

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Long-Range Financial Planning Citizen Advisory Committee Recommendations
DEPARTMENT:	Finance
PRESENTED BY:	Citizen Advisory Committee Members: Rebecca Partman, Dick Pahr, Hiller West, Carolyn Hope, Bill Clements Staff Support: Debbie Tarry, Finance Director

ISSUE STATEMENT:

In March 2008, the City Council appointed 18 citizens to the Citizens Advisory Committee (CAC) on Long-Range Financial Planning. This committee was appointed to develop a long-term financial strategy to address projected long-term structural operating budget gaps. The City's long-term financial projections show a \$1 million budget gap for 2010 growing to \$3.5 million by 2014. After a year of studying the issue through education, discussions, debates, and community input, the CAC has finalized their recommendations and has completed their final report (Attachment A).

This evening, committee members Rebecca Partman, Dick Pahr, Hiller West, Carolyn Hope, and Bill Clements will present the committee's final recommendations to the City Council. The committee presented their preliminary recommendations to the City Council on September 15, 2008, and shared results of the community forums during the Council's dinner meeting on March 9, 2009.

The City Council will have an opportunity to further discuss actions that the Council may want to pursue in response to the recommendations by the CAC at the upcoming City Council retreat in May and during the 2010 budget planning process. The Council is not expected to adopt the CAC's recommendations tonight, but rather staff recommends that the Council formally accept the report from the CAC. Attachment B of the this staff report is the Citizen Advisory Process that was approved by the City Council in October 2007.

FINANCIAL IMPACT:

The financial impact of each of the recommendations varies, and as such financial impacts would be analyzed at the time that the City Council was considering the implementation of a specific recommendation.

RECOMMENDATION

Staff recommends acceptance of the Citizen Advisory Committee's Final Report.

Approved By:

City Manager



City Attorney

ATTACHMENTS

Attachment A – Community Priorities/Long-Range Financial Planning Citizens Advisory Committee Final Report

Attachment B – Charter for the Community Priorities/Long-Range Financial Planning Citizens Committee approved by the City Council



Community Priorities/Long-Range Financial Planning
Citizens Advisory Committee

Final Report - April 2009

Community Priorities/Long-Range Financial Planning
Citizens Advisory Committee

Final Report - April 2009

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Community Priorities/Long-Range Financial Planning
Citizens Advisory Committee

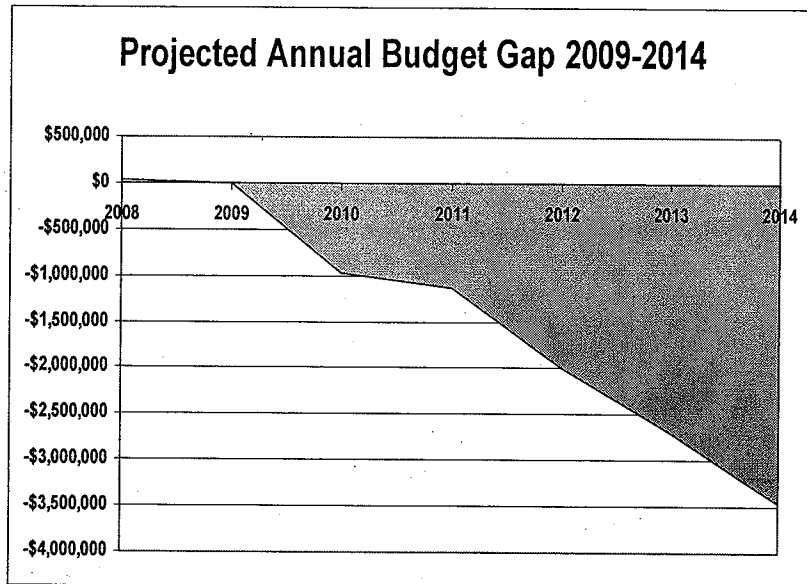
Final Report
April 2009

Committee Members

Gary Batch	William Bear	Gloria Bryce
Keirdwyn Cataldo	Bill Clements	Kathie Crozier
Walt Hagen	Paul Herrick	Bill Hickey
Carolyn Hope	Dick Pahre	Rebecca Partman
Renee Pitra	Mary Lynn Potter	Rick Stephens
Paul Sutphen	Shari Tracey	Hiller West

Executive Summary

In March 2008, the City Council appointed 18 citizens to the Citizens Advisory Committee (CAC) on Long-Range Financial Planning. This committee was appointed to develop a long-term financial strategy to address projected long-term structural operating budget gaps. The City's long-term financial projections show a \$1 million budget gap for 2010 growing to \$3.5 million by 2014. This is primarily the result of the 1% property tax levy limitation, sales tax growth below inflationary levels, and declining gambling and fuel taxes. These resources represent approximately 60% of the City's operating revenues.



Over the last 14 months the CAC has met numerous times to review the City's budget, citizen surveys (2006 and 2008), City services, comparisons to other jurisdictions, and other materials in order to provide an informed recommendation to the City Council. In September 2008 the CAC provided their preliminary recommendations to the City Council. In the months following this presentation the CAC reviewed the City's financial policies, sponsored one of the many "Visioning Workshops", received information on the City's 2009 budget, and heard a presentation by Stan Finkelstein from the Association of Washington Cities on the financial environment and challenges being faced by cities throughout the State of Washington.

In February 2009 the CAC sponsored three community forums to present the committee's initial recommendations and receive feedback from those in attendance. In addition to the community forums, feedback opportunities were provided via the City's website. The feedback received from these community forums provided validation that the CAC's recommendations were generally moving in the right direction, and allowed the CAC to refine its recommendations.

A summary of the CAC's final recommendations is provided as part of this executive summary. More detailed information about each recommendation may be found later in this report.

The CAC's final recommendations to the City Council are:

1. Sustain the City's commitment to efficiencies.
2. Maintain services that preserve the quality of life that Shoreline residents and businesses value.
3. Recommend adoption of the Transportation Benefit District (\$20 vehicle license fee) in 2009 and place a tax levy lid lift on the ballot in 2010 (or later) to address projected operating budget gaps.
4. Implement the Guiding Principles for Service Reductions if needed in the future.
5. Expand communication and outreach to better inform residents and taxpayers about the City's services, resources and needs.

Situation Statement

The City Council is implementing the community's vision of a City that includes safe neighborhoods, active partnerships, diverse culture, quality businesses, natural resources, responsive government, and a good quality of life. This can be accomplished if the City provides services that promote the following:

- Safe and attractive neighborhoods and business districts
- Quality services, facilities, and infrastructure
- Safe, healthy and sustainable environment
- Government excellence
- Economic vitality and financial stability
- Human services
- Effective citizen communication and engagement

The City's long-term financial forecasts indicate that by 2010 the City's current resources will not be adequate to continue the same level of services currently provided to, and expected by, the Shoreline community. As of September 2008 the projected future operating budget gaps were:

Year	Projected Budget Gap
2010	\$1 Million
2011	\$1.1 Million
2012	\$2 Million
2013	\$2.7 Million
2014	\$3.5 Million

These gaps are created by a long-term structural budget imbalance between resource and expenditure growth. The current economic recession is compounding the level of budget gaps and as a result the recession will make the projected budget gaps listed above greater. Although this is the case, the CAC focused on future long-range finances and the underlying structural budget issues, not the current challenges created by the economic recession.

The Citizen Advisory Committee

In March 2008 the City Council appointed 18 citizens to the Long Range Financial Planning Citizen Advisory Committee (CAC). These citizens were asked to develop a recommendation to the City Council for a long-term financial strategy to provide community services and the funding mechanisms to provide those services in light of the projected operating budget gaps.

The focus of the committee's review and analysis is the operating fund, and its budget. Specifically this is the General and City Street funds. The committee was not asked to analyze the capital budget for the following reasons:

- The primary revenue sources in the City's capital budget are legally restricted to be used for capital purposes.
- The capital budget is developed annually through the update to the City's six year capital improvement plan.
- The services that the City provides on a daily basis are accounted for in the operating budget.

The CAC recognizes that there is a connection between the operating and the capital budget in that the City allocates approximately \$1 million of general operating revenues to the capital budget annually. This is primarily a result of the Council policy that allocates an amount equal to the gambling taxes in excess of a 7% tax rate to capital. In years prior to 2005 this annual amount would have been \$750,000, but given the recent decline in gambling activity the amount currently is approximately \$540,000. In addition to the gambling tax allocation the City allocates the following from operating revenues to capital:

- \$80,000 for major facility and park system repair and maintenance. These funds are for major facility upkeep such as roof replacement, heating and ventilation system improvements, or other major system improvements.
- \$145,000 for sidewalk and curb ramp repair.
- \$130,000 of soccer field rental fees for future replacement of soccer field turf. This practice was implemented after the soccer field turf upgrades which allowed rental fees to be increased to market rates.

As identified in the CAC's recommended guiding principles for expenditure reductions, the City Council may need to consider reducing this allocation to capital in the future if funding is needed to support operating services. The CAC recognizes the need to find a funding source for major maintenance of City facilities.

The committee recognizes that historically the City has experienced annual savings in operating funds as a result of either actual revenue collections exceeding projections and/or actual expenditures being less than projections. As per the City's financial policies these "savings" were considered one-time and therefore were allocated to help fund "one-time" projects. The CAC does not recommend a change in allocating savings to "one-time" projects.

The Process

The CAC has been meeting since March 2008. During this time period the Committee has reviewed the following information:

- Citizen Survey Results for 2006 and 2008
- City Budgets including comparisons for 2004 through 2008
- City Services
 - Police Service Effort and Accomplishments Annual Report
- Performance Measures
- Comparisons to Other Cities

- City Revenues
- City's Six Year Financial Forecast
- All Alternative Revenue Sources including:
 - Increased gambling tax rates, business & occupation taxes, revenue generating business licenses, business registration fees, impact fees, property tax levy lid-lift, transportation benefit district, and increased utility tax rates
- City's Financial Policies

Based on the CAC's review of these materials and committee discussions and debates, the CAC developed an interim report that was presented to the City Council on September 10, 2008. The Interim Report is attached to this final report as Appendix A.

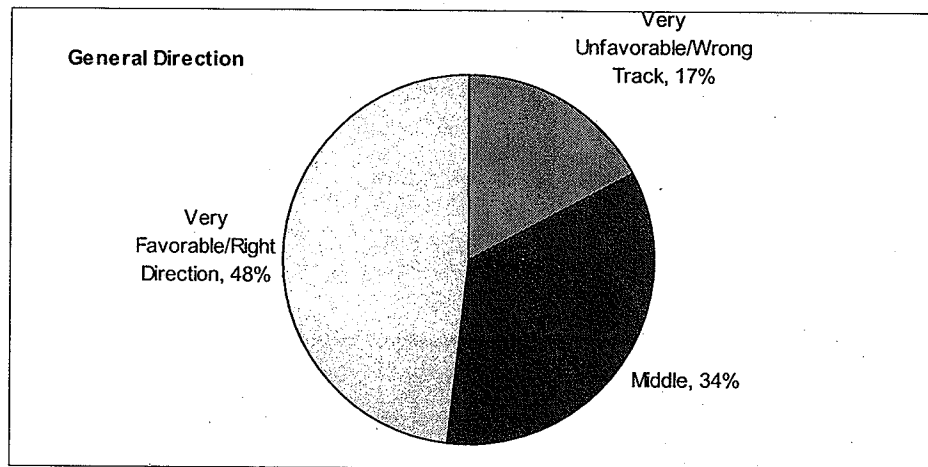
The CAC sponsored one of the "Visioning" workshops in October 2008 and participated in a workshop with Stan Finkelstein, former Executive Director of the Association of Washington Cities, on the Long-Term Financial Outlook for Washington Cities.

In February 2009 the CAC sponsored three Community Forums. The purpose of these forums was to provide the public with basic education on City finances, present the CAC's preliminary recommendations, and receive feedback from the community.

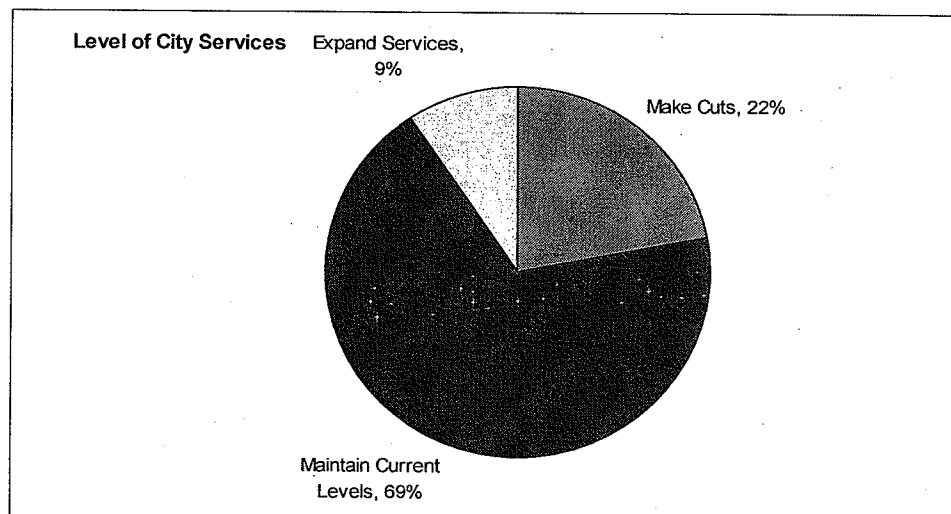
Approximately 60 individuals attended the three forums. The CAC provided a questionnaire at the forums to quantify the feedback that was received from those in attendance. Additionally the forums included breakout sessions that allowed participants to share their thoughts and comments. The questionnaire along with a power point presentation summarizing the feedback received at the forums is attached to this as Appendix B. A complete listing of the comments received at the forums is attached as Appendix C.

The following is a summary of the feedback received at the Community Forums:

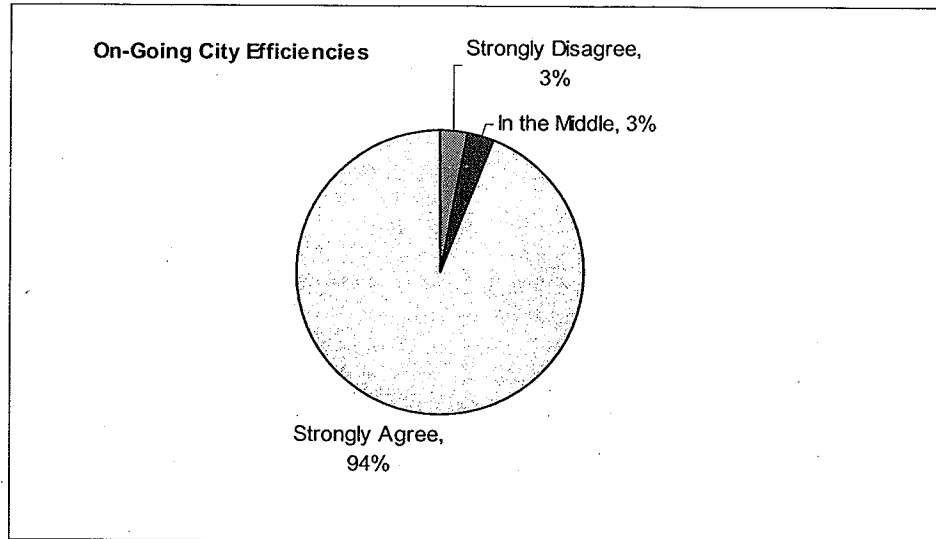
1. **General Direction of Recommendations:** 48% of those responding said the CAC recommendations were very favorable and heading in the right direction. 17% said the recommendations were very unfavorable and were on the wrong track, with the remaining 34% being in the middle. On a scale of 1 (Very Unfavorable/Wrong Track) to 10 (Very Favorable/Right Direction) the *weighted average score of all respondents was 6.52.*



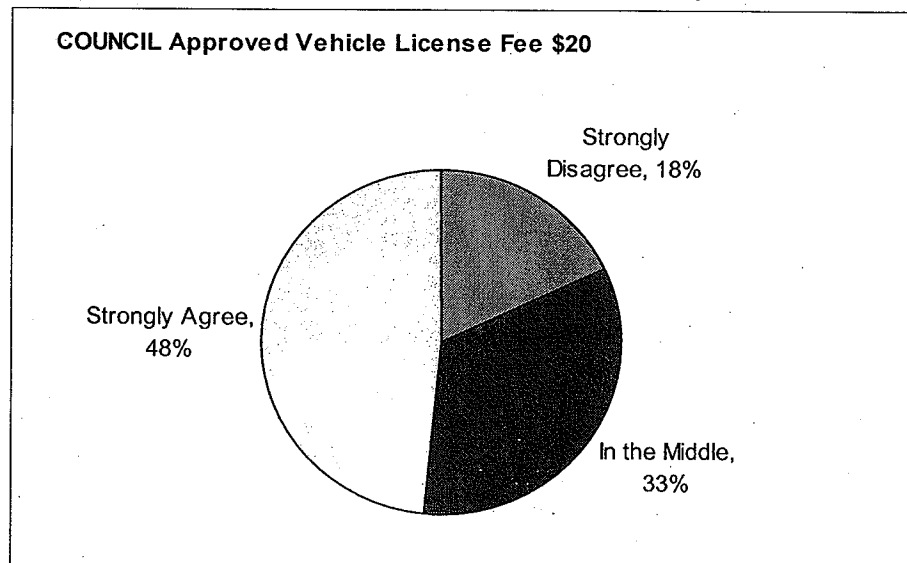
2. **Levels of Service:** 69% of those responding recommended that the City maintain current services levels, while 22% recommended service reductions and 9% recommended expanding services. On a scale of 1 (Make Cuts In Services) to 10 (Expand Levels of City Services) the *weighted average score was 5.22.* The range of 4 to 7 was labeled as "Maintain Current Levels of City Services."



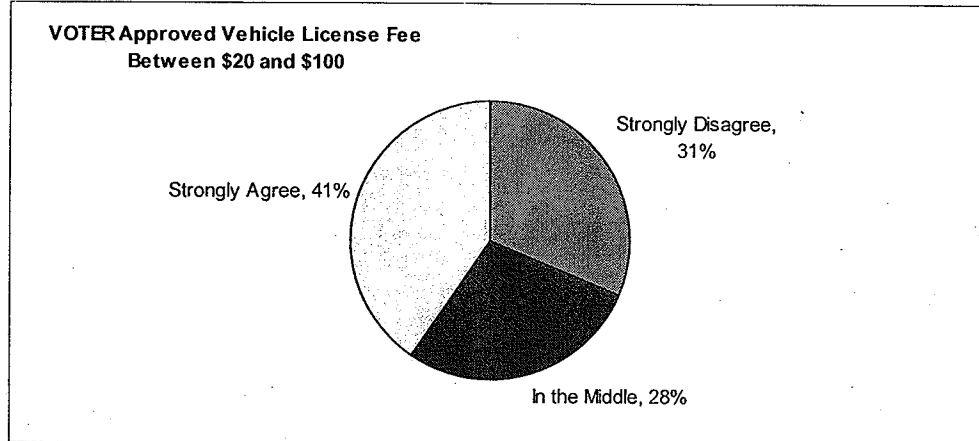
3. **On-Going City Efficiencies:** 94% of respondents strongly agreed that the City should continue to seek on-going City efficiencies. 3% strongly disagreed and 3% were in the middle.



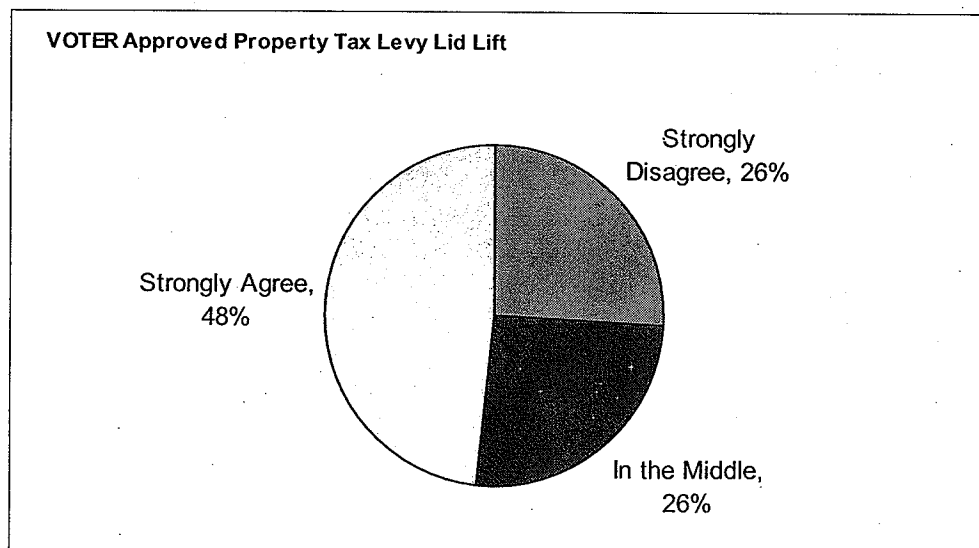
4. **Implement \$20 Council Approved Vehicle License Fee:** 48% of respondents strongly agreed with this recommendation, while 18% strongly disagreed and 33% were in the middle. On a scale of 1 (Strongly Disagree) to 10 (Strongly Agree) the *weighted average score* was 6.48.



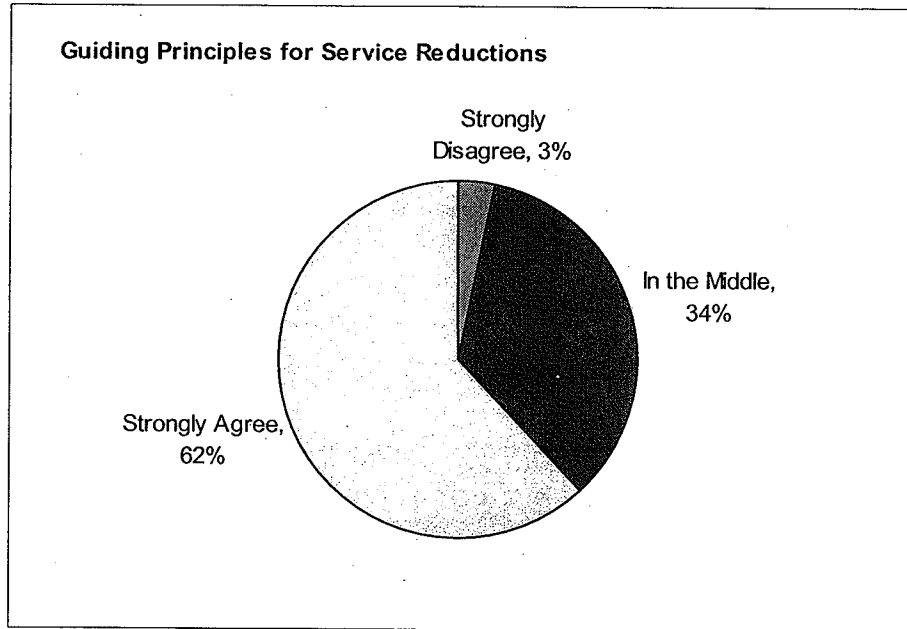
5. **Seek Voter Approval of a vehicle license fee in excess of \$20:** 41% of respondents strongly agreed with this recommendation, while 31% strongly disagreed and the remaining 28% were in the middle. On a scale of 1 (Strongly Disagree) to 10 (Strongly Agree) the *weighted average score* was 5.59. Among those attending, the CAC noted less consensus on this recommendation versus the Council approved \$20 vehicle license fee.



6. **Seek Voter Approval of a property tax levy lid lift:** 48% of respondents strongly agreed with this recommendation, while 26% strongly disagreed and 26% were in the middle. On a scale of 1 (Strongly Disagree) to 10 (Strongly Agree) the *weighted average score* was 6.19.



- 7. Guiding Principles for Service Reductions:** 62% of respondents strongly agreed with the guiding principles that the CAC drafted while 3% strongly disagreed and 34% remained in the middle. On a scale of 1 (Strongly Disagree) to 10 (Strongly Agree) the *weighted average score* was 7.52.



Some of the general findings from the Community Forums include:

- Those attending appreciated that the City was providing opportunities to educate the community on City services and opportunities to hear from community members.
- The current economic recession overshadowed the "long-term" focus that was the charge given to the committee.
- Community members were being negatively impacted by the economic recession and community members thought that the recession would require that voted tax increases be delayed to 2010 or beyond.
- When implementing any of the revenue enhancement recommendations it will be essential for the City to communicate which programs and purposes will be supported by the revenue.
- The City must continue to educate the community on the services that it provides.
- The City must continue to educate the community on how property taxes work and the tax level collected by the City versus other taxing jurisdictions.
- The City must communicate the impact of tax increases on both residential and business property owners.

The CAC presented the results of the Community Forums to the City Council on March 9, 2009, during the Council Dinner Meeting. The feedback received from the Community Forums helped shape many modifications to the preliminary recommendations of the CAC.

Final Recommendations

1. **The City must sustain its commitment to efficiencies.** The City must continue to identify and pursue on-going efficiencies. Areas that the committee believes will provide the most financial benefits include:
 - a. *Maximizing On-Going Budget Savings and Efficiencies* – The City's budget culture must continue to incorporate opportunities to identify efficiencies and opportunities to reduce the cost of providing services.
 - b. *Investing and Partnering in Economic Development Opportunities* – Invest in opportunities that will help develop future revenue streams that helps distribute the tax burden amongst property owners, consumers, and businesses.
 - c. *Exploring Opportunities to Reduce/Limit Criminal Justice Costs* – Continue to explore opportunities to limit or reduce future expenditure growth. Criminal Justice represents nearly 40% of the operating budget costs and is projected to take an increasing percentage of future budgets. As such, the CAC recognizes that these costs have a significant impact on the ability of the City to allocate resources to other services.
 - d. *Value from Other Taxing Districts* – Recognizing that a significant amount of taxes paid by Shoreline property owners and consumers goes to other taxing jurisdictions, the City should be active in seeking value for Shoreline tax payers from these districts.

The CAC recommends that the City communicate efficiencies that are made. It is imperative that the citizens believe their tax dollars are most efficiently used in the delivery of City services.

Although the CAC focus has been on the long-term anticipated budget gaps, the CAC recognizes that the current economic recession is impacting the City's revenue collections for 2009. The CAC believes that the \$730,000 in budget reductions that the City Council adopted on April 13, 2009, reflects that the City is willing to make tough choices and continue to look for opportunities to reduce costs when required, rather than relying strictly on resources from savings or enhancing revenue streams. The CAC also strongly supports the use of an employee committee and incentives to help identify future budget efficiencies.

2. **Continue to deliver services that maintain the quality of life that Shoreline residents and businesses value.** The services that the City provides have helped the City of Shoreline be named twice in the last four

years as one of the most desirable, if not the most desirable, communities in the greater Seattle area in which to live. Based on the information that we have reviewed from the Citizen's survey and the feedback we received from the Community Forums we believe that Shoreline residents desire that the City continue to provide the level and quality of current City services.

3. **Need for future revenue enhancements.** In order to continue to provide the level of services that make Shoreline a desirable place to live it is apparent that additional revenue sources will be needed in the future. The CAC recommends that the City Council pursue the following three revenue sources in priority order.

- a. **Establish a Transportation Benefit District and Adopt the Council Approved \$20 Vehicle License Fee** (*Estimated Revenue Generated \$600,000*). The maintenance and upgrade to the City's transportation system (roads, sidewalks, street lights, signals, etc.) has been identified as a priority by Shoreline tax payers. The nexus between vehicle license fee and the costs related to maintaining the City's transportation system is a rare opportunity to provide a linkage between a tax source and planned expenditures. The City should provide information to the taxpayers on the services paid for by the vehicle license fee.

Transportation system related costs have taken a growing amount of City general tax dollars since 2001. This has happened as a result of the repeal of the local \$15 license fee by I-776 and declining fuel tax revenues. I-776 resulted in Shoreline losing approximately \$500,000 in revenues dedicated to maintaining the City's transportation system. Shoreline voters did not approve I-776.

The CAC recommends proceeding with the formation of the transportation benefit district and adoption of the \$20 vehicle license fee in 2009. It is likely that the actual fee will not start being collected until 2010.

- b. **Place a property tax levy lid lift on a future ballot for voter approval** (*Based on the City's current assessed valuation information, each \$0.10 of levy = \$722,000. The impact on an averaged price home (\$375,000) = \$37 annually; each \$100,000 of assessed valuation impact = \$10*). The CAC believes that in order to address the long-term structural issues surrounding the City's budget an increase in property tax, beyond the 1% limitation that the City Council may approve, will be necessary. Initiative 747,

which limited property tax levy increases to 1% without voter approval, promoted the idea that if additional taxes are necessary then let the voters decide. We believe that the following guidelines should be considered before placing the levy lid-lift on the ballot:

- i. Given the current economic recession we advise that the levy lid lift not be placed on a ballot until 2010 or later.
 - ii. Additional polling research should be completed to determine the level of support amongst Shoreline voters for dollar amount and purposes.
 1. The levy amount should be adequate to address needs over several years to avoid repeated returns to the voters.
 2. The impact to businesses as well as residential property owners should be considered.
 - iii. The levy increase should be linked to the preservation of specific services.
 - iv. Not place the City levy lid lift on the ballot at the same time as the anticipated Shoreline School District levy ballot measure in 2010.
- c. **Voter Approved Increase to the Vehicle License Fee Beyond \$20** (Each \$10 = \$300,000). This would be an expansion of the Transportation Benefit District vehicle license fee. The CAC recommends that the Council consider this as a future revenue source with reservations.
- i. This revenue stream could be used for enhanced or new transportation programs. As the CAC believes that the current focus should be on preserving current transportation system programs, it is likely that this revenue source would not come into play for a few years.
 - ii. The City may want to pursue additional polling research to determine if there is a preference amongst Shoreline voters for additional vehicle license fee or property taxes.
 - iii. The CAC does recognize that once approved by voters this revenue stream does not require repeated ballot measures to maintain the revenue stream like a property tax levy lid lift.

4. Guiding Principles for Service Reductions if Needed in the Future.

Although the general consensus of the CAC is that the City should seek ways to maintain the current level of City services, it recognizes that voters may ultimately reject a property tax increase or that the current economic recession may last longer than anticipated and delay placement of a voted property tax increase on the ballot. As such, the committee is recommending eight guiding principles that the City Council follow if reductions in service levels become necessary. Appendix D has the full narrative of the Guiding Principles. The themes of those principles are:

- a. *Preserve services that reflect the community's priorities – core services.*
- b. *Maintain the quality of core services.*
- c. *Use tax dollars to help off-set the cost of services that provide the greatest public benefit.*
- d. *Consider cost saving measures that will preserve the financial resources to maintain core services.*
- e. *Resources that are not legally constrained should be used first for providing operating services then for capital needs.*
- f. *Reductions in support and administrative functions should be in proportion to reductions in operating programs.*
- g. *Continue to use technology to increase efficiencies or delay the need for additional staff.*
- h. *Seek ways to enhance the opportunities to utilize volunteers or provide volunteer opportunities for the community*

5. Provide on-going education regarding City services and finances to the Shoreline community.

The CAC would recommend that the City pursue a two phased communication/education process:

Phase I - Community Building and Education. Topics may include;

- ◆ City Services – what are they, what services do other districts provide, what is the responsibility of the City.
- ◆ Property Taxes – 1% limitation, assessments, why taxes have increased beyond 1% from year to year, other jurisdictions
- ◆ Finances
 - How the financial picture for cities has changed over the last few years
 - City's budget and long-term forecasts
 - Budget/Service efficiencies
 - Comparisons to other jurisdictions
- ◆ Community Priorities

Phase II – This phase would be associated with preliminary communications and education more closely aligned with the timing of the polling research that the CAC has recommended. The CAC recognizes that the City may not “campaign” for a voted revenue option, so this phase would be to continue to provide more education and factual information about City services and finances.

Methodology: The CAC would recommend that the City take advantage of a variety of communication mediums. This should include:

- ◆ Establishing a speakers bureau of staff and willing CAC members to go to organizational meetings. Going to where people are

already meeting will result in reaching a broader audience than strictly holding special meetings sponsored by the City. The City should look for opportunities to present information to neighborhood associations, school PTAs, service organizations and clubs, business organizations, and non-profit groups.

- ◆ Use the Shoreline Enterprise and the City's Currents on a regular basis to communicate budget/financial information about the City.
- ◆ Sponsor meetings on specific topics that are important to people. One example is the planned "Property Tax" meeting.
- ◆ Use creative technology on the web. Consider using methods like blogs, Facebook, and other social networking opportunities to reach a broader audience.
- ◆ Consider sponsoring "Open Houses" in conjunction with the opening of the new City Hall. Give the public an opportunity to see where staff works and find out how the work they are doing translates into the services being delivered to the community.

Minority Opinion

Three members of the CAC chose to submit a *Minority Opinion*. It is attached as Appendix E to this report. Of the three members submitting the minority report, two members specifically requested to dissent from the recommendations provided by the CAC. Specifically they did not think the CAC should provide a recommendation to the Council, but rather should present the thoughts in this report as concepts that the City Council could consider. One of these members felt that the CAC did not receive enough information on past capital expenditures to make a fully informed decision.

Next Steps

The CAC believes that the City will need to provide additional educational opportunities to the community regarding City services and the City's budget. The City should establish a speakers bureau and seek opportunities to speak with neighborhood groups, service organizations, businesses and business organizations, and community members over the next year. Members of the CAC would be willing to participate with staff in the speakers bureau.

The City should allocate some resources to complete polling research regarding the voter approved revenue enhancements. Given the current recession, the CAC is recommending that voter approved revenue options not be considered until 2010 or later, and polling research should be completed in the spring of 2010 if the economy has stabilized.

Community Priorities/Long-Range Financial Planning Citizens Advisory Committee

Interim Report September 2008

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Community Priorities/Long-Range Financial Planning Citizens Advisory Committee

Interim Report
September 2008

Committee Members

Gary Batch	William Bear	Gloria Bryce
Keirdwyn Cataldo	Bill Clements	Kathie Crozier
Walt Hagen	Paul Herrick	Bill Hickey
Carolyn Hope	Dick Pahre	Rebecca Partman
Renee Pitra	Mary Lynn Potter	Rick Stephens
Paul Sutphen	Shari Tracey	Hiller West

I. Situation Statement

The City Council and the community have identified a vision of the City that includes safe neighborhoods, active partnerships, diverse culture, quality businesses, natural resources, responsive government, and quality of life. This can be accomplished if the City provides services that promote the following:

- Safe and attractive neighborhoods and business districts
- Quality services, facilities, and infrastructure
- Safe, healthy and sustainable environment
- Government excellence
- Economic vitality and financial stability
- Human services
- Effective citizen communication and engagement

The City's long-term financial forecasts indicate that by 2010 the City's current resources will not be adequate to continue the same level of services currently provided to, and expected by, the Shoreline community.

II. Committee Goal

The overall goal of the Community Advisory Committee (CAC) will be to develop a recommendation to the City Council on the long-term strategy to provide community services and the funding mechanisms to provide those services. The focus of the committee's review and analysis is the operating fund, and its budget. Specifically this is the General and City Street funds. Other funds are in place to accept and manage designated projects and activities; generally, these funds are restricted to specific revenue sources and expenditures.

III. Purpose of Interim Report

The CAC has met nine times since appointment by the City Council on March 3, 2008. The purpose of this interim report is to summarize the current status of the committee's thoughts and preliminary recommendations. Over the next several months, the committee will meet and develop final recommendations to the City Council. This will provide an opportunity to continue to gather additional information, including the results of the 2008 Citizen's Survey and information from the Shoreline community regarding service priorities and funding options.

IV. Findings to Date – Summary of Facts

The committee reviewed a vast amount of information, including statistical data, performance data, citizen service surveys, comparisons with similar cities, budgets and forecasts.

2006 Citizen's Survey

- 59% of respondents believed that the City of Shoreline was moving in the right direction
- 50% of respondents believed that they were receiving good or excellent value in City services for the taxes they paid to the City. 34% believed they were receiving average value, while 8% believed they were receiving below average or poor value.
- Over 80% of respondents continued to believe that their quality of life in the City was good or excellent.
- There was less satisfaction when respondents were asked about their satisfaction levels with housing choices (70%), Shoreline as a place to work (55%), a place to shop (49%).
- Areas of services that should receive the highest emphasis as a result of low satisfaction and high importance:
 - Flow of traffic and congestion
 - Maintenance of City streets
 - Enforcement of City codes/ordinances

City Budget

- 36% of the City's operating budget is spent to create safe and attractive neighborhoods. The primary functions in this area include police services, emergency management, and jail.
- 36% of the City's operating budget is spent providing quality services for a healthy and sustainable environment in the City. The primary functions in this area include recreation and parks, street and right-of-way maintenance, building code, zoning, permitting, and environmental services.
- 2% of the City's operating budget is spent on human services
- 3% of the City's operating budget is allocated towards citizen communication and engagement. Primary functions in this area include

neighborhoods, communications such as Currents and Channel 21, and maintenance of public records.

- The remaining 23% includes support services and economic development. Support services include finance and information technology, human resources, City Council and City Manager, purchasing, City Clerk, legal and grants.
- When adjusted for inflation the cost of providing these services, on a per capita basis, is less in 2008 (\$265) than it was in 2000 (\$278).
- From 2000 to 2008 the City's population has actually declined by 106 persons, or a negative 0.2% change in population.

City Revenues

- 84% of the Cities revenues come from local and state taxes and utility related revenues. Primary revenue sources include:
 - Property Tax (23%)
 - Sales Tax (26%)
 - Utility Related Revenues (22%)
 - Gambling Taxes (7%)
 - State Shared Revenues & Operating Grants (6%)
- Property Tax revenue growth is limited by State Statute to 1% annually plus new taxes generated from new construction. Property tax revenue growth has not kept pace with inflation since 2000. On average property tax revenues have grown by 2.5% since 2000, primarily as a result of new construction, while inflation has averaged 2.7% annually over the same time period.
 - Increases or decreases in assessed valuation do not have an impact on the amount of revenue collected by the City.
 - Approximately 9% of all property taxes paid by Shoreline residents go to the City for City services.
- Sales tax has shown moderate growth since 2000 with growth overall just keeping pace with inflation.
- Utility related revenues are the only revenue source that has exceeded inflationary growth since 2000.
- Gambling tax has dropped substantially since 2005. Revenue in 2007 was \$1.3 million less than in 2004 and \$1 million less than in 2005.
- With only 22% of City operating revenues exceeding the rate of inflation, the City has had to find efficiencies and other less expensive ways to provide services in order to live within the current revenue structure.
- The City Council authorized two revenue increases in 2007. Cable utility tax went from 1% to 6% in July 2007. The City increased its electric contract payment from 3% to 4.5% effective April 1, 2008. This was in response to the anticipated budget gaps that were forecast for 2008 and 2009.

V. Management, Budgeting and Finances

The City is required to prepare an annual budget for approval by the City Council. As with any budget, revenues and expenditures must be estimated based on past experience, future plans and community needs. Revenue sources include amounts that are reasonably stable, as well as amounts that fluctuate significantly based on economic conditions and other external factors. Some of these significant revenue sources do not increase with the rising rate of inflation. In recent years, the City has been able to make some adjustments to revenue sources, as well as improving efficiency and effectiveness of expenditures. With these adjustments, the City has been able to provide a consistent level of services within the budget.

The annual budget of the operating fund is required to be balanced, i.e. planned revenues and expenditures are to be the same. The City's management actively monitors actual revenues and expenditures, and makes necessary adjustments throughout each year. If revenue declines significantly, because of adverse economic or other external conditions, expenditures must be reduced to offset the shortfall. Management has consistently demonstrated an ability to manage City operations to achieve a balance at the end of each year.

We reviewed the 2008 budget booklet and the six-year financial planning forecasts.

During the course of our meetings, we received presentations and comments from management and staff. They were knowledgeable concerning City priorities, services, operations and finances. We had many questions and comments, and management and staff appropriately responded to all of them.

VI. Projected Situation

- The City uses a six year horizon for its financial planning.
- The City's long-range forecasts incorporate anticipated changes in revenues and/or expenditures related to known impacts, such as completion of capital projects which will require on-going maintenance, i.e. a park.
- Other than these "known" impacts, the six-year forecasts assume "status-quo" meaning
 - Maintains current levels of service
 - No new services or changes to service levels
- Why the gap?
 - Projected annual average growth of revenues is 2.5%, for reasons discussed previously in the revenue section
 - Property tax 1% cap
 - On-going decline in gambling tax

- Modest historical sales tax growth and given current economic environment, it is likely that this growth may be even less over the next few years
- Fuel tax (used for street maintenance and transportation projects) is declining as a result of decreased gasoline consumption.
- Projected annual average growth of expenditures is 4.6%
 - Salaries and benefits (40% of operating budget) projected to grow at 4.23% annually. Growth linked to cost of living adjustments based on inflation, rate increases in the employer contribution to the State retirement system, and health insurance.
 - Contractual Services (37% of operating budget) for police and jail are projected to grow by 4.7% annually.
 - Other costs within the budget (20% of operating budget) such as utilities, maintenance, liability & property insurance, State audit, etc. are projected to grow by 4.1% annually.
- What are the current projected gaps?

Year	Projected Budget Gap
2010	\$1 Million
2011	\$1.1 Million
2012	\$2 Million
2013	\$2.7 Million
2014	\$3.5 Million

VII. Preliminary Recommendations by Committee

The committee believes the Shoreline community would not desire a significant reduction in City services. The committee will be reviewing the results of the 2008 citizens' survey and looking for additional community input to determine if this deserves further consideration. As such the committee has focused in the following areas in analyzing steps that the City should consider to close the projected budget gaps.

A. Efficiencies

The committee has consensus regarding efficiencies in the following areas:

- **What's already been done:** The City has implemented a number of efficiency measures over the last few years. It is important to inform citizens about what has already been done. This includes previous budget reductions, efficiencies, investments that save over the long-run, contracting, etc.
- **Sustained commitment to efficiencies:** It will always be important to keep looking for efficiencies and ways to demonstrate responsible financial stewardship of taxpayers' dollars.
- **Efficiencies if asking for more:** If the City is going to ask the citizens for additional revenues, then they need to know what has already been done

and what is being done now to assure efficient delivery of City services. There is general understanding that the future projected budget gaps can not be closed with efficiencies, but staff must be diligent in looking for opportunities to make the delivery of services more efficient.

The committee has identified the following priority areas where the City should focus efficiency and communication efforts:

- *Criminal Justice*: This is a major cost area for the City and the therefore the city should continue to explore opportunities to limit or reduce future growth of expenditures without significantly adversely affecting safety in the community.
- *Cost-Benefit Analysis Comparisons*:
 - Help Shoreline citizens better understand what revenues are received by the City of Shoreline versus other jurisdictions
 - Work with other jurisdictions to make sure there is value to Shoreline
- *Maximize Technology for Communications*: Use web; on-line systems; list servers, etc to deliver documents, newsletters, etc. to community. Opportunity for savings in postage and printing costs.
- *On-going Budget Review*: Continue to look for areas of savings and efficiencies such as in-house versus contracted services. Incentivize staff involvement in developing cost-saving ideas/efficiencies.

Other areas that the City may want to evaluate for efficiencies:

• Smart Partnerships	• Shop Locally
• Volunteerism	• Human Services (consider as an investment that could lower criminal justice costs)
• Capital Budget Implications	• YMCA Coordination
• Cross-Department Review	• City Insurance (Property, Liability, Health)
• Pavement Surface Alternatives	• Transit Service Improvements
• Economic Development	• Judicious Use of Consultants
• City Memberships	

B. Maintaining Current Services

The committee, at this time, believes the community desires to maintain the current level of services. It is apparent that if service levels are not going to be reduced or eliminated, which would have a corresponding reduction in expenditures, alternative or additional revenues will be required to provide resources to fund current service levels. These resources should be used first to maintain current services prior to increasing funds to enhance service levels or provide new services.

Alternative revenue sources that have been considered by the committee include:

- Transportation Benefit District (New legislation approved in 2008)
- Property Tax Levy Lid Lift (Voter approval required)
- Business & Occupation Tax
- Card Room (Gambling) Tax Rate Increase
- Business License – Revenue Generating
- Utility Tax Rate Increase (Voter approval required)

A matrix of revenue sources considered can be found at the end of this report in Exhibit A.

Those revenue sources that the committee considers the most likely for the City to consider include:

- *Transportation Benefit District:* Specifically the \$20 vehicle license fee that can be approved administratively by the City Council. Current estimates are that this revenue source would generate approximately \$600,000 annually. Transportation and related infrastructure maintenance is a high priority of the community and this revenue source is specifically for this purpose. This revenue source existed to fund transportation related costs prior to the passage of I-695 in 1999. Prior to this time the City received a \$15 vehicle license fee and the revenue totaled approximately \$500,000 annually. The elimination of this revenue source resulted in reductions in the City's transportation and maintenance program.

The committee is interested in receiving additional information, including finding out if other communities plan to implement this revenue source.

- *Property Tax Levy Lid Lift:* Overall the committee is open to the option, but not necessarily unanimous at this point. There is consensus that additional information is needed. The additional information needed includes:
 - How much is the right amount?
 - Can a levy be phased over a period of time to match with needed revenue?
 - Consideration of the financial impact to property owners is very important. Both residential and business owners.
 - A \$2 million levy equates to approximately 28 cent increase in current levy rate. On a home valued at \$364,000 this results in an annual tax increase of \$102
 - Should funds be designated of specific purpose – i.e., public priorities, critical services, services consistent with city values. For

example, should there be linkage to public safety because it is one of the largest drivers of the "gap."

- Economic conditions at the time of the vote
- Use reliable polling research on viability, options, and levels.
- The timing of a special levy should not compete against school district – or other measures.
- This revenue source is the best opportunity to close the projected budget gaps

There was less consensus regarding the use of other revenue sources discussed by the committee. Although this was the case, the committee recognizes that the revenue sources are viable options that could be considered by the City Council and the Shoreline community.

C. Expanding Service Levels

The committee anticipates that the following areas are of the highest priority for future expansion of current service levels:

- Sidewalks/Pavement maintenance
- Traffic Signal Coordination
- Volunteer Coordination
- Economic Development – Supporting local businesses and attracting new businesses
- Senior Services – Anticipating needs of an aging community, reductions in funding made at the County level, maintaining services provided by the Senior Center.

The committee is interested in reviewing any new findings in this area from the 2008 citizen survey results.

To fund future service level increases the committee believes that these revenue sources will need to be considered:

1. Levy Lid Lift – designated for priorities and above that approved for maintaining current service levels
2. Transportation Benefit District
 - a. The voted capacity that is provided in the legislation
 - i. Vehicle License fee in excess of \$20 (up to maximum of \$100)
 - ii. Sales Tax – 1/10th of 1%

Other areas and ideas to consider for service level increases or for cost-saving opportunities:

- School Resource Officer – consider getting contributions from non-profits for funding

- YMCA – Agreement to provide some services in exchange for City contribution
- Road/Sidewalk Surfaces – Explore asphalt alternatives to enhance longevity and reduce overall costs
- Misdemeanor Work Projects – Use to contain costs of labor related to park and right-of-way maintenance
- Transit Services – Improve transit services from Sound Transit and Metro
- Strategic Zoning & Development – Understand type of development and growth and the potential positive or negative impact on City budget

D. Observation Concerning the Longer-Term Future

The Committee's task was to consider forecasting, budgeting, services and revenue sources for the next six years. We noted that some other cities of comparable size receive a much higher proportion of their revenues from business related activities. These revenue sources include sales and use taxes, as well as property taxes.

Consideration should be given to expanding these revenue sources for the City of Shoreline. We recognize this is a long-term strategy and is beyond the time period we are dealing with in this report.

VIII. Next Steps

The committee believes that its next steps should include:

1. Gathering additional Information (Fall 2008)
 2. Participating in community outreach efforts regarding the City's long-term strategy to provide municipal services and the financial plan to provide resources to meet this goal. (Winter 2008/2009)
 3. Developing a final recommendation to the City Council (March/April 2009)
- The committee has identified some specific areas of additional information that would be helpful in the committee formalizing their recommendations.

Specifically these include:

- Have the Association of Washington Cities (AWC) make a presentation to the committee that explains that all cities are in this situation (anticipating budget gaps, seeing expenditure growth outpace anticipated revenue growth, etc.) Have AWC perspective on why this may be.
- Results of the 2008 citizen survey
- Have staff provide a list of budget requests that the City received as part of the 2009 budget process (i.e., Senior Services, etc.)
- Provide a 2 Year Levy Calendar – when do levies expire. Use this as a tool for planning.
- Information on the impact of a levy lid lift (and other taxes) on per household/business basis.

- Additional information to understand the relationship between the operating and capital budgets.
- Provide an overview of the decision making process used to make budget choices if additional resources are not provided.
- Comparison of levies from other cities and the detail of how these cities allocate their tax resources

The committee would want the community outreach efforts to include:

- *Hearing from the community on "What kind of a City do we want to be".*
- *Engaging the Council of Neighborhoods and Neighborhood Associations*
- *Developing a communication plan to include various communication mediums.*
- *Providing opportunities to hear from a wide range of Shoreline residents.*

EXHIBIT A

REVENUE OPTIONS			
Revenue Source	Process to Implement	Revenue Potential	Annual Revenue Range
Property Tax Levy Lid Lift	Election – Majority Approval Required	Each \$.10 in levy lid lift equates to approximately \$722,000 in additional revenue.	\$72,000 to \$4.2 million
Business License/Registration Fee (Non-Revenue Generating)	City Ordinance – City Council Adoption	This is a revenue neutral fee. Revenues set to recover cost of the program.	Revenue Neutral
Revenue Generating Business Licenses	City Ordinance – City Council Adoption	Fee may be assessed in different ways: Per employee, square footage, flat amount	Dependent on the structure used to generate the fee.
Gambling Tax - Current City tax rate is 10%, State Law allows up to 20%	City Ordinance – City Council Adoption	For each 1% increase approximately \$190,000 (Assuming current level of card room activity is maintained)	\$190,000 to \$1.9 million
Business & Occupation Tax	City Ordinance – City Council Adoption	For each .1% approximately \$460,000	\$0 to \$1 million
Utility Tax above 6% on natural gas or telephone (Existing City rate is 6%)	Election – Majority Approval Required	For each 1% on natural gas - \$175,000 and for each 1% on telephone - \$292,000	Each 1% increase for both would be \$467,000
Utility tax above 6% on surface water utility fee (Existing City rate is 6%)	City Ordinance – City Council Adoption	For each 1% approximately \$30,000	Each 1% increase \$30,000
Transportation Benefit District – revenue restricted for	City Ordinance – City Council Adoption	Non-Voted: <ul style="list-style-type: none"> \$20 per vehicle fee 	Non Voted: \$600,000 Voted:

Appendix A

transportation improvements (maintenance or capital)	<ul style="list-style-type: none"> • Annual vehicle fee up to \$20 • Transportation impact fees on commercial and industrial buildings <p>Election – Majority Approval Required</p> <ul style="list-style-type: none"> • Property Tax – 1 year excess levy • Up to 0.2% sales and use tax • Up to \$100 annual vehicle fee per vehicle registered 	<p>– estimate is \$600,000</p> <p>Voter Approved:</p> <ul style="list-style-type: none"> • Vehicle Fee – Each \$10 increase is \$300,000 • Sales Tax @ 0.1% = \$760,000 	<ul style="list-style-type: none"> • Vehicle License Fee \$300,000 to \$2.4 Million • Sales Tax - \$0 to \$1.5 Million
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Securing Shoreline's Future

*Citizen's Advisory Committee on
Long-range Financial Planning*

Community Forum Questionnaire

1. FIRST IMPRESSIONS

What's your first reaction to what you've heard tonight? What stands out? What would you like to learn more about?

2. GENERAL DIRECTION OF RECOMMENDATIONS

What's your overall sense of the Citizen Advisory Committee's preliminary recommendations to address Shoreline's long-term financial issues.

Very Unfavorable

Wrong Track

1

2

3

4

5

6

7

8

Very Favorable

Right Direction

9

10

3. SPECIFICS

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

A. Over the next 5-10 years, do you think we should maintain current levels of city services or make cuts or expand city services?

Make Cuts In Services			Maintain Current Levels of City Services					Expand Levels of City Services	
1	2	3	4	5	6	7	8	9	10

B. On-going City Efficiencies – Continue to identify and pursue

Strongly Disagree							Strongly Agree		
1	2	3	4	5	6	7	8	9	10

C. COUNCIL-approved: \$20 Vehicle License Fee - Transp. Benefit Dist.
Designated or Transportation purposes (*Raises \$600k annually*)

Strongly Disagree							Strongly Agree		
1	2	3	4	5	6	7	8	9	10

D. VOTER-approved: Vehicle License Fee – Transp. Benefit District Could ask voters to approve amount between \$20 and \$100 -- for Transportation purposes.
(*Raises \$600k for every \$20/vehicle*)

Strongly Disagree							Strongly Agree		
1	2	3	4	5	6	7	8	9	10

E. VOTER-approved: Property Tax Levy Lid Lift

Designated for specific purpose – for example, maintain services such as Police Services or Transportation Systems or Code Enforcement
(*At \$0.10/\$1000 of assessed value, Levy would cost \$38 annually for average homeowner and would raise \$722,000*)

Strongly Disagree							Strongly Agree		
1	2	3	4	5	6	7	8	9	10

F. Guiding Principles for Service Reductions, if needed (see handout)

Strongly Disagree							Strongly Agree		
1	2	3	4	5	6	7	8	9	10

Shoreline Community Meetings

Highlights from
Breakout Group Discussions and
Questionnaire comments

Overall Impressions

General Reaction to Information

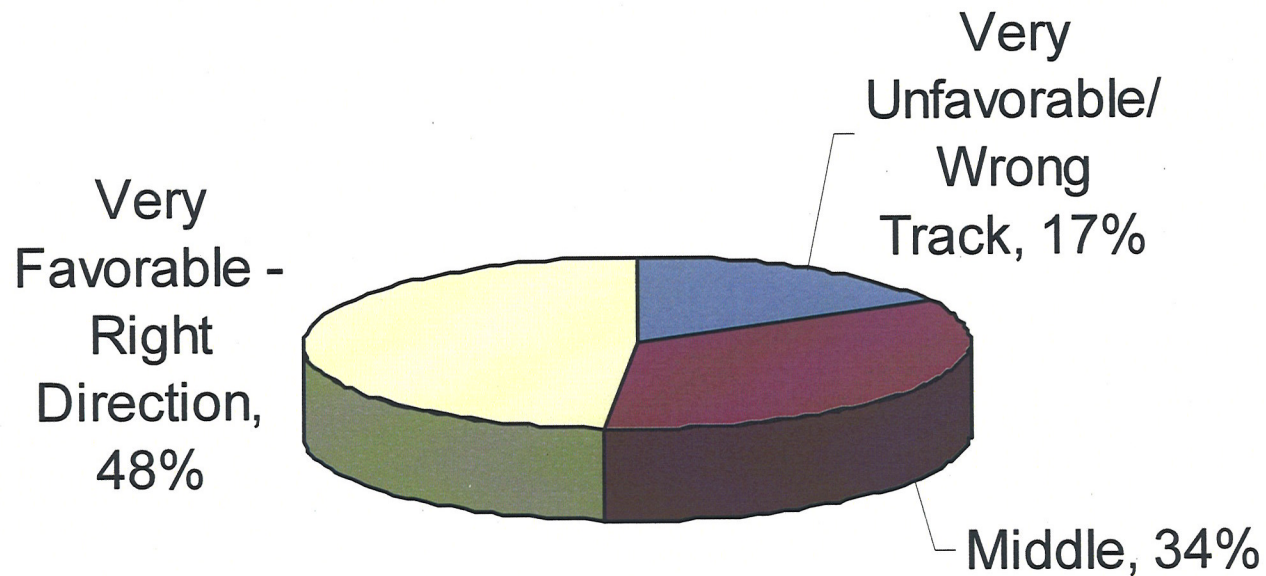
- Appreciate outreach
- Informative, Well Organized
- A lot of info. / not enough
- Clear, Concise, Well Presented
- Good, reasoned approach
- Need more cost savings – cuts
- Attract economic development
- Maintain current level of services
- Need new ideas for revenues
- City prepared for downtimes
- Solutions might not be enough
- Dire Situation, but hopeful

Question 2

General Direction of Recommendations

What's your overall sense of the Citizen Advisory Committee's preliminary recommendations to address Shoreline's long-term financial issues?

1-3 4-7 8-10
Very Unfavorable/Wrong Track In the Middle Very Favorable/Right Direction
WEIGHTED AVERAGE SCORE = 6.52



Direction of Committee Recommendations

Weighted Score = 6.52

General Impressions

- Initial step in right direction
- Creative solutions considered
- On the right track
- Started at right place by looking at cuts
- Good start, more needed in future
- Likes that Committee considered efficiencies
- Watch for impact on business
- Not excited about more taxes
- City already efficient – 2/3 cost of other cities
- Not sure it's enough for future

Direction of Committee Recommendations

Weighted Score = 6.52

More Specific Suggestions

Cost Savings

- Make cuts, no tax increases
- Counter the initiatives that placed limits
- Reduce staff, delay capital improvements
- Reduce services, given economic environment
- Invest in programs that have long-term savings i.e. rehabilitation vs. incarceration

Services

- Improve jail services
- Better access to domestic violence shelters/services
- Improve code enforcement
- Streamline permitting services
- Auditor review each department for efficiencies

Revenue Generating

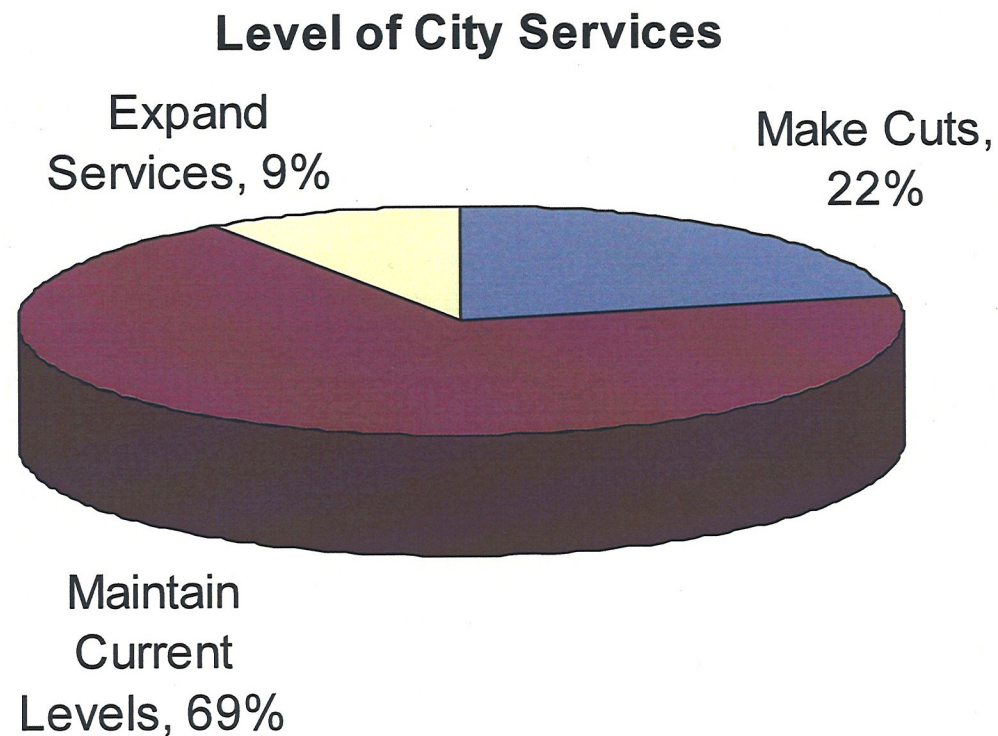
- Impact fees for exempt properties
- Impact fees for development
- Pursue economic development
- High-tech business development
- More economic dev. so not so dependent on property owners
- Red light cameras for more revenue from traffic
- Levy lift lid enough to make a difference, but still affordable

SPECIFICS

A. Over the next 5 -10 years, do you think we should maintain current levels of City services or make cuts or expand services?

1-3	4-7	8-10
<i>Make Cuts in Services</i>	<i>Maintain Current</i>	<i>Expand Services</i>

WEIGHTED AVERAGE SCORE = 5.22



Specifics – 3A

Weighted Average Score = 5.22

MAINTAIN - Level of City Services

- Should maintain current levels of service
- Current levels of service with more efficiency
- Don't cut police/jails as King County shifts responsibility on us
- Maintain police, courts, code enforcement

Specifics – 3A

Weighted Average Score = 5.22

CUT / EXPAND - City Services

Cut / Cost Savings

- Make cuts with least impact
- Consider more contract services
- Use volunteers as much as possible
 - Crews for parks
 - Retirees
- Consider closing park or two for a period of time
- Cut grants to arts and museum temporarily
- Reallocate staff where needed
- Take cuts/reductions to citizens for decision

Expand / Revenue

- Expand to the extent possible
- Keep pace with population growth
- Consider more user fees
- Streamline permitting to encourage development

Specifics – 3A

Weighted Average Score = 5.22

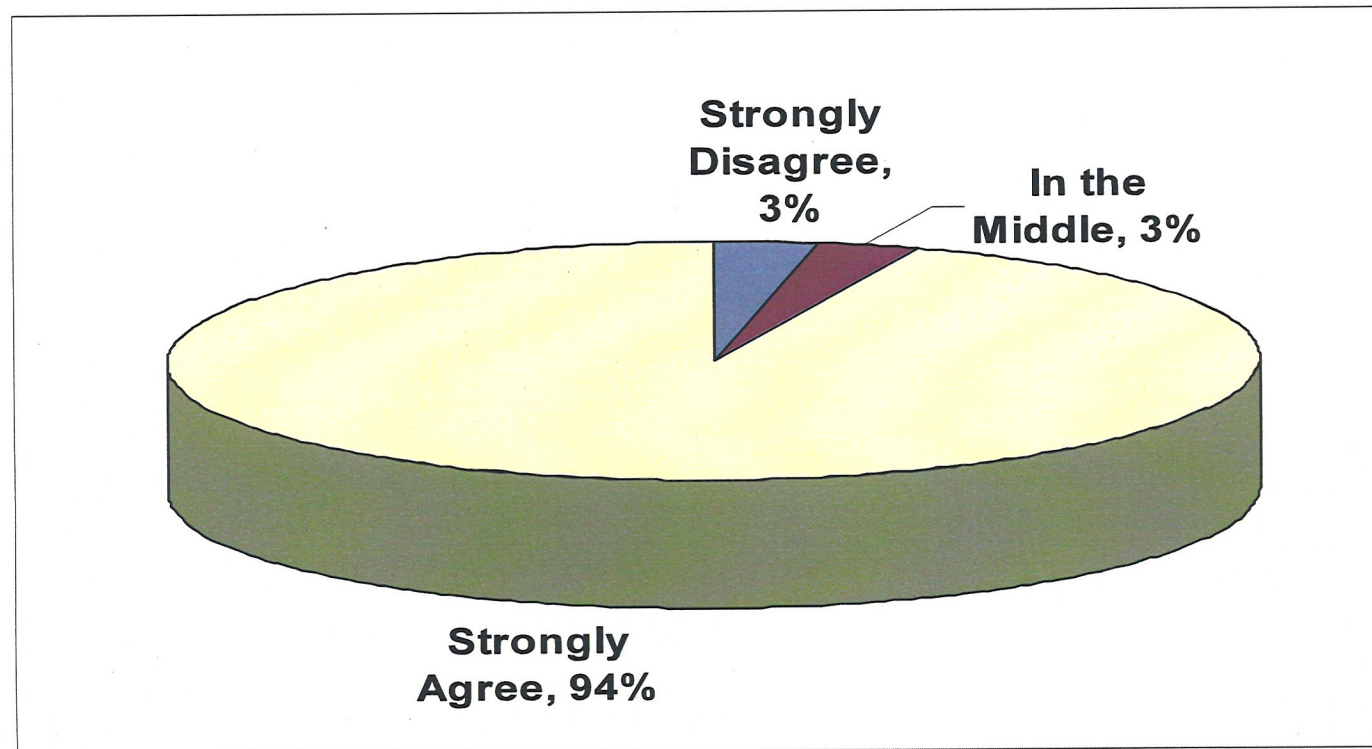
Suggestions - Level of Services

- Make sure city services provided efficiently
- Evaluate each city service for cuts or not
- Should consider cuts in certain services, not all
- Expand services, only if demand increases

SPECIFICS

B. On-going City Efficiencies – Continue to identify and pursue

1-3 **4-7** **8-10**
Strongly Disagree **In the Middle** **Strongly Agree**
WEIGHTED AVERAGE SCORE = 9.09



Specifics – 3B (9.09)

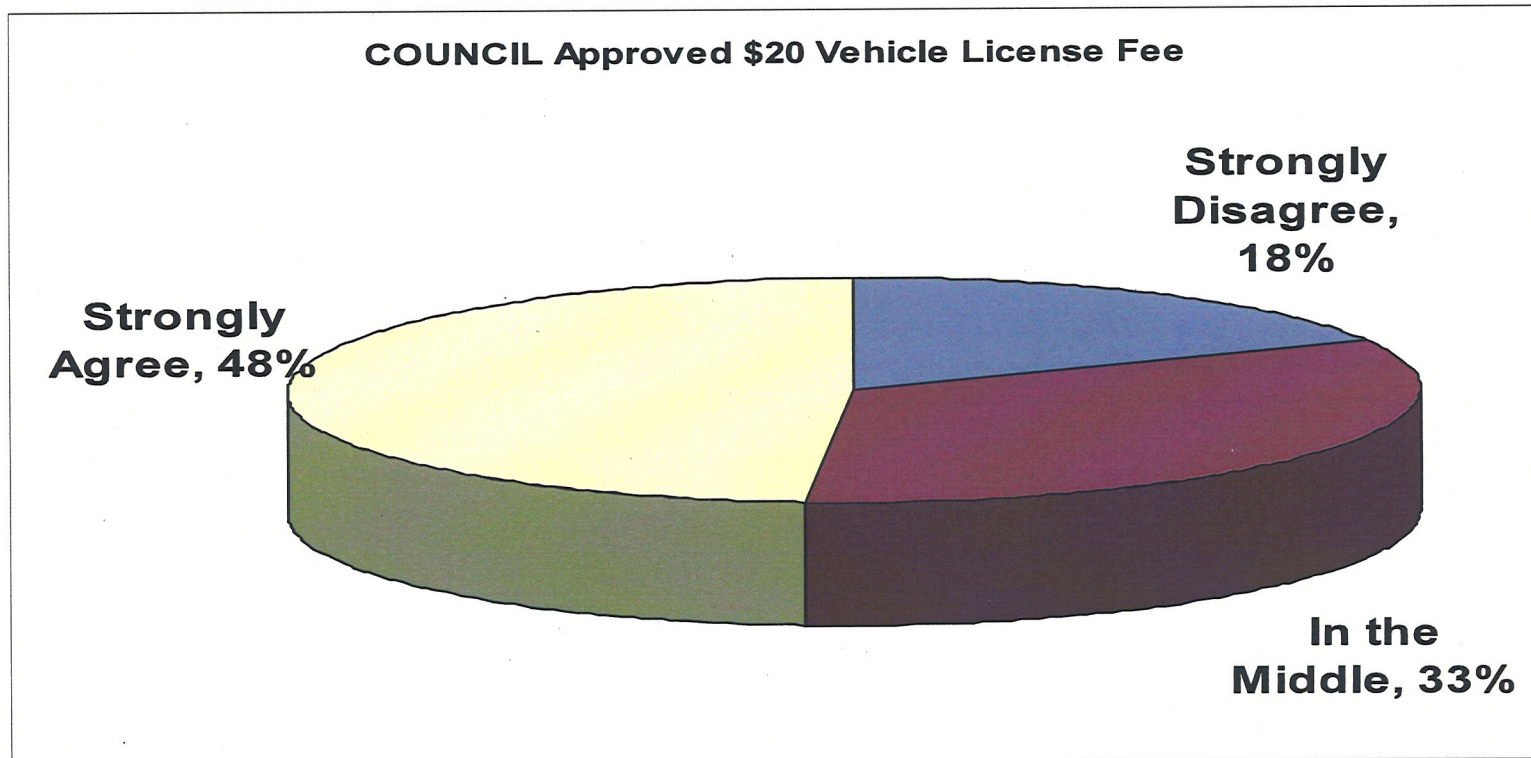
On-going City Efficiencies

- Strongly agree, continue to find areas for efficiency and pursue
- Efficiencies are important to maintaining trust with citizens
- Going too far could have negative impact on roads economic development
- Encourage throughout the community
- Continue efficiencies, but small \$ savings

SPECIFICS

C. COUNCIL-Approved: \$20 Vehicle License Fee

1-3	4-7	8-10
<i>Strongly Disagree</i>	<i>In the Middle</i>	<i>Strongly Agree</i>
WEIGHTED AVERAGE SCORE = 6.48		



Specifics – 3C (6.48)

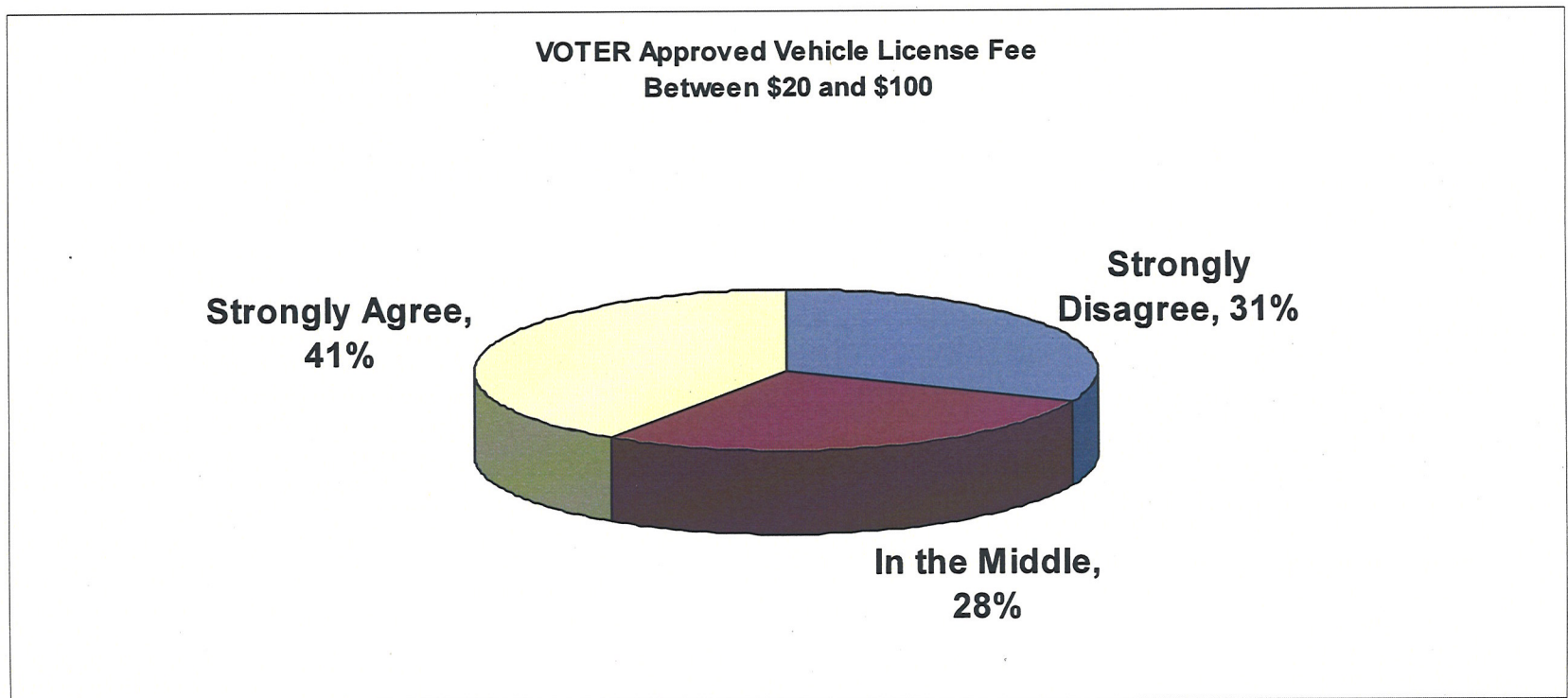
Council Approved – Transportation Benefit District

- Breakout Groups mostly in favor
- Good starting place to fill the gap
- In favor because it frees up current funds to maintain services
- Like that it's dedicated to specific purpose - transportation
- \$20 seems reasonable
- Like that it hits more than just property owners
- Strongly agree with \$20 fee (TBD)
- Depends on the economy
- Not thrilled

SPECIFICS

D. VOTER-Approved: Vehicle License Fee (\$21 to \$100)

1-3 **4-7** **8-10**
Strongly Disagree **In the Middle** **Strongly Agree**
WEIGHTED AVERAGE SCORE = 5.59



Specifics – 3D (5.59)

Voter Approved – Transportation Benefit District

- Yes, if voters told \$ and which specific transportation projects
 - Further define “transportation”
- Some prefer City Council pass first, then to voters
- Others say yes, voters get a choice first then Council can approve \$20 if voters don’t approve
- Consider when economy is better
- Yes, but not if levy lid lift on the ballot
- Proceed with caution
- Not tax deductible like property tax?

SPECIFICS

E. VOTER-Approved: Property Tax Levy Lid Lift

1-3

Strongly Disagree

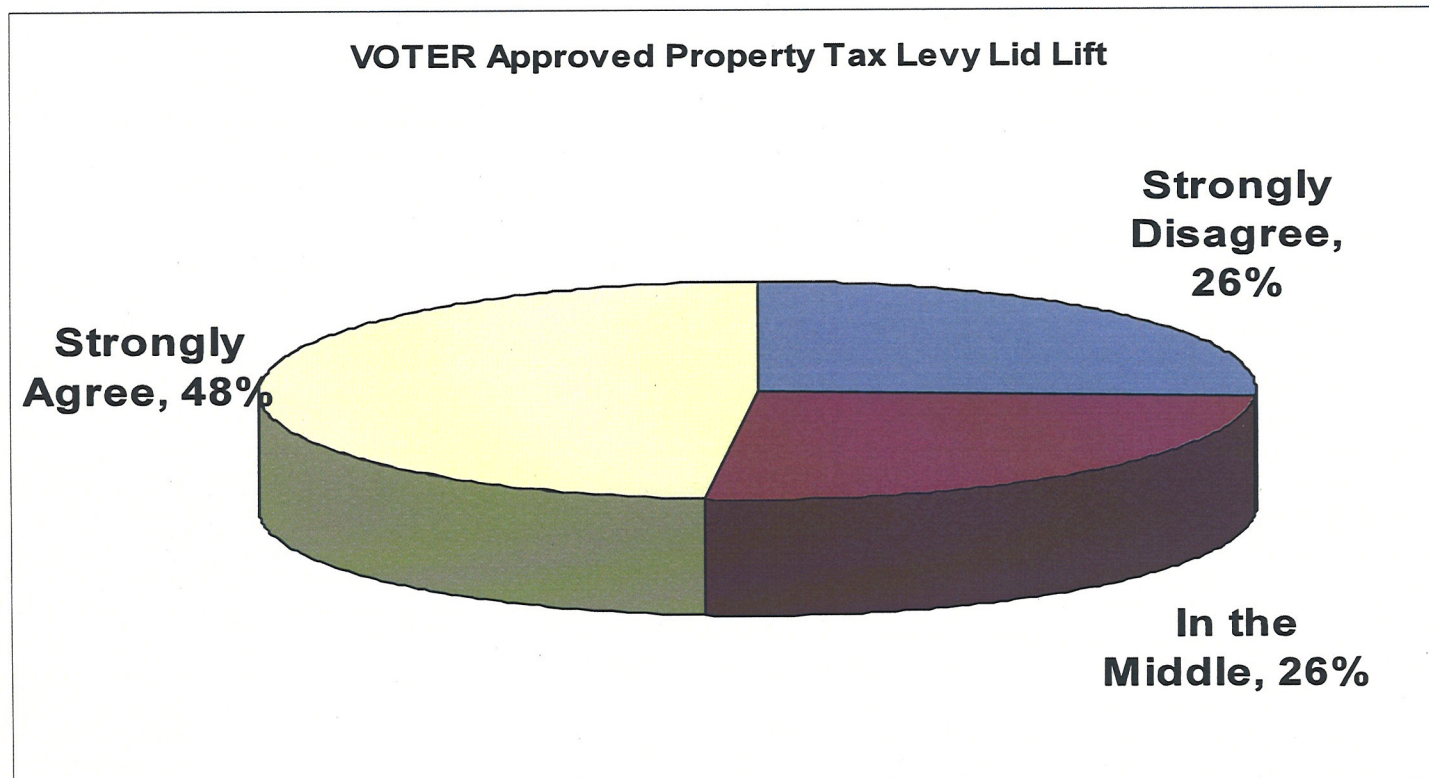
4-7

In the Middle

8-10

Strongly Agree

WEIGHTED AVERAGE = 6.19



Specifics – 3E (6.19)

Property Tax Levy Lid Lift

Agree

- Most comments in favor or in favor with conditions
- Could be the best answer
- Tax deductible, not constrained to transportation
- Seems the most fair
- Yes, It lets voters decide
- Yes, property taxes falling too far behind

Agree with Conditions/ Concerns for Business

- Yes, but depends on the specific purpose
- Only if not applied to business properties
- Business-Related
- Fairest tax, except for businesses

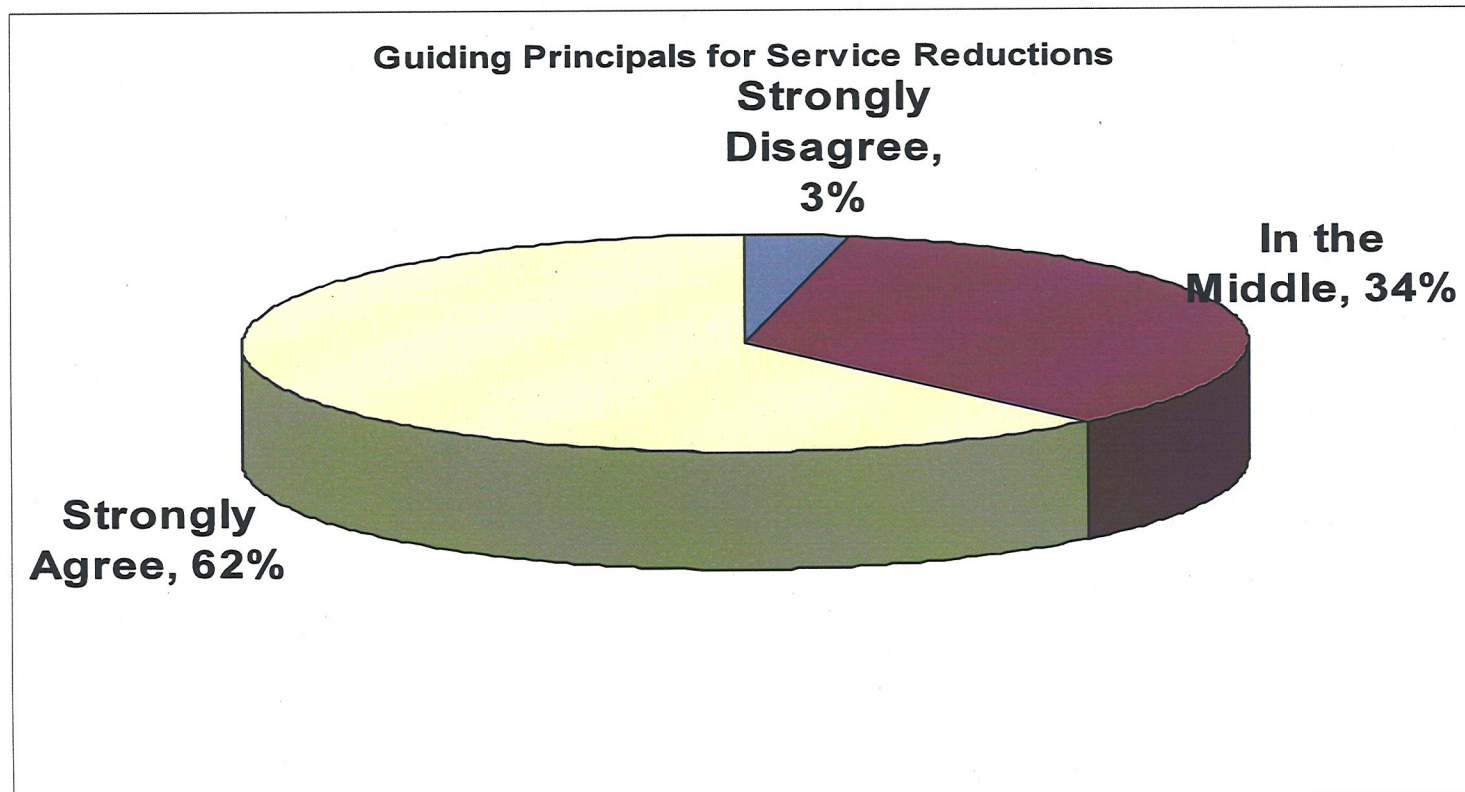
Disagree

- A few commented they don't want a levy lid lift

SPECIFICS

F. Guiding Principles for Service Reductions, if needed

1-3 **4-7** **8-10**
Strongly Disagree **In the Middle** **Strongly Agree**
WEIGHTED AVERAGE SCORE = 7.52



Specifics – 3F (7.52)

Principles for Reductions

- General Agreement – a good place to start
- Strong Push for increased volunteerism
- Volunteerism is good idea to get people involved in community
- Big task to manage, but huge pay off

Specifics – 3F (7.52)

Suggestions – Guiding Principles

- Stick to basics
- Increase rainy day fund
- Maintain transparency
- Certain citizens want to protect certain services - parks, police, human services
- Protect services that generate income
- Salary reductions before service cuts
- Savings through employees paying more for their benefits
- Reconsider B&O Tax
- Business friendly zoning
- Maintain strategic services so strong after recession

Overall Impressions

Additional Suggestions

Cost Saving

- Streamline services to cut costs
- Audit services & revenues
- More efficiencies
- Staff & Consultant cuts
- Cuts in Services
- Service assessments
- Cost/benefit of extra police for writing tickets
- Zero based budgeting
- Vols. to reduce park costs
- Centralize / consolidate services

Revenue Generating

- Increase real estate tax base
- Consider B&O Tax
- Reconsider Business License
- Audit who pays utility and franchise fees
- Raise Business Height limit in certain areas, more mixed-use
- Sidewalk bank for entire city block, not just in front of bldg.
- Impact fees for tax exempt properties
- Broaden business base

In Summary

Community Meeting Feedback

- Appreciate transparency, information, outreach
- Overall Direction seems like a reasonable approach
- Maintain Level of Services but keep looking for efficiencies, cuts and volunteers when possible
- Times are tough, nervous about the economy
- Council-approved Transportation Benefit District good first step
- Let the Voters Decide after recession
- Guiding Principles for Reductions – Good start

Question 1 - First Impressions

*What's your first reaction to what you've heard tonight? What stands out?
What would you like to learn more about?*

Reaction / Impressions

- ♦ Scary, but hopeful
- ♦ Good outreach impact; informative
- ♦ Sounds like a serious problem that won't be easy to solve.
- ♦ Well organized
- ♦ Glad this is being done!
- ♦ Good presentation – agree with consensus of committee regarding maintaining current level of services
- ♦ Very impressive presentation – clear, concise
- ♦ Very informative, backed by good data. Presentation by all 4.
- ♦ No big surprise
- ♦ Not surprised by content. Well prepared and presented. Future budget deficits look dire
- ♦ Good – the reasoned approach stands out. Thought well prepared. Legislative cuts real impact on local communities even clearer now. Learned more about long-range ideas.
- ♦ Missing information on areas we could cut. Only focus is raising money.
- ♦ Unwillingness to make significant cuts – seems unrealistic
- ♦ Tax increases – not clear where the increase get spent.
- ♦ I thought information given by City was general and the citizens' recommendations would not meet future deficit. I enjoy these meetings very much. I learn a great deal from other citizens.
- ♦ Great information – thank you for all your hard work! Transportation District. Great clarification provided by committee member.
- ♦ Good
- ♦ I would like to see even more focus on cost saving measures in addition to revenue sources.
- ♦ Today's economy
- ♦ Some things out of City control
- ♦ Important residents paying the taxes
- ♦ Need radical approach even without recession
- ♦ Glad to see the process is happening
- ♦ Surprised there weren't more participants
- ♦ Seems that the budget gap is growing, solution doesn't seem to fix it
- ♦ How realistically are we looking at the recession? Nervousness
- ♦ Sounds like the City has prepared for downtimes. Implied, still need to be aware.
- ♦ There's a lot to learn in a short time

- ◆ Positive exercise
- ◆ Need to get detailed
- ◆ Lack of new ideas
- ◆ Want new ideas to increase revenue
- ◆ Left out impacts fees collections
- ◆ Where's the beef? Need more info on specific budget areas.
- ◆ Seems to be an unwillingness to consider cuts. Seems unrealistic not to cut.
- ◆ Not enough info on services and costs to consider reductions or increase revenues
- ◆ My economic position has changed a lot since June. We all need to tighten our belts. We've given up telephones. I commute over the bridge – a toll affects our quality of life.
- ◆ Liked learning about how City financed
- ◆ Challenge: grow and attract economic development, maintain communities, likes maintaining current levels of service

Suggestions

- ◆ Streamlining government services to cut costs and encourage development.
- ◆ More focused audit of services and revenue sources would be appreciated.
- ◆ How to increase efficiencies with NO!! vehicle tax – violates initiative intent, stop pick low hanging fruit unnecessary summer landscape watering costs, eliminate street divider plantings
- ◆ Position by position analysis of the specific products/services being provided AND benchmarked productivity levels.
- ◆ City employees & consultants = 75% to 80% of budget. This is biggest place to look for cost savings. Cut consultant cost first – do in-house. Technology NOT a savings.
- ◆ Protecting natural areas should be a priority
- ◆ Idea: when a bldg. is built, put money into a sidewalk bank, then when there's enough money create sidewalks for the whole block rather than just the bldg.
- ◆ Cost/benefit of extra police to write tickets
- ◆ Centralize services i.e. neighborhood police fronts
- ◆ Increase real estate tax base
- ◆ Zero based budget process consideration
- ◆ Audit people who pay utility taxes and franchise fees – Seattle City Light charging incorrectly
- ◆ Consider B&O tax – exempt under certain revenue?
- ◆ More financial transparency
- ◆ Clarify what each position produces, consolidate where you can
- ◆ Do we encourage development? Standard of application and approval process
- ◆ 75% of budget is staff so cuts need to be considered
- ◆ Consideration of impact fees
- ◆ Add Parks to essential services
- ◆ Cut services

- ◆ Recommendations: 1) Belt tightening for at least a year – cut services – a 10% cut across City. If we do this in 2009 and 2010 then by 2011 we may be in good shape. 2) Impact fees for tax exempt properties. 3) Make cuts in staff and benefits.
- ◆ Look for cost effective ways to provide services
- ◆ Less focus on making existing rev. go further
- ◆ Reconsider business license – Chamber approved 3 times
- ◆ Reduce park budget without reducing services, use volunteers, Seattle works, doing this already
- ◆ Bring new business to Shoreline
- ◆ How to broaden business base as part of solution +1
- ◆ Need to address expenses – some services people wouldn't miss
- ◆ Don't do schools and levy lid lift at the same time
- ◆ Raise bldg. height limit to 10 stories in specific areas (i.e. City Hall area and Aurora vs. Innis Arden) and encourage mixed use
- ◆ Attracting more people, business
- ◆ Buy in City as a way to increase sales tax rev.

Questions

- ◆ We have a problem! 1. A listing of all services provided by City. 2. Are there other options of revenue? 3. Transportation Benefit District – revenue needs to be used only for transit services – what are these exactly.
- ◆ Are gaps a typical planning tool?
- ◆ Where are the cuts?
- ◆ What causes the deficit to continue to grow over time? Is survey on “services” confusing?
- ◆ What in the budget is being cut?
- ◆ Wow \$\$ - How did we get into this mess? This was pre-recession – what about rainy day fund? Are we still investing?
- ◆ If Council doesn't approve, then what?
- ◆ Are budget gaps a planning tool?
- ◆ Who is the main user of police budget?
- ◆ Is the property not being appropriately taxed?
- ◆ Not a good understanding on 1% cap
- ◆ Why not more pro-active earlier?
- ◆ Is technology really a savings?
- ◆ How do we quantify quality of service - guiding principles?
- ◆ Clarify what kind of services and levels
- ◆ What are “essential” services
- ◆ Clarify 1% property tax increase (increase in dollar amt. not rate)
- ◆ What is Transportation District?
- ◆ Did we look at which services should be kept, which services should be dropped?
- ◆ Has Aurora Project increased business?

- ◆ What is the financial impact of maintenance of new Aurora?
- ◆ Have we planned for maintenance of parks bond projects?
- ◆ How does the recommendation effect businesses, not just residents?
- ◆ Where are the significant cuts the City has already made? Can we address this more?
- ◆ How many people took the 2008 survey? How significant are the results?
- ◆ Are we maximizing use of volunteers, grants, possible shared use/ownership/maintenance with other jurisdictions?
- ◆ Have we looked at sharing KC contracted police services with KC or other jurisdictions? How is police LOS (?) determined?
- ◆ Is there a citywide building moratorium?
- ◆ Did we look at increasing fees like rec. programs? Yes.
- ◆ Amount of levy lid lift
- ◆ How does levy lid lift works with business?

Additional Comments / Ideas / Opinions

- ◆ There are some circumstances that are outside the control of the City.
- ◆ Impact on business not taken into account to the degree it should be.
- ◆ Efficiencies alone won't solve problem.
- ◆ Committee presentation moves participants toward the idea that tax increase must happen.
- ◆ Several comparisons appear to be apples to oranges.
- ◆ Initial question should be: what kind of city do we want to be? A city for families? Kids? In support of business? Until we answer these questions, how can we decide the budget questions?
- ◆ We are a young City. Do all our citizens realize that?
- ◆ Shouldn't bike riders share in the cost of creating streets and roads that are efficient? And areas/lanes that are specifically for their use? License bikes?
- ◆ Business property needs to stay on tax rolls
- ◆ \$20 million tax revenue lost w/ Phase I Aurora
- ◆ Current levy rate is below (?)
- ◆ Committee created guidelines to be forwarded to City Council
- ◆ Some decisions were made before funding, i.e. sister cities
- ◆ Some schools were built with no sidewalks (North City)
- ◆ Apartments with first floor retail will bring in sales tax
- ◆ Technology not necessarily money savings
- ◆ Cutting staff is most money
- ◆ Levy lid lift vote best way for citizen input
- ◆ Limited opportunity for increasing volunteerism – it's already high
- ◆ Would have like to seen the Citizen's Survey. We did not get it. Who got it?
- ◆ The 10 cent value added prop. tax seems to be one of the more fair revenue sources

- ◆ If fees, taxes, etc. are raised we will need to leave Shoreline. Everyone is asking for money. I think belt tightening for a year is appropriate for everyone – City and citizens.
- ◆ Survey was taken a year ago before this economic downturn
- ◆ Need to understand communities' emotions during recession. Need more information.
- ◆ Concern raised over multiple cities license fees
- ◆ Big draw is/was the schools
- ◆ Impression: new businesses on Aurora – Aurora will revitalize (now not necessarily bringing more revenue
- ◆ King County tax assessment based on potential use – not current use
- ◆ Housing affordability need to grow City

Question 2 - General Direction

Citizen Advisory Committee's Preliminary Recommendations

What's your overall sense of the Citizen Advisory Committee's preliminary recommendations to address Shoreline's long-term financial issues.

Very Unfavorable										Very Favorable				
Wrong Track										Right Direction				
1	2	3	4	5	6	7	8	9	10					

Results: 6.52 on 1-10 Favorability Rating

General Reaction to Overall Recommendations

- ◆ You started in the right place by looking for places to eliminate spending. I think the options presented are creative and on the right track. Are there more?
- ◆ Good initial start. More probably will be needed in the future.
- ◆ I am not quite sure if their recommendation will meet future short comings in the future budget. I am very thankful for their time and effort.
- ◆ On the right track
- ◆ Watch for impact on businesses
- ◆ Not too excited about property tax going up
- ◆ In general – initial step is in the right direction, more to come, more will be needed
- ◆ Creative possible solutions/avenues considered
- ◆ Likes that committee considered efficiencies
- ◆ Going in right direction
- ◆ Good first step – difficult!
- ◆ City operates at 2/3 cost of other cities, is already efficient

Suggestions

- ◆ No tax increase – make cuts – staff & benefits. Impact fees for tax exempt properties.
- ◆ Reduce staff. Delay capital improvements.
- ◆ Need to invest in an auditor that can go department by department to help increase efficiencies. Need to look at increasing business base.
- ◆ I'm concerned that we need to be reducing services given the current economic environment. Impact fees should be assessed for all new development.

- ◆ Cut services if too expensive, even a little is preferable to elimination of programs.
- ◆ Don't be too hasty to increase taxes – see comments on following items
- ◆ Hire a third-party auditor to look at expenses by department, delve in to the details. Purpose: to find savings without sacrificing services.
- ◆ Economic development
- ◆ Identify those programs that will have savings down the road like rehab programs
- ◆ Improving jail services
- ◆ Need better access to domestic violence shelters
- ◆ Need to streamline permitting services, i.e. one inspector requests you do something, next inspector says “no, that’s wrong, change what you’ve done back”
- ◆ Providing services more efficiently
- ◆ Need better emergency services for domestic violence
- ◆ Code enforcement needs improvement
- ◆ There are some high tech business that generate money that could help a city
- ◆ City needs more economic development so cost for services doesn't fall on the single property owners
- ◆ How about red light cameras? Would Shoreline get the money?
- ◆ Counter initiatives to recent voted limitations/restrictions
- ◆ If we put the tax on the ballot, make it worthwhile (at least 20 cents) (levy lid lift) impact to avg. home is \$6.00/month, also needs to be affordable

Questions

- Why impact fees not considered?
- Possibility of senior exemption for property tax?
- Would jail lower property values in the surrounding neighborhood area?

Other comments / ideas / concerns

- ◆ Drop programs that show no positive results. No car tab fee!!!!!! I was never contacted for survey.
- ◆ Increase in efficiencies are great.
- ◆ Maintaining services with current revenues appears to be how we got here. Without discussion of revenue growth – development over period, the phrase “we need more money” doesn't feel good. Nor does “you're not going to feel the increase that much.”
- ◆ Not strong enough on looking @ services – 92% satisfaction in survey means people like the City – does not mean all services meets their needs.
- ◆ Need to clarify what is meant by maintaining current level of services – some yes, some no!
- ◆ These seemed way too standard – I see to have heard these from the City before. I am not really hearing anything new. Some the basis, e.g., “level of services” is WAY too general and not meaningful.
- ◆ With current economic uncertainty budget should be reduced. The City should cut back rather than add taxes on citizens. Everyone, including City, needs to do

with less. Spend less like the rest of us!! My life saving has been nearly halved and you want to tax me more!

- ◆ Cutting services will affect citizens
- ◆ Human services important especially in downtimes
- ◆ Public safety and human services most important
- ◆ Some needs not currently met by current services
- ◆ It would be nice if City could help with utilities, etc. – but not enough tax base
- ◆ Unfunded mandates hurt City, i.e. Homeland Security costs
- ◆ Police – when Police write speeding tickets, Shoreline does not get money, the money goes to the State
- ◆ Jail – if it was placed in Shoreline could change all of our parameters/issues regarding funds
- ◆ Would like to see potential impact of jail specifically addressed
- ◆ Economic development – increased involvement/emphasis
- ◆ Shoreline Chamber of Commerce involvement

Question 3 - Specifics Recommendations

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

A. Level of City Services

Over the next 5-10 years, do you think we should maintain current levels of City services or make cuts or expand City services?

Make Cuts In Services			Maintain Current Levels of City Services					Expand Levels of City Services	
1	2	3	4	5	6	7	8	9	10

Results: 5.22 – Maintain City Service Levels

Maintain

General

- ◆ Should maintain current levels of service
- ◆ Maintain services
- ◆ Current level is fine right now
- ◆ More efficient (6)

More Specific

- ◆ We should not cut police/jails as KC is shoving new responsibilities on us
- ◆ Maintain police
- ◆ Maintain police, courts, code enforcement

Cuts / Cost savings

General

- ◆ Cut low-hanging fruit
- ◆ Take cuts/reductions to citizens for decision
- ◆ There are certainly some services that can be cut (1)
- ◆ Need a combination of cuts, efficiencies and tax increase

More Specific

- ◆ Look for more contract services to lower costs (no benefits)
- ◆ No cut in services, cut staff
- ◆ City should consider closing a park or two for a period of time to save
- ◆ Cut some in parks
- ◆ Cut parks

- ◆ City grants to arts museums, etc. could be stopped for a year or two
- ◆ If staff needs to be cut, first look at ways to use them productively in other functions (PW, Eco Dev, etc.)

Volunteer-related

- ◆ City should establish volunteer crews to care for our parks, thus cutting costs
- ◆ City should look for other cost cutting or volunteer work places
- ◆ Shift to retired volunteer from younger stay at home parent
- ◆ Use volunteers as much as possible

Expand / Add'l Revenue

- ◆ Expand services to the extent possible (8)
- ◆ Make sure services keep pace with population growth
- ◆ Pay more for value received where possible – example: bikes for the bike paths
- ◆ We could increase our sales in the City if we gave businesses a tax break. The business would have more sales; the City would collect more taxes. This is income that would not be lost!!
- ◆ Expedite permitting to encourage development of tax base – why not “permit decision within 3 months or fees are waived”, etc. City has 3 months to deny a permit

Comments / Ideas / Opinions

- ◆ Evaluate needs
- ◆ I think services should be specifically defined before expanding or decreasing
- ◆ Only change service levels if demand increases
- ◆ “Tell me” what the service costs – then judgment can be made
- ◆ Cost of unions; cost of volunteers
- ◆ More families moving into the City
- ◆ Schools are a magnet and valued which might make people more willing to increase property tax.
- ◆ Make sure City service provided efficiently
- ◆ Very broad question – so many services – can vary from one to another
- ◆ How to cut if necessary, i.e. across the board vs. line items cuts
- ◆ Evaluate specific services to consider if this is up or down
- ◆ Need more refinement of services in what they specifically provide
- ◆ Small staff vs. population ratio

Comments on Transportation Benefit District

- ◆ Some for transportation fee, more against it
- ◆ If you are pushing rapid transit, be for voter approved transp. fee. More than \$20 use fee for a car is plenty. More is too much.

Question 3 - Specifics Recommendations

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

B. On-going Efficiencies—Continue to identify and pursue

Strongly Disagree								Strongly Agree
1	2	3	4	5	6	7	8	9 10

Results: (9.09)

Comments / Ideas / Opinions

- ◆ Absolutely looking at more efficiencies
- ◆ Efficiency is important
- ◆ If we go too far, negative impact on City streets and road maintenance and effect on economic development
- ◆ Encourage efficiency throughout the community
- ◆ Continue efficiencies but small \$
- ◆ Strongly agree to continue to identify and pursue on-going efficiencies
- ◆ Committee to look at improving City efficiencies
- ◆ In-house vs. outsource

Question 3 - Specifics Recommendations

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

C. COUNCIL – Approved: \$20 Vehicle License Fee (Transportation Benefit District)

Strongly Disagree									Strongly Agree
1	2	3	4	5	6	7	8	9	10

Results: (6.48)

Agree

- ◆ If \$600,000 that already is used in the budget is transferred to other budget needs
- ◆ Would work
- ◆ Yes, if other money wouldn't be shifted from general fund
- ◆ I like the \$20 fee
- ◆ I like it as it hits everybody not just property owners
- ◆ All cities are going to have to do something – the initial \$20 appears to be a common starting point
- ◆ Strongly agree with \$20 fee (TBD)

Disagree

- ◆ Doesn't seem like a lot of money that may create a real negative. Depends on the economy.
- ◆ Looks like more government "piling on" of taxes - never met a tax they didn't like
- ◆ Not thrilled

Suggestions / Comments

- ◆ For 2010
- ◆ Must be by vote
- ◆ Save this option as a backup if property tax increase fails.
- ◆ Go to street related services
- ◆ Free up current commitments/funds

Comments / Ideas / Opinions

- ◆ Need to clarify \$20 fee for transp. replaces monies and frees up money for other items
- ◆ Has to go to transportation and money saved (i.e. \$600k) goes to another line item
- ◆ Make sure money is used on sensible transport projects
- ◆ Money is not the issue, the objective is the issue
- ◆ A lower fee may be more acceptable, shows City is working on being more efficient
- ◆ Public will say "oh no, another tax"
- ◆ If you use it you should pay for it
- ◆ Would rather have vote on vehicle license fee first
- ◆ Streets/transportation

Questions

- ◆ Could future initiative repeal this recommendation?
- ◆ Isn't one tax supposed to pay for roads? Can we increase gas tax instead?
- ◆ Can we do item Voter Approved D without item Council Approved C?
- ◆ Is Council willing to vote any increase?

Question 3 - Specifics Recommendations

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

D. VOTER – Approved: Vehicle License Fee (Transportation Benefit District)

Strongly Disagree Strongly Agree
1 2 3 4 5 6 7 8 9 10

Results: (5.59)

Agree

- ◆ Ease into it with a City Council voted amount
- ◆ If specific to a project
- ◆ Agree on condition that Council does not implement. Go for full buy-in if you do it.
- ◆ Do not use Council approved \$20
- ◆ For 2011 and beyond
- ◆ Do this first – then Council approval of \$20 if voter approval fails.

Disagree

- ◆ Disagree with this
- ◆ Trouble with this: not income tax deductible, restricts what money is for, whereas property tax can be used for anything

Suggestions

- ◆ Proceed with caution on voter approved
- ◆ Be sure to tell exactly where the money goes
- ◆ Identify specific project to tie to the \$20 amount
- ◆ Would like to see shift from many cars to bikes, walking, sidewalks (all part of transportation definition)
- ◆ Don't put a higher TBD tax on the ballot if you are going to put a levy lid lift tax on the ballot

Comments / Ideas / Opinions

- ◆ Concern about money spent on cost of ballot being lost
- ◆ Difficult to sell
- ◆ Voters more likely to support progressive fee (state law flat fee)
- ◆ Concern whether this will pass

Questions

- ◆ What is cost of vote?
- ◆ Too many competing demands
- ◆ Does Council approve?
- ◆ What would it pay for? Infrastructure: sidewalks, asphalt, street lights, traffic flow?
- ◆ Where is current transportation money coming from?
- ◆ General election and primary election ballot

Question 3 - Specifics Recommendations

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

E. VOTER-Approved: Property Tax Levy Lid Lift

Strongly Disagree										Strongly Agree				
1	2	3	4	5	6	7	8	9	10					

Results: (6.19)

Agree

- ◆ Could be the best answer
- ◆ Tax deductible, not constrained to transportation, raises more money but might need exemptions for low-income/seniors
- ◆ Seems the most fair if it is 10 cents
- ◆ Support this option - to be in front of voter
- ◆ OK if this is the only option to raise revenue
- ◆ Critical to put this on the ballot – property taxes are falling too far behind
- ◆ Should let voters decide
- ◆ Case could be made for lid lift vs. \$20 fee if targeted to specific purpose and that purpose is driven by voter desires/priorities

Agree with Conditions

- ◆ Dependent on the specific purpose
- ◆ Would need better defined conditions & purpose (use) of revenues
- ◆ Only if not applied to business properties
- ◆ Not until 1% is defined better
- ◆ We need to understand why our real estate tax is out of sight before we do this
- ◆ Residential – OK if we've really looked for efficiencies
- ◆ Designated to specific items

Business-Related

- ◆ Property tax levy lid lift would be the fairest tax, except when applied to businesses. An increase may drive some out of business
- ◆ Business needs a break though
- ◆ I would agree with this if businesses exempt
- ◆ If we do a lid lift, City should explore ways to give incentives to new business, or grandfather some older businesses

Disagree

- ◆ Don't want a levy lid lift
- ◆ Business - not as favorable

Comments / Ideas / Opinions

- ◆ Need to spell out the annual increases for six years
- ◆ Needs huge education piece to pass
- ◆ Replace lawns with City p-patch gardens
- ◆ Should not increase annually
- ◆ Business impacted
- ◆ Big impact on property owners/families
- ◆ Scares me – where will it end?
- ◆ Voters don't always know where their property taxes go
- ◆ Voters all vote – renters and property owners but property owners pay
- ◆ Casino taxes get 30% to capital, 70% to gen. Current is 10%, state allows 20% tax on gambling
- ◆ Understanding of property taxes (will be info management)
- ◆ Put info in Currents, website, other sources
- ◆ Need a lot of buy-in from citizens
- ◆ Important to designate for services
- ◆ Don't designate
- ◆ Property tax rate may discourage residents - affordable housing
- ◆ Need to make sure citizens understand increase - just how much 10 cent = \$38/yr
- ◆ Transportation – buses
- ◆ Don't raise taxes on utilities

Questions

- ◆ Need to understand 1% property tax limit better
- ◆ What is money going to be used for?
- ◆ Could people avoid car tax? Can't avoid property tax.
- ◆ Could it be limited time wise?
- ◆ Do property taxes pass on to renters and so how much?
- ◆ Where is money going with new levy?

Question 3 - Specifics Recommendations

Do you agree or disagree with the specifics of the preliminary recommendations in planning for Shoreline's future and addressing long-term financial stability.

F. Guiding Principles for Service Reductions, if needed

Strongly Disagree										Strongly Agree	
1	2	3	4	5	6	7	8	9	10		

Results: (7.52)

Agree

- ◆ Good place to start

Volunteerism

- ◆ Push volunteerism
- ◆ Volunteerism should be utilized
- ◆ Use school/college students (community service)
- ◆ Engage retired seniors to benefit from their knowledge and skills
- ◆ Support for volunteerism
- ◆ Citizens donating time
- ◆ Encourage volunteerism
- ◆ Volunteerism is good idea to get people involved in community
- ◆ Class projects to engineer traffic flow improvement for example
- ◆ Although volunteerism is a large task to coordinate and manage, there can be a huge payoff

Suggestions

- ◆ Tax to protect services that generate City income (economic development)
- ◆ I would revisit the need to raise taxes AFTER cuts have been made
- ◆ Service reductions should be planned to maintain strategic base to come out of the recession with strength
- ◆ Parks needs to be added (to priorities)
- ◆ Police services needs to be reviewed
- ◆ Plant/retain trees for health of people and planet
- ◆ Human services need to be prioritized
- ◆ Stick to basics
- ◆ Increase contingency/rainy day fund
- ◆ Maintain current level

- ◆ Staff salary reductions rather than service cuts
- ◆ Fund when there is savings or increase in revenue
- ◆ Corporate America is requiring employees to pay more of the insurance costs, and also retirement benefit costs
- ◆ How do we let public know the gap without a "fear factor"
- ◆ Education about living/stewardship of nature – living sustainably (prioritize, don't cut)
- ◆ Replace lawns with organic pea-patches – citywide voluntary initiative
- ◆ More trees for health benefits

Comments / Ideas / Opinions

- ◆ Reasonable but still look at line items
- ◆ Interpretation of "greatest public benefit" is based on vastly different world views
- ◆ City services are better than old King County
- ◆ Transparency is important
- ◆ Informing public is key to success of program reductions, tax increases
- ◆ #5 goal (operating vs. capital) all good
- ◆ 4% increase seems generous
- ◆ City Council needs to budget process and trim fat that is there now?
- ◆ State controls are harming cities and schools. Citizens need to rise up about all the state requirements which cost cities money
- ◆ No bike taxes
- ◆ "Greatest public benefit" means different things to many people; therefore it is not a clear guide.

General Recommendations

- Encourage business friendly zoning, permitting and council review of projects. No businesses want to come here despite no B&O tax.
- Need better retail, town center, affordable housing, livable, attractive community to increase population growth and sales.
- Should we charge B&O tax? What is the effect of charging one vs. not? If we don't charge one (now and in future) we need to use this to actively encourage businesses to move to City.

DRAFT GUIDING PRINCIPLES FOR OPERATING SERVICE REDUCTIONS

It is the recommendation of the Long-Range Financial Planning Citizen Advisory Committee to maintain current service levels utilizing efficiencies and seeking additional revenue sources. In the event that additional revenue sources are not available to maintain services, then it is likely that the City will be faced with the reduction/elimination of services and programs. As such, if the City is faced with making reduction decisions we would recommend that the following guiding principles be used when making service reductions:

1. **Preserve Community's Priorities:** The provision of City operating services should reflect the priorities of the community. Based on community input, we believe the following services are of highest priority:
 - a. Police Services – Specifically those of patrol, traffic enforcement, crime prevention and crime investigation
 - b. Maintenance of the City's streets, roads, and projects that improve traffic flow
 - c. Human Services
 - d. Economic Development
 - e. Code Enforcement
2. **Maintain Quality:** The quality of programs necessary to meet basic core services should be maintained and selective service elimination/reductions to programs are preferable to across the board cuts that may diminish the quality of core services.
3. **Greatest Public Benefit:** Fee based cost recovery should be considered for programs that primarily provide individual benefit, as opposed to broad community benefit that is for the "greater good."
4. **Cost Savings to Preserve Core Services:** Consideration should be given to cost saving measures such as staff furloughs, reduced operating hours, etc., that may preserve funding for core services. There is recognition that these types of cost saving measures may have a negative impact on the level of services provided.
5. **Operating Priority over Capital Projects:** Funding of key operating services should take priority to the funding of capital projects, when the source of funding for both is not otherwise constrained.
6. **Proportional Administrative Cuts:** Reductions in support and administrative functions should be in proportion to reductions in operating programs, but not to the extent that would curtail the delivery of core services or the ability to meet legal requirements.
7. **Technology Efficiencies:** Use technology to improve the efficiency and effectiveness of the delivery of City services instead of hiring additional staff.
8. **Increased Volunteerism:** Enhance opportunities for volunteers to help provide assistance in the delivery of City services.

Long Range Financial Planning Citizens Advisory Committee
Minority Opinion
April 2009

By: Walt Hagen and Bill Bear

The CAC did a great job with the parameters we were given to work with. We feel that under this constraint the final report of the committee does not represent the desires of the Citizens of Shoreline.

The following was provided by Debbie Tarry, Director of Finance.

The original charter for the committee that the Council approved asked the committee to develop a recommendation. Here is the original language.

Project Goal

The overall goal of the Community Advisory Committee (SCAC) will be to develop a recommendation to the City Council on the long-term strategy to provide community services and the funding mechanisms to provide those services.

The committee was formed to address the projected 2010 short-fall in the Operating Budget that may require reduction or even cancellation of services now being provided to Shoreline citizens. However the solution requires looking at a wider range of issues and options.

There are three possibilities: increase taxes, reduce services or provide the same services with less taxes. The only concrete action recommended by the CAC is to increase the property tax and the vehicle excise tax. Improving the efficiencies as a general statement does not translate into solving the problem. This leads to the third solution which is to reduce services.

The Minority opinion believes that City should concentrate on working smarter and spending the available dollars smarter. Instead the CAC recommendations are for increasing revenue streams when it should be in a mode for reducing City spending.

We disagree with the CAC recommendation to continue the use of any one-time non-restricted revenue monies for capital budget.

In the presentation of the information to the committee it has become apparent that the budgeting policies of the City do not protect the ability of the City to provide services. It appears to be common practice to take away funds from the Operating Budget to support capital projects rather than services to the citizens.

Any recommended solutions for the short-fall must include consideration for the amount of un-constrained General Funds monies spent in support of the Capital projects. Without the full budget, Capital and Operating Fund picture the recommendations of the committee limit financial reduction options to only city services.

We recommend the following:

- Citizens be given information about the potential loss of small business and sales tax revenue that can occur by raising property taxes.
- We disagree that citizens do not want to see a reduction in services. The question is too broad to be meaningful. We recommend an objective survey: "Do you want to see property taxes increased?" If the answer is "No,": "What services do you want to see reduced to cover the short fall?" The survey should present a list of departments and services for selection.
- Adopt financial policies that give priority to retention of services when overall budget; Capital and General Funds reductions are necessary.
- Adopt financial policies that put to a vote of the citizens any significant increase in indebtedness or cost to the citizen.
- Adopt information policies that support complete disclosure of projected project and City department costs inclusive of their revenue sources.
- Adopt firmer policies on regional issues making sure Shoreline receives value for their citizens.
- Adopt policies that protect Shoreline businesses from unfair and unequal tax assessments.

This report is a sincere effort to present a forthright overview and insight into the City financial workings. Recommendation of additional levies on the Citizens of Shoreline is unrealistic in this period of chaotic economy. The Bottom line is that the short-fall will only increase as additional residential units are added to the City. The City's efforts need to concentrate on the addition of retail sales tax generating business.

Walt Hagen

Rick Stephens

Bill Bear

Minority Opinion:

The scope of the CAC was too narrow to make recommendations on which services to reduce and what efficiencies to be done prior to implementing tax increases as a last resort.