

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Preliminary Discussion of 2013 Budget
<b>DEPARTMENT:</b>	Administrative Services
<b>PRESENTED BY:</b>	Robert Hartwig, Administrative Services Director
	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

A preliminary 2013 budget discussion occurred at the June 25<sup>th</sup> City Council meeting. Since that time, staff has continued to work with departments and the City Manager's Office on the development of the City Manager's 2013 Proposed Budget. Tonight staff will provide an update to the 2013 budget and related long-term financial projections. The City Manager will present her proposed budget to the City Council on October 15, with adoption scheduled for November 26, 2012.

At this time the 2013 preliminary budget is balanced and continues to allocate resources that support the Council's goals and priorities. Tonight staff will brief Council on major changes in budget assumptions that have occurred since June 25, along with a discussion on proposals that Council can anticipate will be included in the City Manager's proposed budget.

Given that the capital improvement budget process has been combined with the operating budget process for 2013, Council will also be briefed on the major projects that will be included in the proposed 2013-2018 Capital Improvement Plan (CIP) along with policy issues that Council should discuss.

The City continues to maintain a healthy financial position. As a result of the Council's strong financial policies, diligent financial management, and conservative budget planning, the City continues to maintain its AA+ bond rating and Standard & Poor's (S&P) highest financial management rating of "strong." The City has had several years of clean audit opinions with no findings from the State Auditor's Office. The 2013 budget will continue to be in compliance with the City's financial and reserve policies.

**RECOMMENDATION**

No action is required by the City Council. This item is for informational purposes and to provide the City Council with preliminary 2013 budget information. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this review.

Approved By:            City Manager **JU**

City Attorney

## **INTRODUCTION**

Staff is preparing the City Manager's 2013 Proposed Budget and updating long-term financial projections as part of the process. Tonight's discussion will provide an opportunity for staff to share with the City Council the latest financial projections, along with a discussion on some of the major policy issues that will need to be discussed during the 2013 budget process. The 2013 budget adoption schedule is as follows:

Discussion of Preliminary 2013 Budget	September 17
Transmittal of Proposed 2013 Budget	October 15
Department Budget Reviews	October 22
Public Hearing on 2013 Budget	November 5
Public Hearing on Revenue Sources & 2013 Property Tax Levy	November 13
Final 2013 Budget Discussion	November 19
Adoption of 2013 Property Tax Levy	November 26
Adoption of 2013 Budget	November 26

## **BACKGROUND**

### **2012 Operating Budget**

#### *Projected 2012 General Fund Savings*

Although it is still early to project the 2012 budget outcomes, staff has completed a 2012 year-end forecast. The forecast projects that the City's operating budget will end 2012 with net budget savings of approximately \$400,000. Council will have a discussion this evening regarding a potential Offer of Judgment to settle the O'Neill vs. Shoreline law suit. The settlement funds would come from the budget contingency, which would change the projected year-end savings.

The budget savings is a combination of collecting revenues in excess of the adopted budget and expenditures being lower than budgeted. Some of the most significant revenue increases are from sales tax (\$198,000), development revenue (\$464,000) as a result of the Shoreline high school projects and the North City Apartments, and liquor revenues (\$109,000) from the State's sale of liquor stores. Staff does anticipate that collections from the Seattle City Light contract payment will be lower than originally anticipated by \$54,000, gambling tax collections will be \$74,000 lower, and interest income will be \$51,000 less than originally budgeted.

Expenditure savings are primarily from savings from position vacancies (\$89,000), police contract (\$347,000) and animal control (\$52,000). Police contract savings are a result of a favorable 2011 contract reconciliation credit, medical insurance savings and decreased use of the King County Sheriff's Office Major Accident Response and Reconstruction (MARR) unit and discretionary police overtime. There may be additional savings in the non-contract portion of the Police budget as staff continues to use available seizure funds for overtime, equipment and training costs as appropriate.

The City has experienced a positive 2012 trend in the usage of the Snohomish County jail versus the usage at King County which is more expensive. As a result, staff anticipates that there could be an additional budget savings of \$130,000 to \$150,000.

This has not been included in the current year-end projections given that jail trends could change during the last half of the year.

Off-setting some of the anticipated expenditure savings, the District Court budget incurred approximately \$67,000 in unbudgeted costs, mostly attributable to an unfavorable 2011 contract reconciliation, and costs related to the SPU acquisition engineering and financial due diligence review.

#### 2012 Budget Savings Recommendation

As will be discussed later in this report, the 2013 supplemental budget requests included significant one-time requests to support the Council's adopted goals. The specific requests are discussed later in this report. Staff is recommending that the one-time savings from 2012 be used to help fund the supplemental requests in 2013.

### **DISCUSSION**

#### **Overall Financial Health**

The City continues to maintain a healthy financial position. As a result of the Council's strong financial policies, diligent financial management, and conservative budget planning, the City continues to maintain its AA+ bond rating and Standard & Poor's (S&P) highest financial management rating of "strong." The City has had several years of clean audit opinions with no findings from the State Auditor's Office. The 2013 budget will continue to be in compliance with the City's financial and reserve policies.

#### **2013 Budget**

The City Manager's 2013 Proposed Budget will be balanced in all funds. Given the limited resources of the City, there are no new proposed programs for 2013. The City Manager will be recommending some additional investments to support the accomplishment of Council goals.

#### **Personnel**

Overall the 2013 budget will have 3.2 fewer full-time equivalent (FTE) positions.

<b><i>City of Shoreline - 2005 - 2013 FTE Summary</i></b>										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2013 Changes
City Council	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	0.0
City Manager	9.5	9.5	10.5	9.5	9.5	9.5	8.8	8.8	9.0	0.3
Community Services	7.8	7.8	7.8	9.2	9.2	8.2	8.2	9.7	8.2	(1.5)
City Attorney	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.0
Administrative Services	20.6	21.6	21.9	21.9	22.0	22.7	22.7	21.2	24.2	3.0
Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	0.0
Police	2.0	2.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Planning & Community Dev.	26.9	28.5	28.5	28.5	27.0	24.4	24.4	20.5	20.0	(0.4)
Parks, Recreation & Cultural Serv.	23.3	25.8	26.8	27.3	27.3	27.3	27.3	27.8	27.8	0.0
Public Works	36.1	37.0	37.0	38.0	39.0	39.0	39.0	41.5	37.0	(4.5)
Total FTE	139.7	145.2	146.5	148.4	148.0	144.0	143.3	142.4	139.2	(3.2)

The primary changes include the elimination of the budgeted Animal Control Officer positions (1.5 FTE). As Council is aware the City originally planned to bring this service in-house the later part of 2012, but instead renewed a three year contract with King County. Additionally, the City will not refill a Capital Project Manager (1 FTE), a part-time Capital Project Technician position (0.5 FTE) or a part-time Assistant Planner (0.45 FTE). There have been some shifts between Public Works and Administrative Services with the shift of facilities staff and GIS.

The 2013 proposed budget will include a recommendation to make the following personnel adjustments which are reflected in the FTE chart above. There is a net zero financial impact to the budget for these requests.

- *Increase the 0.75 FTE Communications Assistant to a 1.0 FTE* to increase the ability to address communication program needs within the City, therefore increasing the level of service to staff and community. Communication between the City and the Shoreline community is a priority of the City Council as reflected in Council Goal No. 4. There is no net increase in the budget as a result of this change, as an off-setting reduction in professional service costs was made to fund the increased personnel costs. The decrease in professional services will reduce the number of videos created by the Communications division.
- *Reclassification of the Associate Traffic Engineer to Engineer II: Traffic* to be able to create signal timing plans internally instead of contracting all work with King County and private consultants. Bringing these services in-house will allow for increased service levels in traffic signal operation, and reduce the amount of funds currently used to contract the services.

#### *Salary and Benefit Considerations*

- *Annual Salary Survey:* Staff is currently in the process of finalizing the results of the 2012 salary survey. This year the survey includes positions in salary ranges 1 through 45. Recommendations for any salary changes resulting from this year's survey will be included in the City Manager's 2013 Proposed Budget and will be discussed with the Council this fall during budget deliberations. Nevertheless, approximately \$30,000 has been set aside anticipating possible salary adjustments.
- *2013 Market Adjustment - Cost of Living Adjustment (COLA):* The City's practice has been to use 90% of the Seattle/Tacoma/Everett June Consumer Price Index-All Urban Consumer (CPI-U) to determine the annual market adjustment. The 2013 City Manager Proposed Budget, includes a recommended 2.43% COLA based on 90% of the June CPI-U. In 2012 Council deviated from the City's practice and reduced the COLA to 1%. There were no employee COLA adjustments in 2011 or 2010.
- *Health Benefits:* 2013 health insurance premiums will be finalized in September by the Association of Washington Cities (AWC). Because the City's share of any health benefit increase is capped, the City's projected bottom-line cost increase in health benefits is approximately 7.34%.

As Council is aware, the City has solicited bids for health benefits in both 2011 and 2012 for the purpose of exploring whether the City could save money by purchasing health benefits outside of AWC. Both efforts failed to generate sufficient cost savings to justify a recommendation to leave the AWC Trust. (One example: the bid the City received for dental services from Washington Dental Services (WDS)--which was based on the City's actual dental claims experience--was over 12% higher than the rate the City pays by obtaining the same WDS dental plan through AWC). After analyzing the results of these efforts, staff recommends that the City continue to acquire health insurance through AWC, at least until the Affordable Care Act takes effect and not seek outside bids until 2014 or later.

### Council Goal Investments

The City Manager is focused on supplemental budget requests that directly support Council goals. The proposed 2013 budget will include a recommendation to fund the following items:

➤ *One-Time Funding Requests:*

- *Aurora Square Master Planning* (Council Goal No. 1, \$25,000) to allow the Economic Development program to better address the needs created to partner with private enterprise in the redevelopment of Aurora Square.
- *Business Mini-Grant Pilot Program* (Council Goal No. 1, \$10,000) small grants could be made available to shopping areas to enhance our residents' shopping and dining experience and could include amenities such as bike racks, banners, potted plants, benches, etc.
- *Light Rail Station Area Planning* (Council Goal No. 3, \$250,000) at 185<sup>th</sup> and I-5 creating a plan and regulations to transform a predominantly single family neighborhood into a transit oriented community. Funding includes development and implementation of an extensive public participation process along with anticipated costs for environmental review.
- *Upgrade of the City's website* (Council Goal No. 4, \$16,380) to enhance mobile features. This upgrade will include many features that will greatly enhance the City's website and make it more useful to the citizens. These features include Mobile Site Viewing, an upgrade to the editing system that will make it easier for content contributors to post information; the ability to push information out to Facebook and Twitter through the website content management system (OneClick Social Networking) and an option to make needed design changes that will make the website easier to use.
- *Upgrade of Hansen System* (Council Goal No. 1, \$47,450) increasing public access to the permitting system and providing more flexibility for users on data input. It will allow better data validation so entered information will be more consistent and will provide faster ad-hoc reporting for users.

➤ *On-Going Programs:*

*Farmers Market Sponsorship (Council Goal No. 1, \$5,000)* to ensure that Shoreline continues the operation of the market each summer. The 2012 budget provided a one-time \$5,000 contribution for the initial year of the market.

**2013 Operating Budget**

Surplus/Gap: The Proposed 2013 budget currently projects a surplus of \$187,761. Staff is holding this surplus as a contingency against any further drop in the City's assessed valuation, an increase in the anticipated police contract costs, or any other unforeseen change that may occur prior to the presentation of the budget to Council on October 15.

2013 Property Tax Levy: Since June staff has increased the anticipated reduction in assessed valuation for 2013 property tax calculations. Specifically the projected decrease in property assessed valuation has been changed from a 3% decrease to a 7% decrease. This is based on the preliminary 2013 property tax levy worksheet provided by the King County Assessor's Office on September 5. The preliminary estimate for the City of Shoreline for property taxes that will be collected in 2013 is 6.91% less than the 2012 tax year. This number does not include the final valuations for utilities or apartment complexes. Although there is a reasonable possibility that the utility and apartment valuations will improve the City's final assessed valuation, staff will use the County's early estimate until more information is available.

As the City Councilmembers are aware, by approving Proposition 1, voters authorized the City to set the 2011 property tax rate at \$1.48 per \$1,000 assessed valuation resulting in a 2011 levy of \$9.9 million. Proposition No. 1 also included a provision to increase the City's annual property tax levy by the change in the June to June Consumer Price Index for All Urban Consumers for the Seattle Area (CPI-U) for years 2012 through 2016. The six year projections for Proposition No. 1 anticipated an average annual 2.43% inflation rate (change in CPI-U) between 2012 and 2016. In 2012 assessed valuation dropped by 5.1%. This resulted in the 2012 levy rate increasing from the 2011 rate of \$1.48 per \$1,000 to the maximum levy rate of \$1.60, and a total levy of \$10.1 million, a 2.8% increase when compared to the 2011 levy

Given that assessed valuation is projected to decrease by an additional 7% for 2013, the City's levy rate for 2013 will remain at the maximum \$1.60 and result in a decrease in total levy from 2012 to 2013. The resulting 2013 property tax levy is \$9,504,320.

**2013 General Fund Operating Revenues**

- *Sales Tax Revenue:* The proposed 2013 budget includes projected sales tax revenues of \$6,574,800. This is an increase over the 2012 budget of \$273,382 or 4.33%.
- *Criminal Justice Revenue:* Projected revenue of \$1,171,779 is a 5.24% (\$58,449) increase compared to 2012 projections of \$1,113,330. This is based on taxable sales and population estimates for King County.
- *Utilities Taxes, Franchise Fees and Seattle City Light (SCL) Contract Revenue:* 2013 revenues are expected to increase by \$111,291 or 1.4% over the 2012 budget. Most revenues are expected to grow by inflation or planned rate increases, with the exception of the Seattle City Light contract. The 2013 SCL projected revenue is

based upon an anticipated composite electric rate increase of 1.6%. Even though SCL anticipates that residential rates will increase by 4.8%, there are off-setting changes to commercial rates that may temper the overall revenue growth impact.

- *Gambling Taxes:* For 2013, staff projects that gambling taxes from card room and pull tab activity will increase slightly from 2012 to \$1,438,924 and \$118,300 respectively. The City will continue to receive promissory notes payments during 2013 for prior year taxes, penalties and interest totaling \$288,397.
- *Liquor Excise Tax:* Revenues are expected to drop from the 2012 budget by \$72,684 due to legislative actions that temporarily suspend distributions during the first half of 2013. Liquor excise tax distributions are scheduled to begin again in October 2013.
- *Development Revenue:* Revenues are expected to increase during 2013 by \$227,330 or 35.4%. This is based on the projected increase in the level of permitting activity for the region. These include an estimated \$110,000 of one-time revenue from the proposed Shoreline Community College dormitory and the 120 unit apartment building to be located at the former mobile home park on 152<sup>nd</sup> Street and Aurora.

#### 2013 Major Programs

- *Jail Activity:* Projections for the 2013 budget, along with future forecasts, are based on the trend of activity that has appeared over the last twelve months and rate inflation factors outlined in the interlocal agreements (ILA) with Snohomish County and King County. In 2013, it is projected that Snohomish County will account for 98.58% of the jail days activity and will generate 97.09% of the total jail contract cost. It appears that the use of jail services from Snohomish County is being maximized and the overall projected cost of approximately \$1.03 million for 2013 will result in a decrease of 10.44% from the amount budgeted in 2012 and continue to result in greatly reduced costs from the high of approximately \$1.50 million in 2010.
- *Police Contract:* As negotiations for the 2013 guild contract are still ongoing at this point the King County Sheriff's Office is not able to provide the contract cities with an estimate of the increases that may be applied. Staff has projected that the 2013 police contract will total \$10.4 million, which is 2.5% more than the 2012 police contract. Staff hopes to receive more information from King County in late September.

The Sheriff's Office is well aware of concerns expressed by contract cities. The 2008-2012 guild contract, which included 5.0% annual salary increases for deputies, was settled just before the sharpest recession in the last 30 years for the period of 2008 through 2012. Contract cities continue to monitor how the effect of the 2007 negotiations is being taken into consideration during the 2013 contract negotiations. For future years staff has assumed an annual escalator of 3.5%.

- *District Court Costs:* As District Court revenues and costs fluctuate from year-to-year, it is challenging to provide an accurate budget figure for the net cost of the District Court. The unfavorable 2011 reconciliation noted earlier convinced staff that the budget, beginning in 2013, should be increased by \$50,000 to be more conservative.

### Unfunded/Underfunded Needs

While working on the 2013 proposed budget staff identified the following issues that need further review and may require additional funding in future budgets. Costs related to these issues are not included in the 2013 proposed budget.

- *Indigent Defense Standards:* The Washington Supreme Court has adopted new Standards for Indigent Defense Services. The new standards will be effective September 1, 2012, except Standard 3.4 regulating caseload limit guidelines which will take effect September 1, 2013. The new standards include guidelines for caseload limits and types of cases; administrative costs, limitations on private practice, qualifications of attorneys, appellate representation and use of legal interns. Even though the new caseload limits go into effect September 1, 2013, the City's public defense attorney believes the new limits are manageable under the terms and cost of the existing contract for 2013. However, with regard to fiscal year 2014 and beyond, staff estimates the caseload limit portion of this unfunded State mandate will increase the cost for indigent defense services by \$50,000 per year. Therefore, the City will likely issue a Request for Proposals in the late summer or fall of 2013 for indigent defense services that reflect the new caseload limits.
- *Street Tree Management and Maintenance:* The City uses existing staff resources to address the maintenance and management of City right-of-way tree issues. Management of the City's tree inventory could consume significant resources. Although funding is not available for this high priority staff will continue to seek ways to fund these costs in the future.

### Other 2013 Budget Considerations

*Community Grant Program:* In July representatives from SWEL (Shoreline, Woodway, Edmonds, Lynnwood) Timebank made a presentation to Council and requested that Council consider providing future funding to help cover the costs of an administrative assistant needed to manage the program. Following the discussion, Council indicated that they may be open to expanding the criteria of the neighborhood mini-grant program that would allow community groups to apply, while holding the overall neighborhood mini-grant funding to the current \$20,000.

Staff has drafted potential criteria that could be considered for a "community" mini-grant program (which would include neighborhoods) and has also had conversations with the Council of Neighborhoods Board regarding the potential broadening of the mini-grant program. Potential criteria are included in Attachment D.

It is both important and possible to keep neighborhoods and neighborhood development a primary goal while expanding the types of groups eligible for grant funding. The \$20,000 Neighborhood Mini-Grant budget is adequate but not overly generous. This level of funding promotes creativity and encourages neighborhoods to develop strong community building projects and proposals.

There are a variety of inter - neighborhood collaborative activities that the Council of Neighborhoods Board would like to consider expanding such as the recent multi-neighborhood Youth Jam and Brewfest events. Supporting new community-building efforts is important and appropriate work. Any new programs aimed at expanding

community building outside of the existing Neighborhood Mini-Grant program structure should be developed with adequate funding to meet the current and the anticipated expanded demand.

At this time staff does not have a specific budget request from SWEL, but SWEL is still interested in pursuing financial support from the City. Staff has asked SWEL if there are any other cities who have committed to provide financial support and what level of financial funding they are seeking.

*Police Storefronts:* Staff has been exploring opportunities to enhance crime prevention outreach and community police presence. Chief Ledford has visited with a number of police department volunteers and storefront officers, and is suggesting that the City consider consolidating the two existing storefronts into a single location at City Hall. A single “static” storefront at City Hall will allow for consistency in the hours in which police volunteers and a police officer are available to the public. It will also provide a central location in which volunteers can make court notification calls, arrange for vacation home checks, and coordinate police volunteer efforts throughout the City. It also provides an opportunity to shift a storefront officer to traffic enforcement. Additionally City Manager Underwood has requested staff explore having a “mobile” storefront that can go to all Shoreline neighborhoods, be available for special events, and serve as another enhancement to the City’s crime prevention program. Funding currently used for the lease of the two existing storefronts, \$30,000 annually, could be used to fund the mobile storefront program. The lease for the westside storefront expires April 30, 2013, and the lease for the eastside storefront expires October 31, 2012.

### **2013 – 2018 Capital Improvement Plan (CIP)**

The 2013 Proposed Budget will include the proposed 2013-2018 CIP. Staff has reviewed the current 2012-2017 CIP; the City’s various master plans and the projected available revenues and is recommending modifications to the CIP including the addition of some projects for Council’s review and input. As Council is aware there are limited capital funds for the many capital needs of the City. Any new projects recommended in the CIP are primarily funded with future anticipated grants. Attachment B provides a summary of the proposed 2013-2018 CIP. Attachment C provides a list of the underfunded and unfunded capital projects that have not been included in the proposed 2013-2018 CIP due to funding constraints.

### **General Capital Fund**

#### **New Projects:**

- *City Hall Generator:* This project is for the purchase and installation of a generator for the City Hall building to provide backup power to ensure continued operation of City services for residents during an emergency situation. Assuming that voters approve Proposition No. 1 for the City to move forward with the acquisition of the SPU system in Shoreline, the City will be upgrading the water system with an electronic monitoring system (Supervisory Control and Data Acquisition (SCADA) System) housed at City Hall making it even more imperative that the City Hall include a power backup system. The project is scheduled to be completed in 2018 and will be funded by future grants.

- *Saltwater Park Pedestrian Bridge Repairs:* This project will make major repairs to the existing pedestrian bridge over the Burlington Northern Railroad leading to the beach at Richmond Beach Saltwater Park to extend its life cycle based on the assessment and cost estimate of needed repairs conducted in 2011. The project is scheduled to be completed in 2014.
- *Shoreline Pool Repair/Replacement Needs Analysis:* A full assessment of the Shoreline Pool building and its systems are necessary to understand the building's physical and operational condition. This project will assess the building's condition; identify any short term and long term deficiencies; provide cost estimates for necessary major repairs; assess the end life cycle for the pool; and analyze the costs of repairs and when to develop a long-term strategic maintenance and operations plan. This project is scheduled to be completed in 2013.

*Changes from the 2012-2017 CIP:*

- *Ballinger Neighborhood Parks Master Planning:* The total cost for this project has decreased from \$200,000 to \$150,000. The timing of the project has not changed and will be funded by future grants.
- *Maintenance Facility (formerly Maintenance Facility Feasibility Study):* The cost of this project has increased from \$25,000 to \$2,893,000 to include land acquisition and site improvements. The project is scheduled to be completed by 2014 and will be funded by future financing.
- *Off-Leash Dog Areas:* The cost of the project has increased from \$150,000 to \$160,000 to plan and build an off-leash area in east Shoreline. The project timeline has moved from 2012 to 2013.
- *Park at Town Center:* The total cost for this project has decreased from \$1,130,759 to \$1,129,245 based on actual costs. The timing of this project has not changed.
- *Parks Repair and Replacement:* The cost of this project has increased from \$2,474,531 to \$2,635,700. This project now includes funding for 2018.
- *Police Station Site Analysis:* The cost of this project has not changed. The timeline of this project has been moved from 2012 to 2013.
- *Sunset School Park Project (formerly Boeing Creek Open Space/Sunset Elementary School Project):* The project name has been changed to reflect that the project will fund improvements only at the Sunset Elementary School site. The project cost has not changed. The timeline of this project has been moved from 2012 to 2013.

City Facilities-Major Maintenance Fund

*Changes from the 2012-2017 CIP:*

- *Police Station Long-Term Maintenance:* The project has been decreased by \$31,132. In 2011 the paving and patching of the facility parking lot was completed using an alternative application (seal coating) resulting in savings of \$56,132. Staff

has added \$25,000 in 2013 to install external lighting. The six-year CIP programmed expenditures for major Police Station maintenance is \$45,000.

- *Pool Long-Term Maintenance:* The project has been decreased by \$64,334. The work performed in 2011 resulted in \$14,334 in savings. Staff added \$10,000 in 2013 to fully fund the repainting and re-construction of ceiling finishes and pool interior. In 2016 staff removed \$60,000 to replace the bulkhead since it is contingent on School District funding. The six-year CIP programmed expenditures for major pool maintenance is \$289,000.

## Roads Capital Fund

### *Policy Issues:*

The proposed CIP does not include funding for priority sidewalks or a residential street sidewalk program. No new revenue sources have been approved to fund an on-going sidewalk program. If Council desires a sidewalk program, a new revenue source will be needed. Council will review a potential financing mechanism, Local Improvement Districts (LID), for sidewalk improvements, on October 8. Even a LID program will require, at a minimum, that the City have a funding source to cover planning and design costs of sidewalk projects.

### *New Projects:*

- *Hidden Lake Bridge:* Hidden Lake Bridge No. 167 C, located on 10<sup>th</sup> Ave NW at Innis Arden Way was built in 1931 and is showing signs of deterioration and is in need of rehabilitation or replacement. The Bridge Sufficiency Rating from the 2010 inspection is 51.3 which should make the bridge eligible for bridge repair/rehabilitation funding through WSDOT. This project is to conduct an evaluation and alternative analysis including cost estimates that could be used to apply for a grant in 2014. This project is scheduled to be completed in 2014.
- *Route Development Plan for the 145<sup>th</sup> Corridor:* This project is to perform a multi-modal corridor study of 145<sup>th</sup> Street (SR 523) from Bothell Way NE (SR 522) to 3<sup>rd</sup> Ave NW. This work will be in conjunction with the City of Seattle, the Washington State Department of Transportation, King County, Metro Transit and Sound Transit to evaluate the future transportation needs for this corridor. The study will include an examination of safety, traffic, transit and non-motorized needs resulting from anticipated changes in the area such as growth, location of light rail station(s) and regional tolling. This project is scheduled to be completed in 2014.
- *NE 195<sup>th</sup> Separated Trail:* This project will complete the final segment of separated trail that is a piece of the northern connection between Shoreline's Interurban Trail and the Burke Gilman Trail in Lake Forest Park and will use most of the funding from a Congestion Mitigation and Air Quality Improvement (CMAQ) grant. This project is scheduled to be completed in 2014.
- *Safe Route to School NW 195<sup>th</sup>:* This project will construct sidewalks on the south side of NW 195<sup>th</sup> from 3<sup>rd</sup> Ave NW to 8<sup>th</sup> Ave NW and install or replace curb ramps at the intersections with 3<sup>rd</sup> NW, 5<sup>th</sup> NW and 8<sup>th</sup> NW. Additionally, the project will install four School Zone Flashing Signs on all four legs of the NW 195<sup>th</sup> to 3<sup>rd</sup> Ave NW

intersection approaching the school from all directions. This project is funded by a Safe Routes to School grant. This project is scheduled to be completed in 2015.

*Changes from the 2012-2017 CIP:*

- *Annual Road Surface Maintenance:* The project has increased from \$14.5 million to \$16.2 million based on available funding and a grant from the Surface Transportation Program (STP) for \$436,283 to preserve the City's street system. Includes the addition of funding for projects in 2018.
- *Aurora Corridor Project (165<sup>th</sup> Street to 185<sup>th</sup> Street):* The estimated cost of this project has increased from \$47.3 million to \$48.5 million based on final cost estimates. The projected costs include \$645,200 in contingency. The timing of the project remains the same.
- *Aurora Corridor Project (185<sup>th</sup> Street to 192<sup>nd</sup> Street):* The estimated cost of this project has increased from \$15.4 million to \$16.14 million based on unforeseen issues encountered during construction as well as work added to the project to enhance the final product. The timing of the project remains the same.
- *Aurora Corridor Project (192<sup>nd</sup> Street to 205<sup>th</sup> Street):* The estimated cost of this project has increased by \$4.3 million from \$37.1 to \$41.5 million due to more precise cost estimates. The projected costs include \$5.1 million in contingency. Revenue projections include additional secured grant funding. The completion of the project has been moved from 2014 to 2015.
- *Briarcrest Safe Routes to School:* The project has increased from \$425,000 to \$557,500 to construct additional ramps required by the American with Disabilities Act (ADA). The timing of the project remains the same.
- *Curb Ramp, Gutter, & Sidewalk Program:* Includes the addition of funding for projects in 2018.
- *Traffic Safety Improvements:* Includes the addition of funding for projects in 2018 and a slight increase in 2015.
- *Traffic Signal Rehabilitation:* Includes the addition of funding for projects in 2018 and an increase of \$350,000 in 2013 due to an awarded Highway Safety Improvement Program grant.

Surface Water Utility Fund

*Policy Issues:*

*Surface Water Fees:* The 2013-2018 CIP assumes that surface water rates will be increased in 2013 by 3%, and will increase 3% annually in 2014 and 2015, 4% in 2016 and 5% in 2017 and 2018. This equates to an annual increase of \$4.00 for a single family residential home in 2013. Future rate analysis will be required as basin plans are completed and the City Council makes policy decisions regarding the level of capital improvements implemented.

*King County Flood Zone Taxes:* In 2008, King County began assessing a \$0.05 per \$1,000 assessed valuation property tax for the purpose of addressing flooding issues throughout the County. There has been a recommendation from King County Flood Control District Advisory Committee to the King County Council to distribute these funds back to cities based on a distribution formula. The annual distribution for Shoreline is estimated at \$80,000.

*New Projects:*

- *Goheen Revetment Repair:* The revetment is located on McAleer Creek. This project is to repair over 60-ft of a failing bank protection revetment located in a City drainage easement on the Goheen property. This project is scheduled to be completed in 2014.
- *Stormwater Pipe Replacement:* This program will replace failing infrastructure identified in the asset inventory and condition assessment program of the City's basins. This would replace pipes that have been determined to have major structural or maintenance deficiencies. This is an ongoing program.

*Changes from the 2012-2017 CIP:*

- *Ballinger Creek Drainage Study (Lyon's Creek):* The funding for this project has increased from \$150,000 to \$210,000 to include stormwater pipe infrastructure condition assessment for future repair and replacement of stormwater pipes. This work was originally included in the *Surface Water Management (SWM) Infrastructure Inventory and Assessment* project. That project's estimated costs have been reduced to reflect this change. The project timing has not changed.
- *Boeing Creek Reach 1 and 8 – Bank Stabilization:* This project has been eliminated from the CIP until staff can review the recommendations included in the Boeing Creek Basin Plan.
- *Culvert Replacement near 14849 12<sup>th</sup> Ave. NE:* **The** funding of this project has increased from \$212,000 to \$250,000 based on current cost estimates. The timing of this project has been moved from 2012 to 2014.
- *McAleer Creek Basin Plan:* The funding for this project has increased from \$200,000 to \$450,000 to include stormwater pipe infrastructure condition assessment for future repair and replacement of stormwater pipes which was originally included in the *SWM Infrastructure Inventory and Assessment* project. The timing of this project has been moved from 2013 to 2014.
- *Puget Sound Drainages Basin Plan:* The funding for this project has increased from \$150,000 to \$225,000 to include stormwater pipe infrastructure condition assessment for future repair and replacement of stormwater pipes which was originally included in the *SWM Infrastructure Inventory and Assessment* project. The timing of this project has not changed.
- *Pump Station No. 25:* The funding for this project has increased from \$536,601 to \$550,408 based on actual costs. The timing of this project has not changed.

- *Stream and Habitat Restoration Program:* This project has been eliminated and combined with Surface Water Managements Green Works Projects. Since both project elements are similar in nature, with regards to water quality, goals and habitat restoration it seemed appropriate to combine them at this time.
- *Surface Water Small Projects:* Includes the addition of funding for projects in 2018 and a reduction in the yearly allocation of funds in all years since there has been a decline in isolated flooding projects.
- *Surface Water Management (SWM) Infrastructure Inventory and Assessment:* This project funding has decreased from \$525,000 to \$352,746. The difference has been reallocated to the different basin planning projects since this work is part of the scope of all of the basin studies. The timing of this project has been moved from 2013 to 2012.

### **2014 – 2019 Long-Term Projections**

The City's financial policies require that the City maintain a six-year operating budget financial forecast. Staff updated the forecast in June and has updated the forecast again as part of the preliminary 2013 budget process. Below is a comparison of the projected bottom-line of the two forecasts:

	<b>2014 Forecast</b>	<b>2015 Forecast</b>	<b>2016 Forecast</b>	<b>2017 Forecast</b>	<b>2018 Forecast</b>	<b>2019 Forecast</b>
June 2012 - Net Budget Surplus (Gap)	(230,029)	(152,146)	679,753	932,952	(183,441)	(937,937)
September 2012 - Net Budget Surplus (Gap)	(0)	40,894	196,760	(947,763)	(1,685,521)	(2,370,465)
Change in Projections	60,683	362,386	(482,993)	(1,880,715)	(952,630)	(1,981,977)

Based on the September 2012 forecast the difference between the two forecasts can be attributed to the following factors:

- Property tax collections are down significantly due to the continued decrease in assessed valuation.
- Taxable retail sales are projected to occur at higher level than the previous forecast.
- The anticipated increase in permit activity has been tempered somewhat from the June forecast
- Based on recent activity projected state shared revenue from fuel tax are expected to decrease by 5% annually as consumption continues to fall as consumer respond to higher priced fuel
- Increased level of General Fund support for street maintenance due to loss of fuel tax revenue
- Expenditures for the maintenance of newly completed capital projects has been reviewed and is higher than the June forecast based on recent experience
- Police contract costs are down due to lower health care costs
- Budgeted contingency has increased as required by the City's Reserve Policy

Based on current assumptions gaps begin to occur in 2017. At that time, the growth in expenditures begins to outpace the growth in revenues. As Council is aware the City's property tax levy lid lift expires at the end of 2016, and therefore the levy limitation returns to a 1% cap in 2017.

#### Long-Term Budget Trends

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

- *Property Tax:* As noted earlier, the preliminary 2013 property tax levy is anticipated to decrease from 2012 by approximately \$641,723 or 7% due to a continued drop in the City's assessed valuation. The assessed valuation is projected to increase by 8.6% in 2014 and by 4.5% in 2015 slowing to a growth rate of approximately 3% for 2016 to 2019. The levy lid lift as approved by Shoreline voters limits the growth in the annual property tax levy to the rate of inflation which is projected to be less than 2.5% for 2014 to 2016. When the levy lid lift expires in 2016, the annual levy will only be allowed to grow by the statutory 1% limit. As a result of all of the information above, property tax revenue is forecast to increase by about 3% for 2014-2016, and about 1.6% for 2017-2019.

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
June 2012 Projections	10,297,062	10,851,750	11,257,893	11,429,293	11,599,692	N/A
Sept. 2012 Projections	9,728,779	10,023,910	10,324,881	10,488,373	10,652,163	10,816,674
Change in Projections	(568,283)	(827,840)	(933,012)	(940,920)	(947,529)	N/A

- *Sales Tax:* The projections for sales tax have decreased slightly from the previous forecast based upon the updated retail sales forecast for the Puget Sound area and our recent experience. We are assuming that Shoreline taxable sales will increase at 75% of the predictions for the entire area. This is in keeping with past forecasting practices. The following chart compares the September 2012 projections with the June 2012 projections for sales tax:

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
June 2012 Projections	6,659,164	6,933,652	7,201,711	7,477,047	7,746,322	N/A
Sept. 2012 Projections	6,635,030	6,888,950	7,131,817	7,378,527	7,618,781	7,873,236
Change in Projections	(24,134)	(44,702)	(114,596)	(98,520)	(127,541)	N/A

- *Gambling Tax:* Staff has assumed no growth in future years in tax collections so a baseline of \$1,557,224 is assumed. Promissory note payments have been included in 2014 projections.
- *Development Revenue:* Development activity is based upon projected permit activity for the Puget Sound area for 2014 to 2019. Projected revenue over the six year period is down when compared to the June projection. This is mostly due to lowering projected revenue from Building Permit Fees and Land Use Fees. When the June forecast was developed, 2013 permit activity was projected to increase by 39.09%. The latest forecast projects that 2013 activity will increase over 2012 by 23.41%. This lowers that base for each subsequent year by approximately \$50,000. Land Use fees were reduced from an annual base of \$83,600 in the June forecast to

a new base of \$37,739 in the September forecast. During the past few years, several large master plans were developed for the Fircrest, Shoreline Community College, and Christa campuses. Staff assumes that the level of activity will return to prior levels and therefore lowered the estimated revenues. Below is a comparison of the projected revenue from the September 2012 forecast and the June 2012 forecast:

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
June 2012 Projections	849,837	908,783	881,528	829,492	734,658	N/A
Sept. 2012 Projections	718,861	765,285	744,630	688,942	601,446	572,115
Change in Projections	(130,976)	(143,498)	(136,898)	(140,550)	(133,212)	N/A

- **Market Adjustment - Cost of Living Adjustment (COLA):** Cost of living adjustments are projected to average 2.20% for 2014 to 2019. The salary forecast for 2014 through 2019 also assumes that 15% of employees will receive an annual step increase.
- **Health Benefits:** Costs are projected with an annual escalator of 7.5% for all health benefits which includes medical, dental, life and long term disability coverage for 2014 – 2019.
- **Public Employee Retirement System (PERS) Contribution Rates:** PERS contribution rates have increased slightly from those included in the June 2012 forecast. The following table shows the rates as adopted by the Select Committee on Pension Policy on July 25, 2012.

PERS Employer Contribution	Current Rate	Effective 7-1-13	Effective 7-1-14	Effective 7-1-15 – 6/30/17
Legislative Approved Rates	7.21%	9.19%	9.19%	
State Actuary Projected Rates				9.69%

The table below displays the rates that were included in the June 2012 forecast:

PERS Employer Contribution	Current Rate	Effective 7-1-13	Effective 7-1-14	Effective 7-1-15
Legislative Approved Rates	7.21%			
State Actuary Projected Rates		9.10%	9.10%	9.53%

The impact on PERS contributions is shown in the following table:

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
June 2012 Projections	806,406	850,360	895,131	923,756	1,049,405	N/A
Sept. 2012 Projections	842,057	890,672	941,289	972,208	1,087,771	1,226,088
Change in Projections	35,651	40,312	46,158	48,452	38,366	N/A

#### Revenue Stabilization Fund

The City's revenue stabilization fund was created as a reserve to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods. The City's reserve policy establishes that the balance of the fund equal 30% of economic sensitive revenues. The fund balance at the end of 2011 was \$5,145,159. The General Fund will not be required to transfer any funds to the Revenue Stabilization Fund until 2015 as the projected fund balance is already sufficient to meet the 30% target. Long range projections indicate that the General Fund will need to transfer approximately \$58,821 in 2015; \$133,340 in 2016; \$115,406 in 2017; \$85,083 in 2018; and \$110,755 in 2019.

#### Long-Term Financial Assumptions

Staff will continue to monitor revenue and expenditure trends to identify any change in the assumptions for projecting the budget over the next six years. The following table summarizes the current budget projections and the base assumptions.

	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
<b>Net Budget Surplus (Gap)</b>	(0)	40,894	196,760	(947,763)	(1,685,521)	(2,370,465)
<b>Assumptions:</b>						
Inflation	2.50%	2.40%	2.34%	2.48%	2.46%	2.47%
Annual Revenue Growth	2.79%	2.23%	2.46%	1.89%	1.35%	1.84%
Annual Change in Assessed Valuation	8.6%	4.5%	3.3%	3.3%	2.6%	2.8%
Annual Sales & Use Tax Change	4.10%	4.42%	3.91%	3.76%	3.35%	3.52%
General Fees & Licenses Increase	2.00%	1.92%	1.87%	1.98%	1.97%	1.98%
Investment Interest Rate	0.28%	0.88%	1.88%	2.50%	2.50%	2.50%
Building Permit Activity Change	6.52%	6.90%	-2.89%	-7.99%	-13.63%	-5.31%
Revenue Collection	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Annual Expenditure Growth	2.40%	5.77%	5.67%	6.54%	6.65%	6.95%
PERS Employer Contribution Rate	9.19%	9.44%	9.69%	9.69%	10.56%	11.59%
Health Benefit Escalator	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Regular Salary Escalator	2.82%	2.77%	2.72%	2.81%	2.79%	2.82%
Police Contract Escalator	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Annual Jail Cost Increases	2.75%	3.01%	3.00%	3.01%	3.01%	3.01%
Expenditure Percentage	99.00%	99.00%	99.00%	99.00%	99.00%	99.00%
Contribution to Stabilization Fund	-	58,821	133,340	115,406	85,083	110,755
New Maintenance Costs for Completed Capital Projects	33,085	82,442	60,192	11,177	13,543	4,238
Property Tax Equalization Funds Used	252,346	226,654	706,000			

#### Long-Term Sustainability

Although the City uses a six year financial planning horizon in the budget, the City Council included as part of its goals and work plan the development of a 10 year financial sustainability plan. This will include optimistic, pessimistic, and moderate scenarios. This will also include looking at various alternatives to bridge anticipated future budget gaps. This may include service reductions, restructuring, reduced hours of service, etc. to improve the expenditure outlook. Also, included will be proposed revenue increases from a variety of sources, including such things as fee changes, new

fees, and growth resulting from economic development. Developing this plan will be a focus this fall and in 2013.

### **SUMMARY**

Based on the most recent financial projections it appears that the fund balance in the General Fund will increase by approximately \$469,000 in 2012.

The 2013 proposed budget is currently balanced and reflects a \$187,761 surplus in the General Fund. Although this is the case, the City has not received final assessed property values from the King County Assessor's Office, therefore there is the possibility that the 2013 property tax forecast could require additional adjustments. The City Manager's 2013 Proposed Budget will include one-time funding for items that further the Council's goals. In addition to the one-time supplemental information discussed in the report totaling \$357,680, the 2013 preliminary budget estimates using \$897,208 from fund balance for the budget and insurance contingency for a total use of fund balance of \$1,247,413. As is typical in these situations staff anticipates that actual use of fund balance will ultimately be less than anticipated. Staff will need to continue to work to address projected budget gaps in future years beyond the life of the levy lid lift.

The proposed 2013-2018 CIP reflects the priorities of the Council, with the exception of a dedicated funding source for sidewalks. There are a number of projects that are considered to be 'underfunded,' such as the pavement management program and other projects, although important, that have not been funded in the proposed CIP.

The City Manager will provide her Proposed 2013 Budget to the City Council on October 15.

### **RECOMMENDATION**

No action is required by the City Council. This item is for informational purposes and to provide the City Council with preliminary 2013 budget information. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this review.

### **ATTACHMENTS**

- Attachment A – Operating Budget Forecast
- Attachment B – 2014 – 2018 Capital Improvement Plan Program Summary
- Attachment C – Unfunded/Underfunded Capital Needs
- Attachment D – Potential "Community" Mini-Grant Criteria

# **OPERATING BUDGET FORECAST SIX YEAR FORECAST**

	2013 Projected Budget	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
<b>Beginning Fund Balance</b>	<b>\$ 7,195,768</b>	<b>\$ 7,383,529</b>	<b>\$ 7,383,529</b>	<b>\$ 7,424,422</b>	<b>\$ 7,621,182</b>	<b>\$ 6,673,419</b>	<b>\$ 4,987,898</b>
<b>Revenues:</b>							
Taxes:							
Property	9,409,277	9,728,779	10,023,910	10,324,881	10,488,373	10,652,163	10,816,674
Sales and Use	7,746,579	7,976,060	8,301,633	8,609,731	8,921,022	9,220,033	9,539,801
Gambling	1,845,746	1,693,770	1,557,349	1,557,349	1,557,349	1,557,349	1,557,349
Utility	4,180,630	4,266,259	4,350,383	4,436,469	4,531,197	4,627,358	4,726,244
Other	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Franchise/Utility Contract Payments	4,053,620	4,142,554	4,230,810	4,319,495	4,413,921	4,519,549	4,628,220
Licenses and Permits	867,331	838,651	871,402	862,812	833,018	783,729	770,289
Intergovernmental	2,118,450	2,189,903	2,174,510	2,159,876	2,147,069	2,135,243	2,128,731
Charges for Services	1,867,374	1,778,460	1,824,398	1,844,269	1,852,812	1,849,404	1,869,194
Fines and Forfeitures	629,500	629,500	629,500	629,500	629,500	629,500	629,500
Interest Income	35,000	41,871	99,452	195,421	254,922	254,922	254,922
Miscellaneous Revenues	1,681,583	1,683,603	1,685,711	1,687,913	1,690,235	1,592,669	1,595,227
<b>Total Revenue</b>	<b>34,442,290</b>	<b>34,976,610</b>	<b>35,756,259</b>	<b>36,634,918</b>	<b>37,326,618</b>	<b>37,829,118</b>	<b>38,523,350</b>
<b>Operating Expenditures</b>							
Salaries & Benefits	12,798,972	13,375,298	13,742,895	14,263,706	14,802,799	15,447,858	16,144,564
Supplies	654,133	655,283	648,730	648,730	648,730	648,730	648,730
Services & Charges	5,841,392	5,650,369	5,775,831	5,937,728	6,060,805	6,188,203	6,310,092
Intergovernmental	12,938,995	13,367,275	13,670,011	14,120,516	14,588,084	15,071,241	15,571,005
Interfund	344,422	353,729	353,704	357,217	361,022	364,886	368,867
Budgeted Contingency	1,027,208	1,008,500	1,014,436	1,032,401	1,046,649	1,059,115	1,073,337
Capital Outlay	0	-	-	-	-	-	-
<b>Total Operating Expenditures</b>	<b>33,605,122</b>	<b>34,410,454</b>	<b>35,205,608</b>	<b>36,360,300</b>	<b>37,508,090</b>	<b>38,780,032</b>	<b>40,116,596</b>
<b>Revenue Over (Under) Expenditures</b>	<b>837,168</b>	<b>566,155</b>	<b>550,651</b>	<b>274,618</b>	<b>(181,472)</b>	<b>(950,914)</b>	<b>(1,593,246)</b>
<b>Other Financial Sources (Uses)</b>							
Operating Transfers In	1,959,248	2,211,594	2,185,902	2,665,248	1,959,248	2,059,248	2,059,248
Transfers Out	2,608,655	2,777,750	2,695,660	2,743,106	2,725,539	2,793,855	2,836,467
<b>Net Budget Surplus (Gap)</b>	<b>187,761</b>	<b>(0)</b>	<b>40,894</b>	<b>196,760</b>	<b>(947,763)</b>	<b>(1,685,521)</b>	<b>(2,370,465)</b>
<b>Ending Fund Balance</b>	<b>\$ 7,383,529</b>	<b>\$ 7,383,529</b>	<b>\$ 7,424,422</b>	<b>\$ 7,621,182</b>	<b>\$ 6,673,419</b>	<b>\$ 4,987,898</b>	<b>\$ 2,617,433</b>

## **Assumptions**

Inflation	2.50%	2.40%	2.34%	2.48%	2.46%	2.47%
Annual Revenue Growth	2.79%	2.23%	2.46%	1.89%	1.35%	1.84%
Annual Sales & Use Tax Change	4.10%	4.42%	3.91%	3.76%	3.35%	3.52%
General Fees & Licenses Increase	2.00%	1.92%	1.87%	1.98%	1.97%	1.98%
Investment Interest Rate	0.28%	0.88%	1.88%	2.50%	2.50%	2.50%
Building Permit Change	6.52%	6.90%	-2.89%	-7.99%	-13.63%	-5.31%
Revenue Collection	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
PERS Employer Contribution Rate	9.19%	9.44%	9.69%	9.69%	10.56%	11.59%
Health Benefit Escalator	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Regular Salary Escalator	2.85%	2.76%	2.71%	2.83%	2.81%	2.82%
Police Contract Escalator	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Expenditure Percentage	100.00%	99.00%	99.00%	99.00%	99.00%	99.00%
Annual Expenditure Growth	2.40%	5.77%	5.67%	6.54%	6.65%	6.95%
Contribution to Stabilization Fund	-	85,844	134,467	116,391	85,878	111,786
New Maintenance Costs for Completed Capital Projects	\$ 33,049	\$ 82,401	\$ 60,150	\$ 11,132	\$ 13,491	\$ 4,238
Property Tax Equalization Funds Used	\$ 252,346	\$ 226,654	\$ 706,000	\$ -	\$ -	\$ -

City of Shoreline 2013 - 2018 Capital Improvement Plan  
PROGRAM SUMMARY

**EXPENDITURES**

<b>Fund</b>	<b>Proposed 2013</b>	<b>Proposed 2014</b>	<b>Proposed 2015</b>	<b>Proposed 2016</b>	<b>Proposed 2017</b>	<b>Proposed 2018</b>	<b>Total 2013-2018</b>
<i>Project</i>							
<b><u>General Capital</u></b>							
<i><b>Parks Projects</b></i>							
Ballinger Neighborhood Parks Master Planning	\$0	\$0	\$150,000	\$0	\$0	\$0	\$150,000
Echo Lake Park Improvements	\$249,459	\$0	\$0	\$0	\$0	\$0	\$249,459
Off Leash Dog Areas	\$5,000	\$0	\$0	\$0	\$0	\$0	\$5,000
Park at Town Center	\$0	\$0	\$750,000	\$250,000	\$0	\$0	\$1,000,000
Parks Repair and Replacement	\$180,000	\$180,000	\$185,000	\$190,000	\$200,000	\$200,000	\$1,135,000
Pym Acquisition	\$0	\$0	\$0	\$0	\$800,000	\$0	\$800,000
Regional Trail Signage	\$100,000	\$0	\$0	\$0	\$0	\$0	\$100,000
Richmond Beach Saltwater Park Improvements	\$15,000	\$10,330	\$0	\$0	\$0	\$0	\$25,330
Saltwater Park Pedestrian Bridge Major Repair	\$25,000	\$275,000	\$0	\$0	\$0	\$0	\$300,000
Sunset School Park Project	\$150,000	\$0	\$0	\$0	\$0	\$0	\$150,000
Trail Corridors	\$222,000	\$0	\$0	\$0	\$0	\$0	\$222,000
<i><b>Facilities Projects</b></i>							
City Hall Generator	\$0	\$0	\$0	\$0	\$0	\$700,000	\$700,000
Maintenance Facility	\$2,500,000	\$368,000	\$0	\$0	\$0	\$0	\$2,868,000
Police Station Site Analysis	\$80,000	\$0	\$0	\$0	\$0	\$0	\$80,000
Shoreline Pool Repair/Replacement Needs Analysis	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
<i><b>Non-Project Specific</b></i>							
General Capital Engineering	\$59,130	\$0	\$0	\$0	\$0	\$0	\$59,130
General Fund Cost Allocation Charge	\$36,520	\$10,000	\$0	\$0	\$0	\$0	\$46,520
Bond Issue Funding to Roads for Trail Connectors	\$8,100	\$0	\$0	\$0	\$0	\$0	\$8,100
City Hall Debt Service Payment	\$580,541	\$640,087	\$664,346	\$664,546	\$663,946	\$664,547	\$3,878,013
<b>General Capital Fund Total</b>	<b>\$4,260,750</b>	<b>\$1,483,417</b>	<b>\$1,749,346</b>	<b>\$1,104,546</b>	<b>\$1,663,946</b>	<b>\$1,564,547</b>	<b>\$11,826,552</b>
<b><u>City Facilities - Major Maintenance</u></b>							
<i><b>General Facilities Projects</b></i>							
Police Station Long-Term Maintenance	\$25,000	\$0	\$20,000	\$0	\$0	\$0	\$45,000
City Hall Parking Garage Long-Term Maintenance	\$0	\$0	\$100,000	\$20,160	\$0	\$0	\$120,160
<i><b>Parks Projects</b></i>							
Pool Long-Term Maintenance	\$33,000	\$96,000	\$140,000	\$0	\$20,000	\$0	\$289,000
Richmond Highlands Community Center Long-Term Maintenance	\$50,000	\$0	\$25,000	\$0	\$50,000	\$0	\$125,000
Spartan Recreation Center	\$15,000	\$0	\$0	\$0	\$0	\$0	\$15,000
<b>City Facilities - Major Maintenance Fund Total</b>	<b>\$123,000</b>	<b>\$96,000</b>	<b>\$285,000</b>	<b>\$20,160</b>	<b>\$70,000</b>	<b>\$0</b>	<b>\$594,160</b>

City of Shoreline 2013 - 2018 Capital Improvement Plan  
PROGRAM SUMMARY

**EXPENDITURES**

<b>Fund</b>	<b>Proposed 2013</b>	<b>Proposed 2014</b>	<b>Proposed 2015</b>	<b>Proposed 2016</b>	<b>Proposed 2017</b>	<b>Proposed 2018</b>	<b>Total 2013-2018</b>
<i>Project</i>							
<b><u>Roads Capital Fund</u></b>							
<i><b>Pedestrian / Non-Motorized Projects</b></i>							
Curb Ramp, Gutter and Sidewalk Maintenance Program	\$140,000	\$113,500	\$150,000	\$150,000	\$150,000	\$150,000	\$853,500
NE 195th Separated Trail	\$60,000	\$370,000	\$0	\$0	\$0	\$0	\$430,000
Safe Route to School NW 195th	\$15,000	\$168,500	\$164,500	\$0	\$0	\$0	\$348,000
Traffic Safety Improvements	\$251,500	\$187,500	\$187,500	\$285,000	\$285,000	\$285,000	\$1,481,500
<i><b>System Preservation Projects</b></i>							
Annual Road Surface Maintenance Program	\$1,354,283	\$800,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$6,154,283
Traffic Signal Rehabilitation Program	\$470,631	\$121,084	\$100,000	\$100,000	\$100,000	\$100,000	\$991,715
<i><b>Safety / Operations Projects</b></i>							
Aurora Avenue North 192nd - 205th	\$14,419,261	\$14,429,653	\$1,169,453	\$0	\$0	\$0	\$30,018,367
Hidden Lake Bridge	\$100,000	\$50,000	\$0	\$0	\$0	\$0	\$150,000
Route Development Plan for the 145th Corridor	\$150,000	\$100,000	\$0	\$0	\$0	\$0	\$250,000
<i><b>Non-Project Specific</b></i>							
General Fund Cost Allocation Overhead Charge	\$54,719	\$54,719	\$54,719	\$54,719	\$54,719	\$54,719	\$328,314
Roads Capital Engineering	\$181,226	\$249,120	\$266,959	\$291,014	\$300,639	\$300,639	\$1,589,597
<b>Roads Capital Fund Total</b>	<b>\$17,196,620</b>	<b>\$16,644,076</b>	<b>\$3,093,131</b>	<b>\$1,880,733</b>	<b>\$1,890,358</b>	<b>\$1,890,358</b>	<b>\$42,595,276</b>

City of Shoreline 2013 - 2018 Capital Improvement Plan  
PROGRAM SUMMARY

EXPENDITURES Fund	Proposed 2013	Proposed 2014	Proposed 2015	Proposed 2016	Proposed 2017	Proposed 2018	Total 2013-2018
<i>Project</i>							
<b>Surface Water Capital</b>							
<b><i>Basin Planning Projects</i></b>							
Ballinger Creek Drainage Study (Lyons Creek Basin)	\$80,000	\$130,000	\$0	\$0	\$0	\$0	\$210,000
McAleer Creek Basin Plan	\$50,000	\$400,000	\$0	\$0	\$0	\$0	\$450,000
Puget Sound Drainages Basin Plan	\$0	\$0	\$225,000	\$0	\$0	\$0	\$225,000
<b><i>Flood Protection/Drainage Improvement Projects</i></b>							
Culvert Replacement Near 14849 12th Ave NE	\$50,000	\$200,000	\$0	\$0	\$0	\$0	\$250,000
Goheen Revetment Repair	\$100,000	\$300,000	\$0	\$0	\$0	\$0	\$400,000
Stormwater Pipe Replacement Program	\$300,000	\$200,000	\$150,000	\$200,000	\$250,000	\$350,000	\$1,450,000
Surface Water Small Projects	\$200,000	\$125,000	\$100,000	\$140,000	\$150,000	\$150,000	\$865,000
<b><i>Water Quality</i></b>							
North Fork Thornton Creek LID Stormwater Retrofit	\$593,000	\$0	\$0	\$0	\$0	\$0	\$593,000
Surface Water Management Green Works Projects	\$200,000	\$125,000	\$100,000	\$140,000	\$150,000	\$150,000	\$865,000
<b><i>Non-Project Specific</i></b>							
General Fund Cost Allocation Overhead Charge	\$150,000	\$150,000	\$78,000	\$55,000	\$65,000	\$65,000	\$563,000
Maintenance Facility Debt Service	\$0	\$100,000	\$104,000	\$108,160	\$112,486	\$116,986	\$541,632
Surface Water Capital Engineering	\$194,100	\$205,000	\$217,000	\$230,000	\$244,000	\$258,000	\$1,348,100
<b>Surface Water Capital Fund Total</b>	<b>\$1,917,100</b>	<b>\$1,935,000</b>	<b>\$974,000</b>	<b>\$873,160</b>	<b>\$971,486</b>	<b>\$1,089,986</b>	<b>\$7,760,732</b>
<b>TOTAL EXPENDITURES</b>	<b>\$23,497,470</b>	<b>\$20,158,493</b>	<b>\$6,101,477</b>	<b>\$3,878,599</b>	<b>\$4,595,790</b>	<b>\$4,544,891</b>	<b>\$62,776,720</b>

City of Shoreline 2013 - 2018 Capital Improvement Plan  
PROGRAM SUMMARY

EXPENDITURES	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	Total
<u>Fund</u>	2013	2014	2015	2016	2017	2018	2013-2018
<i>Project</i>							
<b>RESOURCES</b>							
General Fund Contribution	\$602,913	\$688,841	\$564,009	\$555,526	\$547,422	\$540,378	\$3,499,089
Treasury Seizure Fund Contribution to General Cap Fund	\$80,000	\$0	\$0	\$0	\$0	\$0	\$80,000
General Capital Bond Issue Contribution to Roads Cap Fund	\$8,100	\$49,950	\$0	\$0	\$0	\$0	\$58,050
Transportation Benefit District	\$913,000	\$695,000	\$695,000	\$695,000	\$695,000	\$695,000	\$4,388,000
Real Estate Excise Tax - 1st Quarter Percent	\$580,541	\$681,237	\$701,501	\$722,196	\$760,916	\$778,664	\$4,225,055
Real Estate Excise Tax - 2nd Quarter Percent	\$580,541	\$681,237	\$701,501	\$722,196	\$760,916	\$778,664	\$4,225,055
Surface Water Fees	\$706,244	\$700,398	\$714,206	\$797,332	\$890,358	\$1,029,245	\$4,837,783
Investment Interest Income	\$18,095	\$39,489	\$41,868	\$30,091	\$31,002	\$29,647	\$190,192
King County Flood Zone District Opportunity Fund	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$480,000
Grants - Awarded	\$15,616,749	\$13,836,764	\$424,999	\$0	\$0	\$0	\$29,878,512
<u>Future Grants</u>	<u>\$50,000</u>	<u>\$203,500</u>	<u>\$1,099,500</u>	<u>\$285,000</u>	<u>\$835,000</u>	<u>\$735,000</u>	\$3,208,000
<u>Future Financing</u>	<u>\$2,500,000</u>	<u>\$368,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$2,868,000
King County Voter Approved Trail Funding	\$117,140	\$0	\$0	\$0	\$0	\$0	\$117,140
Use of Accumulated Fund Balance	\$1,644,146	\$2,134,077	\$1,078,893	(\$8,742)	(\$4,823)	(\$121,707)	\$4,721,845
<b>TOTAL RESOURCES</b>	<b>\$23,497,470</b>	<b>\$20,158,493</b>	<b>\$6,101,477</b>	<b>\$3,878,599</b>	<b>\$4,595,790</b>	<b>\$4,544,891</b>	<b>\$62,776,720</b>

**Fund: 301 – General Capital Fund:** This fund receives funds that are designated specifically for capital purposes. The primary source of dedicated revenue is Real Estate Excise Tax (REET) and General Fund transfers. These funds are used for facility, recreation, parks and open space projects.

PROJECT TITLE	PROJECT DESCRIPTION	ESTIMATED LOW	ESTIMATED HIGH
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**UNDERFUNDED**

<b>City Hall</b>	Tenant Improvements	\$621,000	\$711,000
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**Significant Projects Beyond 6 year CIP**

<b>Police Station</b>	Acquire, plan, design and construct a new Police Station	\$16 million	\$20 million
<b>Aquatic Center</b>	Demolish existing pool, construct aquatic center adjacent to Spartan Gym	\$20 million	\$27 million
<b>Spartan Recreation Center Expansion</b>	Complete at same time as aquatic center – convert north locker rooms into classroom spaces	\$1.5 million	\$2 million
<b>Saltwater Pedestrian Bridge Replacement</b>	Plan, design and construct a new bridge to Richmond Beach	\$2 million	\$3 million
<b>Acquire BNSF property along Puget Sound</b>	Purchase shoreline property from BNSF Railroad	\$1 million	\$2 million

**Fund: 312 – City Facility Major Maintenance Fund:** This capital fund accounts for the long-term maintenance of City Facilities.

PROJECT TITLE	PROJECT DESCRIPTION	ESTIMATED LOW	ESTIMATED HIGH
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**UNFUNDED**

<b>Shoreline Pool Facility</b>	Relocate existing overhead pool lights to the sides to allow accessibility for easier maintenance	\$25,000	\$35,000
	Replace the underground fuel tank located on the northwesterly side of the pool facility	\$25,000	\$35,000
	Replacement of Bulkhead	\$60,000	\$70,000

**Fund:** 330 – Roads Capital Fund: This fund receives funds that are designated specifically for capital purposes. The primary source of dedicated revenue is Real Estate Excise Tax (REET) and federal, state, and local grant sources. These funds are used for street and transportation related projects.

PROJECT TITLE	PROJECT DESCRIPTION	ESTIMATED LOW	ESTIMATED HIGH
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**UNDERFUNDED**

<b>Annual Road Surface Maintenance</b>	The road surface maintenance program maintains the City's roadways through asphalt overlays and surface seals. Currently, there is not adequate funding to maintain the desired pavement condition.	\$850,000 per year	\$1.5 million per year
<b>Pedestrian Improvements</b>	Sidewalks are a high priority for the residents of the community. Additional funding is necessary to install sidewalks and pedestrian facilities throughout the City.	\$750,000 per year	\$1 million per year
<b>Annual Sidewalk Maintenance (AKA Curb Ramp, Gutter and Sidewalk Program)</b>	Annual Sidewalk Maintenance addresses pedestrian safety through the repair and replacement of sidewalk, curb ramps and gutter in compliance with ADA requirements.	\$500,000 per year	\$750,000 per year

**UNFUNDED**

<b>Interurban/Burke-Gilman Connector – Northern Route</b>	Construct improvements to strengthen the connection between Shoreline's Interurban Trail and the Burke-Gilman Trail to the east. The route runs along N/NE 195th Street from the Interurban Trail to 10th Ave NE, 10th Ave NE to Perkins Way NE and Perkins Way NE to the City limits. Other projects may include walkways, separated trails, signage and improvements to the NE 195th Street bridge over I-5. The City will work with Lake Forest Park to ensure facilities are coordinated. Portions of this work are currently funded with the Parks Bond Project and KC Trail Levy.	\$3 million	To be determined
<b>Richmond Beach Rd at 3rd Ave NW</b>	This project will design and construct left-turn lanes on Richmond Beach Road at the intersection with 3rd Ave NW and install signal modifications. The improvements will also include storm drainage, pavement widening, curb-and-gutter and sidewalks, retaining walls and street lighting. NW	\$1.9 million	\$2.25 million

	Richmond Beach Road is a high-volume arterial street at this location and this project will improve safety and traffic flow.		
<b>Midvale Ave N – 175th to 183rd Reconstruction</b>	Design, acquire right-of-way and reconstruct Midvale Ave N. This project will move lanes off Seattle City Light (SCL) right-of-way. The project will include undergrounding electrical distribution lines, curb, gutter, sidewalks, amenity zone and on-street parking and angle parking on the west in the SCL right-of-way.	\$2.5 million	\$3 million
<b>145th Street – 3rd Ave NW to Bothell Way NE (SR 522)</b>	Perform a multi-modal corridor study of 145th Street (SR 523) from Bothell Way NE (SR 522) to 3rd Ave NW. Work in conjunction with the City of Seattle, the Washington State Department of Transportation, King County, Metro Transit and Sound Transit to evaluate the future transportation needs for this corridor. Include an examination of safety, traffic, transit and non-motorized needs resulting from anticipated changes in the area such as growth, location of light rail station(s) and regional tolling. The southern half (eastbound lanes) of the street is within the City of Seattle; Seattle classifies 145th St as Collector Arterial from 3rd Ave NW to Greenwood Ave N and a Primary Arterial from Greenwood Ave N to Bothell Way NE.	\$500,000	\$600,000
<b>10th Ave NW Hidden Lake bridge replacement</b>	Rehabilitate the existing bridge to ensure safe vehicle crossing.	\$3,700,000	To be determined
<b>NW 160th Street and Greenwood Ave N/Innis Arden Way</b>	This project will improve the operations and safety of this five-way intersection at N 160th St. Greenwood Ave N and Innis Arden Way. Design will be coordinated with Shoreline Community College (SCC) Master Planning and with Metro Transit. Illumination and landscaping will be provided through the realignment area. Bus zone and layover improvements will be included. This project also includes the construction of a new sidewalk on the north side of N 160th Street from Dayton Ave N to Greenwood Ave N. Prior to construction, a study will be performed to identify a preferred solution to the current traffic operating problems at this intersection.	\$1,750,000	\$2,000,000

**Fund:** 401 – Surface Water Utility Fund: This enterprise fund includes all operations and capital improvements related to surface water management and drainage. The City charges property owners an annual surface water fee that is used to fund these activities.

PROJECT TITLE	PROJECT DESCRIPTION	ESTIMATED
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**UNDERFUNDED**

<b>Stormwater Pipe Replacement Program</b>	Replacement of structurally and maintenance deficient stormwater pipes identified during the stormwater pipe infrastructure condition assessment program.	\$2.5 million
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**UNFUNDED**

<b>Ballinger Creek Stormwater Wetland</b>	This is a flood control and water quality project to reduce high downstream flows in Ballinger Creek that cause erosion and flooding. The project would include the construction of a stormwater wetland that would improve water quality and detain high flows.	\$1.5 million
<b>Ballinger Creek Stream Enhancement</b>	This project is an enhancement of the stream channel in Bruggers Bog Park. This enhancement would include channel widening, bank stabilization, installation of large woody debris for habitat, and riparian plantings.	\$400,000
<b>AQ8. Weed Choked Meridian Creek</b>	Construct better-defined stream channel, add large woody debris, gravel, and stabilize banks. Replant with native wetland vegetation. Priority 2	\$278,000
<b>Storm Creek Basin Drainage Improvement Project</b>	Allocation for projects identified in the Storm Creek Basin Plan Study	\$300,000

## Potential “Community” Mini-Grant Criteria

**1. Benefit** – project, activity or event that benefits the general public in the Shoreline community by achieving one of the following goals:

- Fosters partnerships between community-wide ideas/groups and neighborhood associations and/or the Council of Neighborhoods.
- Supports stronger connections between and among individual neighborhood associations.
- Addresses specific identified community need (i.e. poverty, crime, youth development, affordable housing) that limits city service access or resident engagement or addresses common interest themes (gardens, bartering, music).
- Supports intentional outreach to and inclusion of specific target populations living in Shoreline (youth, elderly, multicultural, etc.).
- Link to City of Shoreline goals: healthy living/eating, economic development, increased resident engagement.

**2. Open to the public** –Project, activity or event is open to anyone in the Shoreline community.

**3. Time-limited funding** - Project, activity or event is part of a well designed program with clearly outlined plans for securing any additional future funding required to sustain project activities. (This could limit funding availability for on-going costs, such as administrative support, for multi-year periods.)

**4. Innovation/Need** - Project, activity or event proposes a new or innovative approach that addresses an identified community interest or need.

**5. Outreach** - project, activity or event proposes engagement of an under-represented part of the community as an integral part of their design.

**6. Engagement** – applicants can demonstrate capacity to implement process and engage those community partners needed to carry out proposed effort.

**7. Shoreline Focus** – the group or organization proposing the activity or project must have an existing connection to the Shoreline community and/or be located in Shoreline.