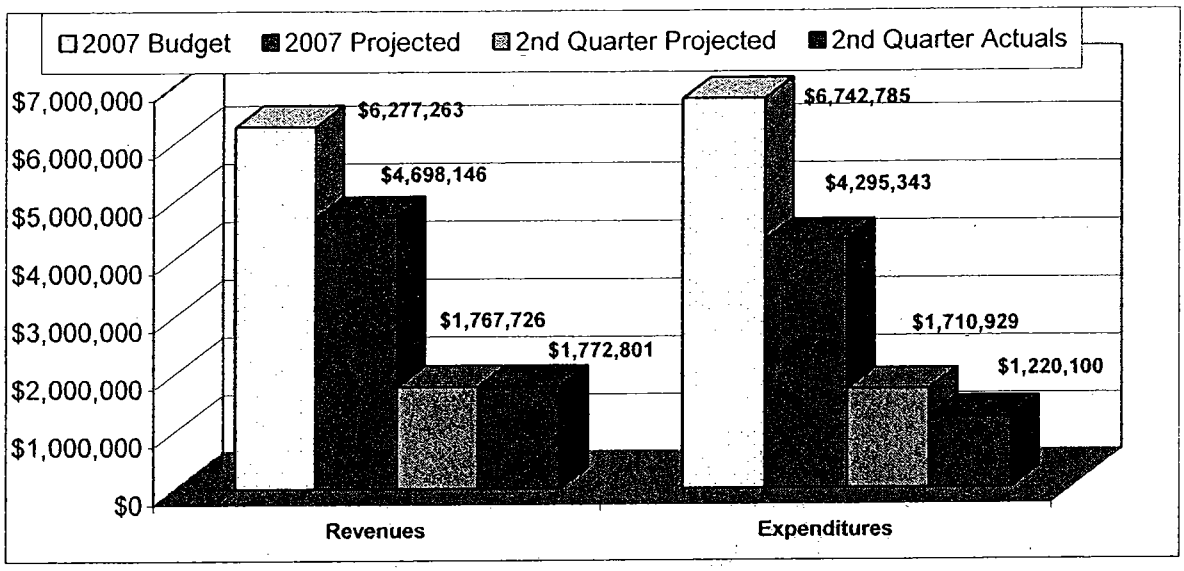
Street Fund



Street Fund revenue through the first half of 2006 was $1,122,410, over revised projections of $1,105,688 by $16,722, a 1.5% variance. Projected revenues for 2007 have been increased by $28,086 to include a grant from the Washington Traffic Safety Council (WTSC) for $37,500, increased investment earnings of $2,171, unanticipated Superior Court Restitution of $1,807 and other miscellaneous revenue of $1,350. Projected fuel tax revenue has been reduced by $14,742 as consumption levels have decreased as the price per gallon has increased. Year to date, fuel tax collections are running behind by $4,605 or 1.33%; interest earning are ahead by $3,384; and right of way permits are ahead of projections by $17,932 or 28.77%.

Street Fund expenditures for the entire year are projected to be under budget by $23,977 due to staffing vacancies and other savings. Through the first half of the year, expenditures of $967,989 are below projections of $1,107,537 by $139,548 or 12.6%. The expenditure variance is primarily due in large part to delayed billings from King County for street maintenance and street lighting services and salary savings generated by vacant positions in Street Operations. Expenditures in Traffic Services are also under projections due to the timing of billings. A major project was completed and billed in July.

Surface Water Utility Fund

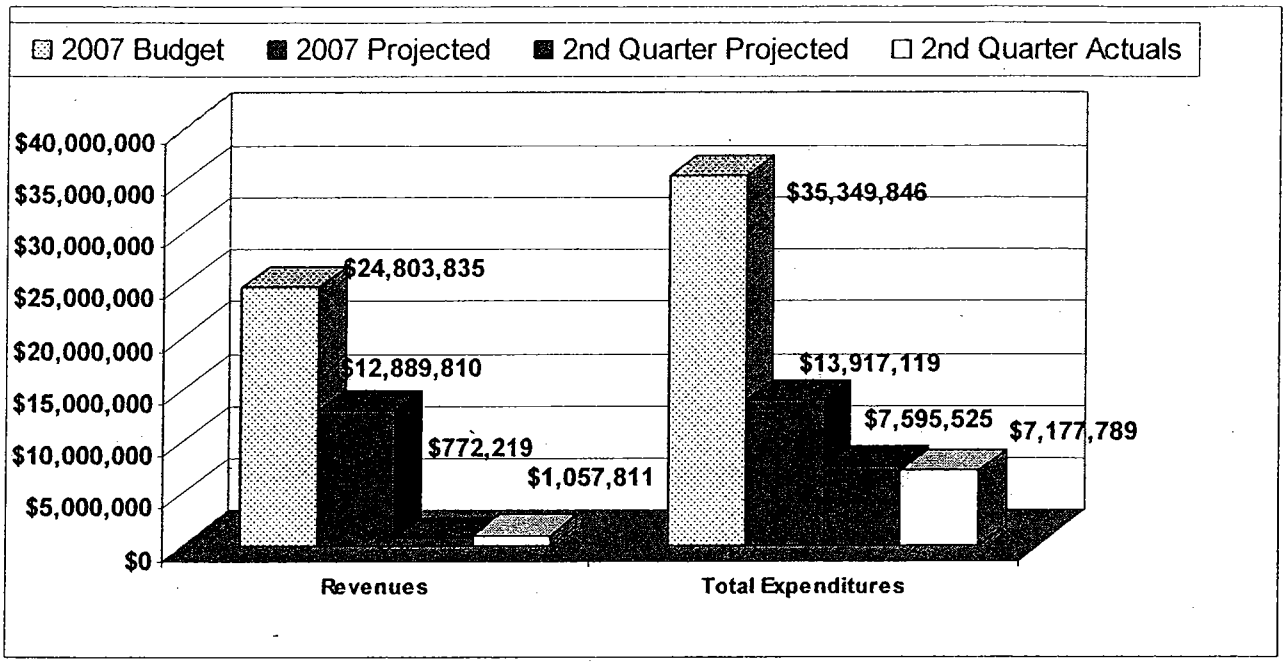


The surface water utility fund accounts for both day-to-day operations of the utility and capital improvements to the utility system.

Revenues in the Surface Water Utility Fund of $1,772,801 are behind projections of $1,767,726 by $5,075 or 0.29%. Storm Drainage fees are slightly behind projections by $7,647 or 0.49%. Investment earnings are slightly ahead of projections by $2,572 or 1.23%.

Total projected 2007 expenditures are expected to be well below the 2007 budget. Operating expenditures are projected to be $77,681 under budget and capital expenditures are expected to be $2,369,761 less than budget. Year to date operating expenditures are $106,528 or 11.67% under projections mainly due to staffing vacancies and the timing of special projects in the professional services category. Capital expenditures are $391,268 or 67.87% behind projections. We assume that by the end of the year, capital expenditures will be at or very near the revised projections. These changes have been made to the 2007 surface water capital projects as included in the recently adopted 2008 – 2013 CIP.

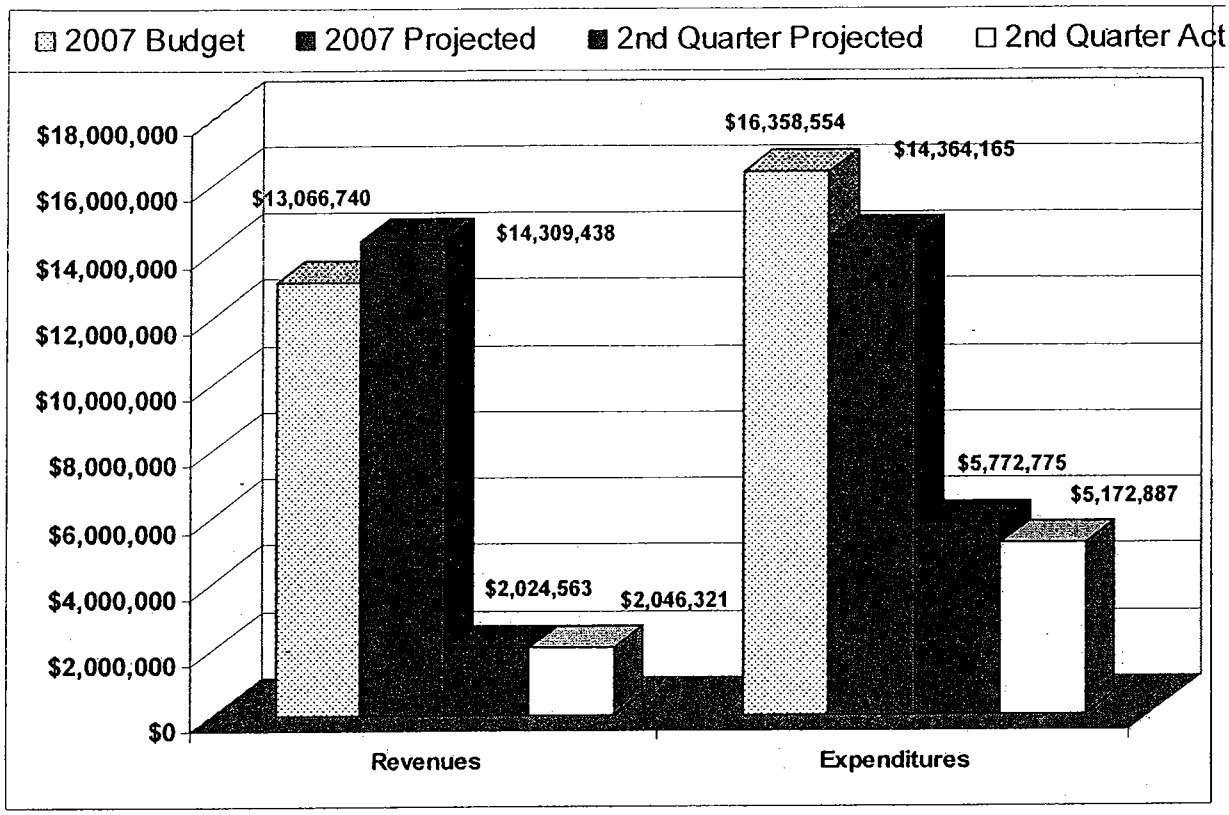
General Capital Fund



Total revenues for 2007 are expected to be $12,889,810 under a budget of $24,803,835 by $11,914,025. This is mostly due to the expectation that bond financing for the Civic Center project of $12,750,000 will not occur this year. Other changes include increasing projected real estate excise taxes by $517,000, reducing projected grant revenues by $372,025 as project work will occur in 2008, adding anticipated lease savings and rental income, and adding anticipated mitigation funds from the Brightwater and Hidden Lake projects. Revenues collected through June total $1,057,811 ahead of revised projected revenue of $772,219 by $285,592 or 36.98%%. Real estate excise tax collections are ahead of revised projections by $132,301 or 30.34%. Investment earnings also exceeded projections by $153,291 or 53.56%.

Through the first half of 2007, $7,177,789 has been spent, which is under projections of $7,595,525 by $417,736 or 5.51%. Overall, 2007 projected expenditures have been decreased to match the recently adopted CIP. The Civic Center/City Hall project is the largest project that impacts this projection.

Roads Capital Fund



2007 projected revenue has been revised to match the recently adopted 2008-2013 CIP. Total revenues for the year are expected to be $14,309,438, which is above budget by $1,242,698. Projected real estate excise taxes have been increased by $92,000; projected grant revenues have been reduced by $2,903,446; and interest earnings have been increased by $184,653 Year-to-date revenues of $2,046,321 are above projected revenue of $2,024,563 by $21,758 1.07%%. Real estate excise tax collections are ahead of revised projections by $132,301 or 28.86%. Grant revenue is ahead of projections by $23,806; fuel tax revenue is down by $9,212; interest earnings are behind by $120,208.

Projected 2007 expenditures have been lowered from the original budget of $16,358,554 to $14,364,165 a reduction of $1,994,389. This change reflects the projections included in the 2008 – 2013 CIP. The major change is a delay in the Richmond Beach Overcrossing project. Project work will continue into 2008. Expenditures through June totaling $5,172,887 are under projections of $5,772,775 by $599,888 or 10.39%. Final billings for the Aurora 145th to 165th project will be received and paid during the third quarter.

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

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the annual average of the Washington State Local Government Investment Pool. As of June 30, 2007, the City's investment portfolio, excluding the State Investment Pool, had a weighted average rate of return of 4.93%%. This was below the 12 month average rate of return from the State Investment Pool of 5.21% by 28 basis points. Investment earnings through June 30, 2007, total $1,073,697.

As of June 30, 2007, the City's investment portfolio had a fair market value of $54,857,570. Approximately 43% of the investment portfolio was held government instrumentality securities and 57% was held in the Washington State Investment Pool. The city's investment portfolio valued at cost as of June 30, 2007, was $54,868,934. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day that the market value is stated. This would only be done if the City needed to generate cash. The City holds all of its investments until the scheduled maturity date, and therefore when the investments mature the principal market value should equal the cost of the investment. The City also holds sufficient investments within the State Pool to allow for immediate cash liquidation if needed. Investments within the State pool can be liquidated on any given day with no penalty.

Interest rates stayed fairly level during the first six months of 2007. The State Investment Pool monthly rate of return during the first half of the year has averaged 5.2253% with a low of 5.1936% in May and a high of 5.2372% in March. This is a range of only 4 basis points. During that same time period, the City has invested in 6 new instruments with an average rate of return of 5.2674% which is above the State pool average. Instruments from prior years with lower yields will mature during the remainder of the year. The City has invested a larger portion of the investment portfolio in the State Investment Pool during this time period to provide additional liquidity for anticipated capital expenditures. As more certainty has been developed on the timing of these projects, staff will be reviewing the City's investment strategy for the remainder of 2007 in order to maximize investment earnings.

The following page provides a summary of the City's investment portfolio as of June 30, 2007.

LGIP Cash and Investment Balances
June 30, 2007

Instrument Type	Settlement Date	Maturity Date	Investment Cost	Yield To Maturity	Market Value 6/30/07	Unrealized Gain/(Loss) as of 6/30/07
FHLB (Fed Home Loan Bi	07/25/05	07/13/07	1,990,200	4.2620%	1,999,380	9,180
FHLB (Fed Home Loan Bi	01/05/06	11/21/07	2,003,400	4.7930%	1,996,880	(6,520)
FHLB (Fed Home Loan Bi	10/03/06	10/02/08	2,003,200	5.3750%	1,999,380	(3,820)
FHLB (Fed Home Loan Bi	02/16/07	07/11/08	999,650	5.2720%	998,724	(926)
FHLB (Fed Home Loan Bi	02/16/07	08/25/08	1,199,641	5.1510%	1,201,319	1,678
FHLB (Fed Home Loan Bi	07/27/05	07/27/07	2,000,000	3.7650%	1,999,592	(408)
FHLB (Fed Home Loan Bi	01/06/06	01/28/08	4,000,000	5.0000%	3,990,000	(10,000)
FHLB (Fed Home Loan Bi	12/26/06	12/26/08	1,000,000	5.1000%	995,938	(4,063)
FHLMC (Freddie Mac)	01/26/07	06/23/08	1,183,920	5.2464%	1,188,240	4,320
FHLMC (Freddie Mac)	01/05/06	10/05/07	1,994,600	4.7840%	1,995,960	1,360
FHLMC (Freddie Mac)	02/22/07	08/22/08	1,000,000	5.3000%	1,000,000	0
FNMA (Fannie Mae)	12/15/06	11/20/08	1,000,000	5.2500%	998,750	(1,250)
FNMA (Fannie Mae)	06/08/07	06/15/08	2,498,625	5.3050%	2,498,450	(175)
FNMA (Fannie Mae)	01/26/07	01/29/09	790,000	5.3300%	789,259	(741)
State Investment Pool			31,205,698	5.2068%	31,205,698	0
Sub Total			**$ 54,868,934**		**$ 54,857,570**	**$ (11,364)**

Average Maturity Excluding the State	638
Weighted Average Yield to Maturity	4.9317%
Average Yield to Maturity State	5.2113%
Basis Points in Exess (Below)	(28)

Note: Yield to Maturity for the State Investment Pool is a 12 month average.

Portfolio Diversification

Instrument Type	Percentage	Amount at Market Value	Amount at Cost	Broker	Percentage	Amount at Cost
Certificate of Deposit	0%	0	0	Bank of America	25%	13,673,945
FHLMC (Freddie Mac)	8%	4,184,200	4,178,520	Piper Jaffray	16%	8,989,641
FNMA (Fannie Mae)	8%	4,286,459	4,288,625	Bear Stearns	2%	999,650
FHLB (Fed Home Loan Bi	28%	15,181,212	15,196,091			
State Investment Pool	57%	31,205,698	31,205,698	State Investment P	57%	31,205,698
Total Investments	**100%**	**$ 54,857,570**	**$ 54,868,934**	**Total Investments**	**100%**	**$ 54,868,934**

Investments by Fund

Fund	Investments at Adjusted Cost as 06/30/2007	Realized Market Value Adjustment as of 06/30/2007	State Investment Pool as of 06/30/2007	Total Investments by Fund as of 06/30/2007	Investment Earnings Budget 2007	Investment Earnings Actual 2007
001 General	4,315,099	(4,126)	8,758,420.23	13,077,646	391,355	215,856
101 Street	412,724	(472)	809,082.39	1,222,279	35,000	22,817
104 Reserve	1,530,805	(3,743)	755,021.38	2,289,569	58,546	39,967
107 Code Abatement	98,321	(188)	48,566.53	147,075	2,500	3,101
108 Asset Seizure	12,563	(23)	35.26	12,622	500	245
109 Public Arts	157,546	(469)	67,449.70	225,465	-	5,053
201 Unlimited GO Bond			570,220.03	570,220		
301 General Capital	4,492,731	(9,745)	14,280,525.25	18,783,000	685,555	439,509
312 City Fac-Mjr Maint	124,878	(235)	45,316.46	170,429	7,972	3,642
330 Roads Capital	5,353,446	(4,206)	976,712.94	6,334,365	350,191	103,862
401Surface Water Utility F	6,000,214	(11,981)	3,983,043.01	9,995,238	372,500	206,546
501 Vehicle Oper/Maint	51,243	(73)	99,823.94	151,140	1,250	2,452
503 Equip Dep Replace	1,030,714	(2,302)	695,322.09	1,728,338	46,000	29,372
505 Unemployment	45,312	(77)	23,964.26	69,353	500	1,277
605 Agency Fund Admin			92,194.54	92,195		
Total Investments	**$23,625,597**	**$ (37,640)**	**$ 31,205,698**	**$ 54,868,934**	**$ 1,951,869**	**$ 1,073,697**