

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Discussion of Preliminary 2014 Budget
DEPARTMENT: Administrative Services
PRESENTED BY: 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:

Tonight staff will provide an update of the 2014 preliminary budget and related long-term financial projections. The City Manager will present the proposed budget to the City Council on October 14, with adoption scheduled for November 25, 2013.

At this time the 2014 preliminary budget is balanced and continues to allocate resources that support the Council’s goals and priorities. Tonight staff will also brief Council on budget assumptions and the major projects that will be included in the proposed 2014-2019 Capital Improvement Plan (CIP). Proposals that Council can anticipate will be included in the City Manager’s proposed budget were discussed during the Council Dinner Meeting on September 9, 2013.

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) financial management rating of “stable.” The City has had several years of clean audit opinions with no findings from the State Auditor’s Office. The 2014 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 2014 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 *IS*

INTRODUCTION

Staff is preparing the City Manager's 2014 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 2014 budget process. The 2014 budget adoption schedule is as follows:

Discussion of Preliminary 2014 Budget	September 16
Transmittal of Proposed 2014 Budget	October 14
Department Budget Reviews	October 21
Continued Department & CIP Reviews	October 28
Public Hearing on 2014 Budget & CIP	November 4
Public Hearing on Revenue Sources & 2014 Property Tax Levy	November 18
Adoption of 2014 Property Tax Levy	November 25
Adoption of 2014 Budget	November 25

BACKGROUND

2013 Operating Budget

Projected 2013 General Fund Savings

Although it is still early to project the 2013 budget outcomes, staff has completed a 2013 year-end forecast. The forecast projects that the fund balance in the General Fund will increase by approximately \$844,000. The 2013 budget assumed the use of approximately \$1.574 million, resulting in an ending fund balance approximately \$2.42 million higher than expected.

The projected increase in fund balance (\$844,000) comes from two sources. First, staff expects to collect revenues in excess of the adopted budget (\$712,602). Some of the most significant revenue increases are from sales tax (\$421,020) due to strong growth in new car sales and increases in the construction sector; gambling tax (\$80,531) due to higher than anticipated activity at two casinos and payments received from new promissory notes; and development revenue (\$151,203) mostly as a result of a higher level of permits and the construction of the Shoreline Star Apartments on N. 152nd near Stone Avenue.

Second, expenditure savings (\$131,413) are projected in several departments. The City Manager's Office expects savings in property management due to the move of the Police Westside Storefront to City Hall. Administrative Services will experience savings due to the vacancies of the IT Manager and the Central Services Manager during the early part of 2013. Police are expected to be under budget due to a lower than anticipated 2012 contract reconciliation charge. Staff also anticipates that the remaining operational contingency and insurance reserve in the citywide budget will not be used.

2013 Budget Savings Recommendation

As will be discussed later in this report, the 2014 supplemental budget requests included significant one-time requests to support the Council's adopted goals and priorities. The specific requests are discussed later in this report and are funded from

2012 savings. Staff anticipates that one-time savings from 2013 (if any) may be used to help fund possible supplemental requests in 2015 or other one-time needs as approved by the City Council.

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 "stable." The City has had several years of clean audit opinions with no findings from the State Auditor's Office. The 2014 budget will continue to be in compliance with the City's financial and reserve policies.

2014 Budget

The City Manager's 2014 Proposed Budget will be balanced in all funds. Given the limited resources of the City, there are no new proposed programs for 2014. As discussed at the September 9 Council Dinner meeting, the City Manager will be recommending some additional investments to support the accomplishment of Council goals and priorities.

Personnel

Overall the 2014 budget proposes 3.0 new full-time equivalent (FTE) positions. This would restore City staffing to 2012 levels, but would still be 6.3 FTE positions less than was funded in 2008.

City of Shoreline 2014 FTE Summary										
Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Changes
City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	0.00
City Manager	9.50	10.50	9.50	9.50	9.50	8.75	8.75	13.00	13.00	0.00
City Clerk	3.80	3.80	3.80	3.80	4.00	4.00	0.00	0.00	0.00	
Community Services	7.80	7.80	9.20	9.18	8.18	8.18	9.68	8.18	8.18	0.00
City Attorney	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Administrative Services	17.82	18.10	18.10	18.20	18.70	18.70	21.20	21.20	21.20	0.00
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Police	2.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Planning & Community Development	28.50	28.50	28.50	27.00	24.35	24.35	20.45	20.00	20.00	0.00
Parks, Recreation & Cultural Services	25.82	26.80	27.30	27.30	27.30	27.30	27.80	27.68	28.68	1.00
Public Works	37.00	37.00	38.00	39.00	39.00	39.00	41.50	36.00	38.00	2.00
Total FTE	145.24	146.50	148.40	147.98	144.03	143.28	142.38	139.06	142.05	3.00

The 2014 proposed budget will include a recommendation to make the following personnel adjustments which are reflected in the FTE chart above:

- *Add 1.0 FTE Parks Maintenance Worker II with the cost offset by reductions in extra help salaries and benefits and other operating reductions.*

- *Add 1.0 FTE Engineering Technician* in Public Works to provide support to implement and maintain the asset management system for the traffic and street programs.
- *Add 1.0 FTE Capital Project Manager II* to support planned capital improvement projects.
- *Reclassification of the Management Analyst to a Senior Management Analyst* in Public Works to provide support to the Utility/Operations Manager.

Salary and Benefit Considerations

Ø *Annual Salary Survey*: Staff is currently in the process of finalizing the results of the 2013 salary survey. This year the survey includes positions in salary ranges 46 through 63. Recommendations for any salary changes resulting from this year's survey will be included in the City Manager's 2014 Proposed Budget and will be discussed with the Council this fall during budget deliberations. Staff is still analyzing the results of the survey.

Ø *2014 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 2014 City Manager Proposed Budget, includes a recommended 1.26% COLA based on 90% of the June CPI-U of 1.4%.

Ø *Health Benefits*: 2014 health insurance premiums will be finalized in September by the Association of Washington Cities (AWC). At this time, AWC is projecting a 0% increase in the premiums. AWC is pursuing self Insurance of its health plans to accomplish this.

Council Goal Investments

The City Manager is focused on supplemental budget requests that directly support Council goals, enhance the level of the maintenance of city assets, or provide for operational efficiencies. As discussed on September 9, the proposed 2014 budget will include a recommendation to fund the following items:

Ø *One-Time Funding Requests*:

- *MS Windows 7/8 Software Licenses* (\$50,000) as extended support for Windows XP ends in April 2014. The system must be replaced and the package currently available offers both Windows 7 and Windows 8 for one price. This will preserve system stability and functionality.
- *Server and Computer Replacement Catch up* (\$50,000) will provide funding of \$30,000 to replace servers and \$20,000 to replace monitors, laptops, personal computers and docking stations so that the City can remain on a 5 year hardware replacement cycle.
- *Extra Help – GIS Technician* (Council Goal No. 2, \$49,032) ,2080 hours of temporary help to input asset data into the City's Graphical Information System (GIS) for use within the new asset management system. This will allow the City

to accurately track service requests, maintenance work orders, cost, age and condition of City infrastructure.

- *Council Chamber Microphone System* (\$11,951) to improve the system to allow microphones to be queued and timed to provide more efficient meeting management for Council, Board, and Commission meetings.
- *Planned Action for Aurora Square CRA (Council Goal No. 1, \$125,000)* to hire traffic, engineering and project management consultants that will guide the city-initiated planned action for the Aurora Square Community Renewal Area.
- *City Manager-Professional Services (Council Goal No. 2, \$25,000)* for consultants as needed to provide guidance and support on utility related activities.
- *Neighborhood/Safe Community Public Notice (Goal No. 5, \$4,000)* for the printing and mailing of crime prevention messages as well as safe neighborhood and safe community program information.
- *Everbridge Mass Communications System (Goal No. 5, \$15,930)* to fund the second year of a mass community notification system.
- *Neighborhoods USA Conference (Goal No. 4, \$2,580)* to support the attendance of members of the Council of Neighborhoods at the 2014 conference to be held in Eugene, Oregon. Conferences are held in the Pacific Northwest approximately every 4-5 years.
- *Grant Matching Funding/CRA Implementation (Goals No.1 and 2, \$300,000)* to fund a transfer from the General Fund to the Roads Capital Fund to provide a source for matching emerging grant opportunities or to fund improvements in support of the Aurora CRA.
- *SEPA Analysis of Point Wells (Goal No. 4, \$8,000)* for professional services to assist City staff in the complex analysis on the impact of the project on transportation, land use, and city tax revenue and services.
- *145th Street Light Rail Station Subarea Plan (Goal No. 3, \$180,000)* to assist staff in the preparation of environmental review; perform market research and analysis; identify potential land use changes, opportunities and challenges, and alternatives; and study the potential of an alternative energy district for the subarea in coordination with potential 145th Street annexation and improvements.
- *Extra Help – Construction Inspector (\$36,100)* for 1,040 hours of temporary assistance for right of way permit inspections needed due to increased construction activity. The cost is off-set by additional revenue.
- *Replacement and Upgrade of City Sign Truck (\$46,184)* for a larger heavy duty truck with accessories including a crane to remove concrete sign foundations.

This truck will be able to carry more signs and supplies than the previous vehicle which should reduce the number of return trips to the shop. This purchase will also increase the ongoing costs by approximately \$13,800 for fuel, repairs and the annual equipment replacement charge.

- *Asphalt Repair Equipment* (Goal No. 2, \$134,138) to purchase a skid steer tractor and trailer with a 24" grinder/planer, grading blade, clam bucket, forks, broom and collections pan to increase the amount of pavement repair. Currently staff is renting equipment for up to five months of the year. By purchasing the equipment staff will be able to perform maintenance year round. This purchase will increase the ongoing costs by \$19,000 for fuel, repairs and the annual equipment replacement charge which will be partially offset by the elimination of the annual rental expense of \$12,755.
- *Sidewalk Maintenance Equipment* (Goal No. 2, \$25,636) to purchase a grinder with two drums, a cart, vacuum and trailer to repair sidewalks and other paved walkways. This purchase will increase the ongoing costs by \$3,100 for fuel, repairs and the annual equipment replacement charge.

On-Going Programs:

- *Council Salary Contingency* (\$16,500)
Council salary option will be discussed on October 7. Council salaries have not been adjusted since incorporation in 1995.
- *1.0 FTE Parks Maintenance Worker II Extra Help Replacement* (\$85,790) to provide an increased level of service by having a full-time employee with a stronger skill set, better training and the ability to work at a more advanced level. This will be funded by a reduction in extra help salaries and benefits (\$59,000), a reduced level of irrigation (\$15,000), and the elimination of a contract for gate closing services (\$16,000) as police staff will begin to close park gates at night during routine patrols.
- *Reduce the General Fund Transfer to the General Capital Fund* (\$20,000) that provides funding for the repair and maintenance of parks facilities. This will be offset by funding that will be received from the recently approved King County Parks levy.
- *Engineering Professional Services* (\$10,000) to provide funding for professional assistance as needed for things such as the review of legal descriptions, development of construction estimates and to design or build systems or tools to aid engineering staff.
- *Street Lighting Program* (\$3,000) for additional electricity costs related to adding up to ten new streetlights.
- *1.0 FTE Engineering Technician – Asset Management* (\$92,338) to create and maintain the asset inventory for the traffic and streets divisions of Public Works. There will also be one-time start up equipment costs of approximately \$3,600.

- *Reclassification of PW Management Analyst to Senior Management Analyst* (\$3,130) to assist the Utility/Operations Manager with the development of programs, projects, policies and procedures for the new utilities. This position is currently paid “out of class” to address the higher level work required.
- *Increase Vacation Buyout Program* (\$20,000) to fund the program at the current level of participation. The current budget is only \$10,000, but the actual participation level is closer to \$30,000 annually. This program allows employees to cash out up to 40 hours of vacation leave once they have used 80 hours of vacation leave in a calendar year. Vacation is automatically vested as earned by employees, so unused vacation is paid-out to employees whenever they separate from City employment. Unused sick leave on the other hand does not vest, except for retirement, and is not paid out to employees upon employment separation.

2014 Operating Budget

Surplus/Gap: The proposed 2014 budget currently projects a surplus of \$157,026. Staff recommends holding this surplus as a contingency against any unforeseen changes that may occur prior to the presentation of the budget to Council on October 14.

2014 Property Tax Levy: The preliminary estimate for the City of Shoreline for property taxes that will be collected in 2014 is \$404,960 or 4.3% greater than the 2013 tax year.

As the City Council is aware, by approving Proposition 1 in 2010, 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. In 2013 given that assessed valuation decreased again the City’s levy rate remained at the maximum rate of \$1.60 which resulted in a decrease in total property tax revenues from 2012 to 2013.

The King County Assessor’s Office has not yet released preliminary assessed valuation for the City, but staff is estimating an increase of 6.9% based on available information. This increase will allow the City to take advantage of the provision in Proposition 1 to increase the property tax levy by the change in the CPI-U index which equals 1.37%. With the inclusion of new construction, the resulting estimated 2014 property tax levy would increase to \$9,814,237 while the projected levy rate would decline to \$1.521 per \$1,000 of assessed valuation.

2014 General Fund Operating Revenues

- Ø *Sales Tax Revenue:* The proposed 2014 budget includes projected sales tax revenues of \$6,739,000. This is an increase over the 2013 budget of \$164,200 or 2.5%.
- Ø *Criminal Justice Sales Tax Revenue:* Projected revenue of \$1,224,532 is a 4.5% (\$52,739) increase compared to 2013 projections of \$1,171,779. This is based on taxable sales and population estimates for King County.
- Ø *Utilities Taxes, Franchise Fees and Seattle City Light (SCL) Contract Revenue:* 2014 revenues are expected to increase by only \$12,376 or 0.19% over the 2013 budget. Projected revenues in this category are based upon recent collection experience and approved rate increases.
- Ø *Gambling Taxes:* For 2014, staff projects that gambling taxes from card room and pull tab activity will decrease \$186,326 or 10.6% from the 2013 budget of \$1,755,326 to \$1,569,000. The 2013 budget included promissory notes payments for prior year taxes totaling \$198,102. In 2014 we anticipate collecting only \$122,700 as the notes are paid off. Staff has also reduced the card room base by 7.3% since the Drift On Inn has closed.
- Ø *Development Revenue:* Revenues are expected to increase over the 2013 budget by \$121,695 or 11.23%. The majority of this increase is occurring in right-of-way permits which are projected to increase by \$85,000 or 39.5%. ROW permit activity has continued to increase during the past three years. Other development revenue is projected to increase by \$36,695 or 4.2%.
- Ø *Liquor Excise Tax:* Revenues in this category have been eliminated from the 2014 and future budgets due to the uncertainty of future legislative actions. Past actions point to ending these distributions to cities and counties. As a result of this revenue decrease, the 2014 Proposed Budget includes consolidation of the East Side Store Front to City Hall and discontinuance of the current lease, using King County Parks Levy money in lieu of General Fund money for General Capital Fund improvements, performing right-of-way irrigation with in-house staff, and moving 100% of street sweeping costs to the Surface Water Utility. All of these were discussed in more detail in the September 9th dinner meeting staff report.

2014 Major Programs

- Ø *Jail Activity:* Projections for the 2014 budget, along with future forecasts, are based on the trend of activity that has appeared over the last twelve months and inflation rate factors outlined in the interlocal agreements (ILA) with Snohomish County and King County. In 2013, it is projected that Snohomish County will account for 97.4% of the jail days activity and will generate 95.0% of the total jail contract cost. While the use of jail services from Snohomish County is being maximized, the overall projected cost of approximately \$1.2 million for 2014 will result in an increase of 6.2% from the amount budgeted in 2013. However, this continues to result in greatly reduced costs from the high of approximately \$1.5 million in 2010.
- Ø *Police Contract:* Negotiations for the guild contract are still ongoing at this point. The King County Sheriff's Office (KCSO) is not able to provide the contract cities with an estimate of the increases that may be necessary. Staff has projected that the 2014 police services contract will total \$10.6 million, which is 2.5% more than the 2013 police contract. The first proposed 2014 Exhibit B will be provided by KCSO in early October.

The KCSO 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 2014 contract negotiations. For future years (2015 onward), 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. Unfavorable contract reconciliations for two years in a row has staff convinced that, beginning in 2014, the revenue projection should be decreased \$25,000 and the budget increased by \$15,000 to better estimate actual results.

2014 – 2019 Capital Improvement Plan (CIP)

The 2014 proposed budget will include the proposed 2014-2019 CIP. Staff has reviewed the current 2013-2018 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 new funding sources or future anticipated grants. Attachment B provides a summary of the proposed 2014-2019 CIP.

General Capital Fund

New Projects:

- Ø *King County Parks, Trails and Open Space Replacement Levy:* This project will use funds allocated to the City from the renewed levy for parks maintenance and other improvements.
- Ø *Paramount Open Space Acquisition:* This project will acquire a 0.4 acre property adjacent to Paramount Open Space Park located at 946 NE 147th Street.
- Ø *Parks, Recreation and Open Space Plan Update:* This project will update the Parks, Recreation and Open Space (PROS) Plan to meet Washington State Growth Management Act (GMA) 36.70A 130(4) and Comprehensive Plan Goals to provide updates to this plan every six years. It was last updated by Council Adoption on July 25, 2011.
- Ø *Police Station:* Council will review staff's analysis of this project on September 23. The preliminary findings recommend locating a new police station in the existing City Hall. This will require build out of the existing third floor, remodeling of the first floor, and additional site improvements for use as a police station.

Changes from the 2013-2018 CIP:

- Ø *Ballinger Neighborhood Parks Master Planning:* The timing of the project has been changed from 2015 to 2018.

- Ø *Echo Lake Improvements:* Total project cost increased slightly (\$997) but completion was delayed from 2013 to 2014 due to time required for coordination with Seattle City Light.
- Ø *Park at Town Center:* The total cost for this project has decreased from \$1,129,245 to \$321,430 to include design costs only until a funding source is identified. The timing of this project has changed with completion of design occurring in 2019.
- Ø *Parks Repair and Replacement:* The cost of this project has increased from \$2,635,700 to \$3,041,083 to include funding in 2019.
- Ø *Regional Trail Signage:* The total cost has decreased from \$175,000 to \$168,491 and the project completion has moved from 2013 to 2014.
- Ø *Sunset School Park Project:* The project cost has increased from \$205,000 to \$305,584 to add new playground equipment, play field improvement, an ADA ramp, and loop pathway. The additional cost will be funded primarily with grants. The completion of this project has been moved from 2013 to 2014 due to a delay in negotiations of the joint use agreement with Shoreline Public Schools.
- Ø *Maintenance Facility:* The cost of this project has increased from \$3,373,000 to \$3,590,000 consistent with previous City Council actions.

City Facilities-Major Maintenance Fund

Changes from the 2013-2018 CIP:

- Ø *Police Station Long-Term Maintenance:* The project has been decreased by \$48,203. The 2013 budget included \$25,000 to install lighting. The lighting project was reduced to \$5,000 to make funds available for the emergency pool boiler replacement. The current CIP included \$20,000 in 2015 for exterior painting. This has been removed as the City moves forward with planning for a new police facility.
- Ø *Pool Long-Term Maintenance:* The total project cost has remained the same as no projects have been added for 2019 pending the outcome of the Repair/Replacement Needs Analysis

Roads Capital Fund

New Projects:

- Ø *25th Avenue – 195th to 200th Sidewalk:* This project will install sidewalks on the west side of 25th Ave NE in front of the new Maintenance Facility and Brugger’s Bog Park and extend pedestrian improvements to NE 200th Street.
- Ø *1st Avenue N.E. Sidewalk:* This project will install new sidewalks on 1st Ave NE between NE 192nd and NE 195th. The project has been submitted for grant funding and will only proceed if grant funding is received.
- Ø *Bike System Enhancement:* This project will implement portions of the Bicycle system plan approved under the Transportation Master Plan by installing wayfinding signage, bike lanes, and sharrows at various locations throughout the City. This

project has been submitted for grant funding utilizing the Regional Trail Signage project as match. The project will only proceed if the grant is awarded.

- Ø *Einstein Safe Route to School*: This project will construct sidewalks on the south side of NW 195th from 3rd Ave NW to 8th Ave NW. The project will install or replace curb ramps at the intersections with 3rd NW, 5th NW and 8th NW.
- Ø *Interurban Trail/Burke Gilman Connectors*: This project provides two routes (north and south) to connect Shoreline's section of the regional Interurban Trail to Lake Forest Park and the Burke-Gilman Trail.

Changes from the 2013-2018 CIP:

- Ø *Briarcrest Safe Routes to School*: The project has decreased from \$557,500 to \$514,668 to reflect actual cost. The project completion has been extended from 2013 to 2014 to reflect the one-year plant establishment period.
- Ø *NE 195th Separated Trail*: Total project cost increased from 430,000 to \$471,950.
- Ø *Traffic Safety Improvements*: Includes the addition of funding for projects in 2019. The annual funding level has been reduced to include design and construction costs only. No city staff time will be charged to the project.
- Ø *Annual Road Surface Maintenance*: Includes the addition of funding for projects in 2019.
- Ø *Curb Ramp, Gutter, & Sidewalk Program*: Includes the addition of funding for projects in 2019 and a slight increase each year.
- Ø *Traffic Signal Rehabilitation*: Includes the addition of funding for projects in 2019 and a slight increase in the annual budget.
- Ø *Aurora Corridor Project (192nd Street to 205th Street)*: The estimated cost of this project has increased from \$41.5 million to \$44.1million to reflect revised engineering estimates. The completion of the project has been moved from 2015 to 2016.
- Ø *Aurora Avenue 145th to 192nd Safety Improvements*: This project was created after the adoption of the 2013 -2018 CIP due to the award of a Highway Safety Improvement Program grant to construct pedestrian safety signal improvements along the corridor.

Surface Water Utility Fund

Policy Issues:

Surface Water Fees: The 2014-2019 CIP assumes that surface water rates will be increased in 2014 and 2015 by 3%, 4% in 2016 and 5% in 2017 through 2019. This equates to an annual increase of approximately \$4.00 for a single family residential home in 2014. The issue will be discussed in depth at the September 9, 2013 Council meeting. Based on Council input, future fees may be modified.

New Projects:

Ø *Hidden Lake Maintenance Study*: The study was identified in the 2013 Boeing Creek Basin Plan and is a feasibility study for multi-functional restoration in Shoreview and Boeing Creek Parks that encompasses Hidden Lake, Boeing Creek, and the recreational trail adjacent to the creek

Changes from the 2013-2018 CIP:

- Ø *Culvert Replacement near 14849 12th Ave. NE*: The cost of this project has increased from \$212,000 to \$320,000 based on updated cost estimates.
- Ø *Goheen Revetment Repair*: The project completion has been extended from 2014 to 2015 to reflect the one-year plant establishment period.
- Ø *Meridian Park Wetland Drainage Improvement*: The project cost has been reduced from \$343,000 to 325,424 but completion is now slated for 2014.
- Ø *North Fork Thornton Creek LID Stormwater Retrofit*: The project cost remains the same, but project completion has been extended from 2013 to 2014 to reflect the one-year plant establishment period.
- Ø *Stormwater Pipe Replacement Program*: Includes the addition of funding for projects in 2019 and an increase in the annual budget from \$200,000 to \$250,000.
- Ø *Surface Water Small Projects*: Includes the addition of funding for projects in 2019.
- Ø *Surface Water Management Green Works Projects*: Includes the addition of funding for projects in 2019.

2015 – 2019 Long-Term Operating Budget Projections

The City’s financial policies require that the City maintain a six-year operating budget financial forecast. Below is a comparison of the current forecast compared to the forecast presented in September 2012:

	2014 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
September 2012 - Net Budget Surplus (Gap)	0	40,894	196,760	(947,763)	(1,685,521)	(2,370,465)
September 2013 - Net Budget Surplus (Gap)	157,026	81,052	989	(917,019)	(1,571,367)	(2,130,204)
Change in Projections	157,026	40,158	(195,771)	30,744	114,154	240,261

Based on the September 2013 forecast the difference between the two forecasts can be attributed to the following factors:

- Property tax collections are up slightly due to the better than expected growth in assessed valuation.
- Taxable retail sales are projected to occur at slightly higher level than the previous forecast.
- Permit activity is expected to increase slightly from the September 2012 forecast

- Based on recent activity projected state shared revenue from fuel tax are expected to decrease by 3% annually as consumption continues to fall as consumer respond to higher priced fuel
- Expenditures for the maintenance of newly completed capital projects has been reviewed and are higher than the September 2012 forecast based on revised estimates

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:

Ø *Property Tax:* As noted earlier, the preliminary 2013 property tax levy is anticipated to increase from 2012 by approximately \$404,960 or 4.3% due to a recommended 1.37% inflationary increase in the levy plus new construction. The assessed valuation is currently estimated to increase by 6.9% in 2014 and by 7.3% in 2015 slowing to a growth rate of between 2.3% and 3.4% 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 through 2016. Once 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 4.8% in 2015, 3.2% in 2016, and about 1.6% for 2017-2019.

	2014 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Sept. 2012 Projections	9,728,779	10,023,910	10,324,881	10,488,373	10,652,163	10,816,674
Sept. 2013 Projections	9,814,237	10,289,208	10,617,374	10,794,460	10,967,598	11,135,493
Change in Projections	85,458	265,298	292,493	306,087	315,435	318,819

Ø *Sales Tax:* The projections for sales tax have increased 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 Puget Sound area. This is in keeping with past forecasting practices. The following chart compares the September 2013 projections with the September 2012 projections for sales tax:

	2014 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Sept. 2012 Projections	6,635,030	6,888,950	7,131,817	7,378,527	7,618,781	7,873,236
Sept. 2013 Projections	6,739,000	6,978,935	7,212,453	7,457,914	7,691,852	7,930,292
Change in Projections	103,970	89,985	80,636	79,387	73,071	57,056

Ø *Gambling Tax:* Staff has assumed no growth in future years in tax collections so a baseline of \$1,446,425 is assumed. Promissory note payments from card rooms have been included in 2014 projections and a small note for pulltabs in included in projections through 2017.

Ø *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 slightly up when compared to the September 2012 projection. This is mostly due to increasing projected revenue from building permit fees, land use fees and plan check fees. When the September 2012 forecast was developed, 2014 permit activity was projected to increase by 6.52%. The latest forecast projects that 2014 activity will increase over 2013 by 8.30%. Building permit fees were reduced from an annual base of \$290,902 in the September 2012 forecast to a new base of \$285,700 in the September 2013 forecast. Plan check fees were increased from an annual base of \$207,122 in the September 2012 forecast to a new base of \$288,300 in the September 2013 forecast. Land use fees were also increased from an annual base of \$37,739 in the September 2012 forecast to a new base of \$55,000 in the September 2013 forecast. Staff assumes that the level of activity will return to prior levels and therefore lowered and increase the estimated revenues as appropriate. Below is a comparison of the projected revenue from the September 2013 forecast and the September 2012 forecast:

	2014 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Sept. 2012 Projections	718,861	765,285	744,630	688,942	601,446	572,115
Sept. 2013 Projections	905,750	723,466	703,621	666,104	573,321	546,213
Change in Projections	186,889	(41,819)	(41,009)	(22,838)	(28,125)	(25,902)

Ø *Market Adjustment - Cost of Living Adjustment (COLA):* Cost of living adjustments are projected to average 2.52% for 2015 through 2019. The salary forecast for 2014 through 2019 also assumes that 15% of employees will receive an annual step increase.

Ø *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 2015 – 2019. The projected increase for 2014 is 0%.

Ø *Public Employee Retirement System (PERS) Contribution Rates:* PERS contribution rates have increased slightly from those included in the September 2012 forecast. The following table shows the rates as adopted by the Select Committee on Pension Policy on July 25, 2012 and those projected by the Office of the State Actuary.

PERS Employer Contribution	Current Rate	Effective 7-1-14	Effective 7-1-15 – 6/30/17
Legislative Approved Rates	9.21%	9.21%	
State Actuary Projected Rates			10.41%

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

PERS Employer Contribution	Current Rate	Effective 7-1-14	Effective 7-1-15 – 6/30/17
Legislative Approved Rates	9.21%	9.19%	
State Actuary Projected Rates			9.69%

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

	2014 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Sept. 2012 Projections	842,057	890,672	941,289	972,208	1,087,771	1,226,088
Sept. 2013 Projections	828,700	980,101	1,008,411	1,036,290	1,185,370	1,217,775
Change in Projections	(13,357)	89,429	67,122	64,082	97,599	(8,313)

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 economically sensitive revenues. The fund balance at the end of 2012 was \$5,147,665. The General Fund will not be required to transfer any funds to the Revenue Stabilization Fund until 2016 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 \$11,019 in 2016; \$121,187 in 2017; \$82,294 in 2018; and \$92,089 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 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Net Budget Surplus (Gap)	157,026	81,052	989	(917,019)	(1,571,367)	(2,130,204)
Assumptions:						
Inflation	1.40%	4.11%	2.50%	2.41%	2.38%	2.37%
Annual Revenue Growth	-0.96%	1.89%	2.62%	2.11%	1.66%	1.67%
Annual Change in Assessed Valuation	6.89%	7.31%	3.37%	2.31%	2.39%	2.62%
Annual Sales & Use Tax Change	-3.67%	4.40%	4.49%	4.03%	3.76%	3.59%
General Fees & Licenses Increase	1.12%	3.29%	2.00%	1.92%	1.90%	1.90%
Investment Interest Rate	0.00%	0.60%	1.55%	2.68%	3.20%	3.20%
Building Permit Activity Change	8.30%	1.76%	-2.78%	-5.39%	-14.06%	-4.79%
Revenue Collection	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Annual Expenditure Growth	0.02%	1.90%	2.25%	3.08%	3.59%	3.11%
PERS Employer Contribution Rate	9.21%	10.41%	10.41%	10.41%	11.59%	11.59%
Health Benefit Escalator	1.29%	7.50%	7.50%	7.50%	7.50%	7.50%
Regular Salary Escalator	4.78%	4.30%	2.85%	2.76%	2.74%	2.73%
Police Contract Escalator	1.68%	3.50%	3.50%	3.50%	3.50%	3.50%
Annual Jail Cost Increases	0.25%	3.14%	3.03%	3.03%	3.03%	3.03%

	2014 Proposed	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Expenditure Percentage	100.00%	100.00%	99.00%	99.00%	99.00%	99.00%
New Maintenance Costs for Completed Capital Projects	99,286	141,514	218,166	288,743	271,719	276,981
Property Tax Equalization Funds Used	0	775,909	411,211	0	0	0

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 scenarios showing a “status quo” condition with and without the renewal of a property tax levy lid lift, and scenarios showing the levels of economic development needed to sustain existing service levels with and without the renewal of a property tax levy lid lift.

SUMMARY

Based on the most recent financial projections it appears that the fund balance in the General Fund will increase by approximately \$844,000 in 2013.

The 2014 proposed budget is currently balanced and reflects a \$157,026 surplus in the General Fund. The City Manager’s 2014 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 \$1,069,781, the 2014 preliminary budget estimates using \$799,828 from fund balance for the budget and insurance contingency for a total use of fund balance of \$1,869,609. As is typical in these situations staff anticipates that actual use of fund balance will ultimately be less than budgeted. Staff will continue to work to address projected budget gaps in future years beyond the life of the levy lid lift.

Staff believes that the proposed 2014-2019 CIP reflects the priorities of the Council, however, there are a number of projects that are considered to be ‘underfunded.’ In addition other projects, although important, have not been funded in the proposed CIP.

The City Manager will provide the proposed 2014 budget to the City Council on October 14.

RECOMMENDATION

No action is required by the City Council. This item is for informational purposes and to provide the City Council with preliminary 2014 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 – 2019 Capital Improvement Plan Program Summary

Attachment A

**OPERATING BUDGET FORECAST
SIX YEAR FORECAST**

	2014 Projected Budget	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast	2019 Forecast
Beginning Operating Funds Fund Balance	\$ 10,085,381	\$ 9,098,930	\$ 9,179,982	\$ 9,180,971	\$ 8,263,952	\$ 6,692,585
Revenues:						
Taxes						
Property	9,814,237	10,289,208	10,617,374	10,794,460	10,967,598	11,135,493
Sales and Use	7,963,532	8,277,472	8,581,547	8,893,314	9,191,661	9,494,293
Gambling	1,612,228	1,458,425	1,458,425	1,454,664	1,446,425	1,446,425
Utility	4,067,354	4,200,432	4,288,601	4,377,964	4,468,479	4,560,847
Other	7,200	7,200	7,200	7,200	7,200	7,200
Franchise/Utility Contract Payments	4,262,499	4,400,266	4,496,505	4,592,267	4,699,102	4,808,257
Licenses and Permits	1,388,700	1,178,825	1,164,320	1,132,051	1,044,557	1,022,822
Intergovernmental	2,126,174	1,980,382	1,962,193	1,944,704	1,928,148	1,912,592
Charges for Services	1,388,696	1,434,335	1,462,980	1,491,130	1,519,494	1,548,315
Fines and Forfeitures	604,000	604,000	604,000	604,000	604,000	604,000
Interest Income	35,000	72,438	157,342	251,476	262,987	207,173
Miscellaneous Revenues	571,624	578,317	582,518	586,646	590,806	595,033
Total Revenue	33,841,244	34,481,300	35,383,005	36,129,876	36,730,457	37,342,449
Operating Expenditures:						
Salaries & Benefits	13,359,762	14,053,407	14,415,960	14,932,051	15,589,128	16,155,236
Supplies	703,668	638,117	631,736	631,736	631,736	631,736
Services & Charges	5,812,623	5,602,918	5,702,464	5,795,106	5,950,653	6,047,421
Intergovernmental	13,187,485	13,786,783	14,105,431	14,575,846	15,061,674	15,563,799
Interfund	367,980	374,829	375,369	379,605	383,894	388,271
Budgeted Contingency	174,852	-	-	-	-	-
Capital Outlay	207,536	-	-	-	-	-
Total Operating Expenditures	33,813,906	34,456,054	35,230,961	36,314,344	37,617,085	38,786,463
Revenue Over (Under) Expenditures	27,338	25,246	152,045	(184,468)	(886,628)	(1,444,013)
Other Financing Sources (Uses):						
Operating Transfers In	1,664,821	2,279,243	2,060,544	1,588,263	1,696,280	1,704,465
Transfers Out	2,678,610	2,223,437	2,211,600	2,320,814	2,381,019	2,390,655
Gain / (Use) of Operating Funds Fund Balance	(986,451)	81,052	989	(917,019)	(1,571,367)	(2,130,204)
Ending Operating Funds Fund Balance	\$ 9,098,930	\$ 9,179,982	\$ 9,180,971	\$ 8,263,952	\$ 6,692,585	\$ 4,562,381
Required Operating Funds Fund Balance	\$ 4,115,615	\$ 4,128,801	\$ 4,139,470	\$ 4,151,883	\$ 4,161,321	\$ 4,168,214
Over (Under) Required Operating Funds Fund Balance	\$ 4,983,315	\$ 5,051,181	\$ 5,041,501	\$ 4,112,069	\$ 2,531,264	\$ 394,167
Assumptions:						
Inflation		4.11%	2.50%	2.41%	2.38%	2.37%
Annual Revenue Growth		1.89%	2.62%	2.11%	1.66%	1.67%
Annual Change in Assessed Valuation		7.31%	3.37%	2.31%	2.39%	2.62%
Annual Sales & Use Tax Change		4.40%	4.49%	4.03%	3.76%	3.59%
General Fees & Licenses Increases		3.29%	2.00%	1.92%	1.90%	1.90%
Investment Interest Rate		0.60%	1.55%	2.68%	3.20%	3.20%
Building Permit Charge		1.76%	-2.78%	-5.39%	-14.06%	-4.79%
Revenue Collection		100.00%	100.00%	100.00%	100.00%	100.00%
PERS Employer Contribution Rate		0.00%	0.00%	0.00%	0.00%	0.00%
Health Benefit Escalator		7.50%	7.50%	7.50%	7.50%	7.50%
Regular Salary Escalator		4.30%	2.85%	2.76%	2.74%	2.73%
Police Contract Escalator		3.50%	3.50%	3.50%	3.50%	3.50%
Expenditure Percentage		100.00%	99.00%	99.00%	99.00%	99.00%
Annual Expenditure Growth		1.90%	2.25%	3.08%	3.59%	3.11%
Contribution to / (Refund From) Revenue Stabilization Fund	\$	-	\$ 10,502	\$ 120,819	\$ 81,633	\$ 91,366
New Maintenance Costs for Completed Capital Projects	\$	141,514	\$ 218,166	\$ 288,743	\$ 271,719	\$ 276,981
Property Tax Equalization Funds Used	\$	706,919	\$ 480,201	-	-	-

**City of Shoreline 2014 - 2019 Capital Improvement Plan
Program Summary
General Capital Fund**

Project	Prior Years' Expenditures	2013 Budget	2013 Projected	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	Total 2014-2019	Total Project Cost
Expenditures											
Parks Projects											
<i>Ballinger Neighborhood Parks Master Planning</i>								<u>\$150,000</u>		<u>\$150,000</u>	<u>\$150,000</u>
Echo Lake Park Improvements	\$28,586	\$326,229	\$50,000	\$269,411						\$269,411	\$347,997
King County Parks, Trails and Open Space Replacement Levy				\$25,000	\$93,000	\$59,000	\$59,000	\$59,000	\$59,000	\$354,000	\$354,000
<i>Paramount Open Space Acquisition</i>				<u>\$100,000</u>						<u>\$100,000</u>	<u>\$100,000</u>
<i>Park at Town Center</i>	\$121,430								\$200,000	<u>\$200,000</u>	<u>\$321,430</u>
Parks Repair and Replacement	\$1,479,046	\$201,654	\$201,654	\$200,000	\$210,000	\$220,500	\$231,525	\$243,101	\$255,256	\$1,360,383	\$3,041,083
PROS Plan Update						\$23,000	\$27,000			\$50,000	\$50,000
Regional Trail Signage	\$1,320	\$173,680	\$45,000	\$122,171						\$122,171	\$168,491
Richmond Beach Saltwater Park Improvements	\$2,892,280	\$16,502	\$16,502	\$10,330						\$10,330	\$2,919,112
Saltwater Park Pedestrian Bridge Major Repair	\$5,584	\$25,000	\$25,000	\$275,000						\$275,000	\$305,584
Sunset School Park Project	\$10	\$204,990	\$150,000	\$154,990						\$154,990	\$305,000
Trail Corridors	\$2,274,345	\$409,858	\$269,858	\$140,000						\$140,000	\$2,684,203
Facilities Projects											
<i>City Hall Generator</i>										<u>\$700,000</u>	<u>\$700,000</u>
Maintenance Facility	\$20,069	\$2,984,931	\$3,569,931								\$3,590,000
Police Station				\$1,865,000	\$1,584,876					\$3,449,876	\$3,449,876
Shoreline Pool Repair/Replacement Needs Analysis		\$50,000	\$40,000	\$10,000						\$10,000	\$50,000
Non-Project Specific											
General Capital Engineering	\$466,920	\$59,130	\$59,130	\$55,000						\$55,000	\$581,050
General Fund Cost Allocation Charge	\$87,295	\$36,520	\$36,520	\$29,434						\$29,434	\$153,249
City Hall Debt Service Payment	\$1,142,939	\$580,541	\$662,696	\$663,746	\$664,346	\$664,546	\$663,946	\$664,547	\$664,547	\$3,985,678	\$5,791,313
Projects to be completed in Current Year (2013)											
Civic Center/City Hall	\$38,719,384	\$784,876	\$100,000								\$38,819,384
Kruckeberg Botanic Garden	\$1,531,801		\$19,531								\$1,551,332
Off Leash Dog Areas	\$147,576	\$12,424	\$12,424								\$160,000
Police Station Site Analysis		\$100,000	\$100,000								\$100,000
Total Expenditures by Year	\$48,918,585	\$5,966,335	\$5,358,246	\$3,920,082	\$3,252,222	\$967,046	\$981,471	\$1,116,648	\$1,178,803	\$11,416,273	\$65,693,104
Revenues											
General Fund Contribution - Parks Facilities		\$50,000	\$50,000								\$50,000
Real Estate Excise Tax (1st Quarter)		\$580,541	\$690,765	\$783,668	\$790,894	\$778,334	\$775,711	\$779,388	\$817,018	\$4,725,013	\$5,415,778
Interest Income		\$3,617	\$3,617	\$15,651	\$4,052	\$5,012	\$5,529	\$5,192	\$3,150	\$38,588	\$42,205
Soccer Field Rental Contribution		\$47,845	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$130,000	\$780,000	\$910,000
King County Voter Approved Trail Funding		\$117,140	\$109,000	\$75,000	\$143,000	\$109,000	\$109,000	\$109,000	\$109,000	\$654,000	\$763,000
King County Conservation District			\$120,563								\$120,563
Treasury Seizure Fund		\$100,000	\$100,000	\$200,000	\$1,500,000					\$1,700,000	\$1,800,000
City Vacation Fund				\$50,000						\$50,000	\$50,000
<i>Future Funding</i>										<u>\$700,000</u>	<u>\$700,000</u>
<i>Future Financing</i>				<u>\$1,065,000</u>						<u>\$1,065,000</u>	<u>\$1,065,000</u>
Limited Tax General Obligation Bond 2013		\$2,980,000	\$3,565,000								\$3,565,000
<i>Private Donations (*)</i>									\$200,000	<u>\$200,000</u>	<u>\$200,000</u>
<i>Conservation Futures Tax Grants (*)</i>					<u>\$50,000</u>					<u>\$50,000</u>	<u>\$50,000</u>
<i>Future Grants (*)</i>					<u>\$75,000</u>			\$75,000		<u>\$150,000</u>	<u>\$150,000</u>
Total Revenues by Year		\$ 3,879,143	\$ 4,768,945	\$ 2,444,319	\$ 3,267,946	\$ 1,022,346	\$ 1,020,240	\$ 1,098,580	\$ 1,259,168	\$ 10,112,601	\$ 14,881,546
Beginning Fund Balance		\$2,378,349	\$2,378,349	\$1,739,048	\$213,285	\$179,010	\$184,310	\$173,079	\$105,012	\$1,739,048	
Total Revenues		\$3,879,143	\$4,768,945	\$2,444,319	\$3,267,946	\$1,022,346	\$1,020,240	\$1,098,580	\$1,259,168	\$10,112,601	
Amount restricted for future turf replacement	\$149,627		\$50,000	\$50,000						\$50,000	\$300,000
Total Expenditures		\$5,966,335	\$5,358,246	\$3,920,082	\$3,252,222	\$967,046	\$981,471	\$1,116,648	\$1,178,803	\$11,416,273	
Ending Fund Balance		\$291,157	\$1,739,048	\$213,285	\$179,010	\$184,310	\$173,079	\$105,012	\$135,377	\$135,377	
Impact on Operating Budget					16,600	16,803	17,010	17,010	17,223		

(*)Future anticipated revenue sources dependant on award and funding availability

City of Shoreline 2014 - 2019 Capital Improvement Plan Program Summary City Facility-Major Maintenance Fund											
Project	Prior Years' Expenditures	2013 Budget	2013 Projected	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	Total 2014-2019	Total Project Cost
Expenditures											
General Facilities											
Police Station Long-Term Maintenance	\$123,726	\$33,797	\$13,797								\$137,523
City Hall Parking Garage Long-Term Maintenance					\$100,000	\$20,160				\$120,160	\$120,160
Parks Facilities											
Pool Long-Term Maintenance	\$124,546	\$33,000	\$140,000	\$50,000	\$79,000		\$20,000			\$149,000	\$413,546
Richmond Highlands Community Center Long-Term Maintenance	\$189,663	\$50,000	\$50,000		\$25,000		\$50,000			\$75,000	\$314,663
Spartan Recreation Center		\$15,000	\$15,000								\$15,000
Total Expenditures by Year	\$437,935	\$131,797	\$218,797	\$50,000	\$204,000	\$20,160	\$70,000			\$344,160	\$1,000,892
Revenues											
Operating Transfer - General Fund		\$74,032	\$74,032	\$74,032	\$74,032	\$74,032	\$74,032	\$74,032	\$74,032	\$444,192	\$518,224
Interest Income		\$834	\$834	\$1,360	\$3,353	\$1,395	\$3,153		\$5,590	\$14,850	\$15,684
Total Revenues by Year		\$ 74,866	\$ 74,866	\$ 75,392	\$ 77,385	\$ 75,427	\$ 77,185	\$ 74,032	\$ 79,622	\$ 459,042	\$ 533,908
Beginning Fund Balance		\$277,864	\$294,991	\$151,060	\$176,452	\$49,836	\$105,104	\$112,289	\$186,321	\$151,060	
Total Revenues		\$74,866	\$74,866	\$75,392	\$77,385	\$75,427	\$77,185	\$74,032	\$79,622	\$459,042	
Total Expenditures		\$131,797	\$218,797	\$50,000	\$204,000	\$20,160	\$70,000			\$344,160	
Ending Fund Balance		\$220,933	\$151,060	\$176,452	\$49,836	\$105,104	\$112,289	\$186,321	\$265,942	\$265,942	
Impact on Operating Budget											

**City of Shoreline 2014 - 2019 Capital Improvement Plan
Program Summary
Roads Capital Fund**

Project	Prior Years' Expenditures	2013 Budget	2013 Projected	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	2014-2019 Total	Total Project
Expenditures											
REPAIR AND REPLACEMENT											
Pedestrian / Non-Motorized Projects											
Briarcrest Safe Routes to School	\$454,411	\$60,257	\$56,357	\$3,900						\$3,900	\$514,668
25 Ave. - 195th to 200th Sidewalk				\$40,000	\$465,000					\$505,000	\$505,000
<u>1st Ave. NE Sidewalk</u>					<u>\$917,000</u>					<u>\$917,000</u>	<u>\$917,000</u>
<u>Bike System Enhancement</u>					<u>\$640,000</u>					<u>\$640,000</u>	<u>\$640,000</u>
NE 195th Separated Trail		\$60,000	\$51,900	\$420,050						\$420,050	\$471,950
Einstein Safe Route to School		\$15,000	\$15,000	\$412,200	\$7,800					\$420,000	\$435,000
Interurban Trail / Burke-Gilman Connectors				\$15,000	\$525,000					\$540,000	\$540,000
Traffic Safety Improvements	\$1,066,974	\$282,186	\$282,186	\$130,000	\$132,500	\$155,125	\$157,881	\$160,775	\$163,814	\$900,095	\$2,249,255
System Preservation Projects											
Annual Road Surface Maintenance Program	\$9,983,606	\$1,354,283	\$1,016,116	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$6,000,000	\$16,999,722
Curb Ramp, Gutter and Sidewalk Maintenance Program	\$1,933,191	\$140,000	\$152,517	\$152,517	\$152,517	\$152,517	\$152,517	\$152,517	\$152,517	\$915,102	\$3,000,810
Hidden Lake Bridge		\$100,000	\$100,000	\$50,000						\$50,000	\$150,000
Traffic Signal Rehabilitation Program	\$752,798	\$487,829	\$487,829	\$100,000	\$105,000	\$110,250	\$115,763	\$121,551	\$127,628	\$680,192	\$1,920,819
CAPACITY CONSTRUCTION											
Safety / Operations Projects											
Aurora Avenue North 192nd - 205th	\$8,132,095	\$15,586,666	\$964,031	\$17,494,633	\$17,017,111	\$568,317				\$35,080,061	\$44,176,187
Aurora Ave. 145th-192nd Safety Improvement		\$402,491	\$391,867	\$35,250						\$35,250	\$427,117
Route Development Plan for the 145th Corridor		\$150,000		\$200,000	\$50,000					\$250,000	\$250,000
NON-PROJECT SPECIFIC											
General Fund Cost Allocation Overhead Charge	\$221,088	\$54,719	\$54,719	\$43,381	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$293,381	\$569,188
Roads Capital Engineering	\$1,340,244	\$181,226	\$181,226	\$249,120	\$266,959	\$291,014	\$300,639	\$300,639	\$300,639	\$1,709,010	\$3,230,480
Transportation Master Plan Update	\$304,255	\$19,393	\$19,393	\$9,500						\$9,500	\$333,148
Projects to be completed in Current Year (2013)											
Aurora Avenue North 165th - 185th	\$47,354,808	\$1,312,194	\$1,449,176								\$48,803,984
Aurora Avenue North 185th - 192nd	\$15,958,341	\$112,381	\$73,291								\$16,031,632
Sidewalks - Priority Routes	\$2,588,130	\$92,000	\$96,439								\$2,684,569
Total Expenditures by Year	\$89,635,530	\$20,410,625	\$5,392,047	\$20,355,551	\$21,328,887	\$2,327,223	\$1,776,800	\$1,785,482	\$1,794,598	\$49,368,541	\$144,850,529
Revenues											
Real Estate Excise Tax (2nd Quarter)	\$6,849,843	\$580,541	\$690,765	\$783,668	\$790,894	\$778,334	\$775,711	\$779,388	\$817,018	\$4,725,013	\$12,265,621
Transportation Benefit District		\$773,000	\$825,887	\$786,113	\$701,140	\$701,140	\$701,140	\$701,140	\$701,140	\$4,291,813	\$5,117,700
General Fund Support	\$2,011,710	\$523,036	\$572,822	\$289,045	\$241,715	\$231,431	\$220,838	\$209,928	\$198,690	\$1,391,647	\$3,976,179
General Fund Contribution For Grant Matching				\$300,000						\$300,000	\$300,000
Investment Interest	\$2,231,598	\$6,243	\$9,224	\$26,078	\$63,553	\$19,837	\$8,545	\$6,428	\$3,770	\$128,212	\$2,369,033
Awarded Grants	\$936,655	\$827,491	\$956,995	\$1,274,875	\$7,800					\$1,282,675	\$3,176,325
<u>Future Grants</u>					<u>\$1,366,000</u>					<u>\$1,366,000</u>	<u>\$1,366,000</u>
Aurora Avenue North 165th - 185th Awarded Grants/Reimb.	\$44,046,590	\$801,775	\$1,513,664								\$45,560,254
Aurora Avenue North 185th - 192nd Awarded Grants/Reimb.	\$12,126,715										\$12,126,715
Aurora Avenue North 192nd - 205th Awarded Grants/Reimb.	\$7,750,283	\$15,510,986	\$645,615	\$17,452,150	\$15,521,341	\$172,860				\$33,146,351	\$41,542,249
Aurora Avenue North 165th - 185th Surface Water Funds	\$1,000,000										\$1,000,000
Aurora Avenue North 185th - 192nd Surface Water Funds	\$300,000										\$300,000
Total Revenues by Year	\$77,253,394	\$19,023,072	\$5,214,972	\$20,911,929	\$18,692,443	\$1,903,602	\$1,706,234	\$1,696,884	\$1,720,618	\$46,631,711	\$129,100,076
Beginning Fund Balance		\$2,080,901	\$3,074,602	\$2,897,527	\$3,344,905	\$708,461	\$284,840	\$214,274	\$125,676	\$2,897,527	
Total Revenues		\$19,023,072	\$5,214,972	\$20,911,929	\$18,692,443	\$1,903,602	\$1,706,234	\$1,696,884	\$1,720,618	\$46,631,711	
Amount Restricted for Grant matching				\$109,000						\$109,000	
Total Expenditures		\$20,410,625	\$5,392,047	\$20,355,551	\$21,328,887	\$2,327,223	\$1,776,800	\$1,785,482	\$1,794,598	\$49,368,541	
Ending Fund Balance		\$693,348	\$2,897,527	\$3,344,905	\$708,461	\$284,840	\$214,274	\$125,676	\$51,696	\$51,696	
Impact on Operating Budget						\$79,583	\$123,895	\$124,018	\$124,063		

City of Shoreline 2014 - 2019 Capital Improvement Plan												
Program Summary												
Surface Water Utility Fund												
Creek Basin	Project	Prior Years' Expenditures	2013 Budget	2013 Projected	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate	Total 2014-2019	Total Project Cost
	Proposed Utility Rate Increase		3.0%	3.0%	3.0%	3.0%	4.0%	5.0%	5.0%	5.0%		
	SWM Rate - Residential-Single Family Home Annual Fee		\$137	\$137	\$141	\$146	\$152	\$160	\$168	\$176		
	Expenditures											
	<u>REPAIR AND REPLACEMENT</u>											
	Basin Planning											
Lyons	Ballinger Creek Drainage Study (Lyons Creek Basin)		\$80,000	\$80,000	\$130,000						\$130,000	\$210,000
MacAleer	McAleer Creek Basin Plan		\$50,000	\$50,000	\$400,000						\$400,000	\$450,000
	Puget Sound Drainages Basin Plan					\$200,000					\$200,000	\$200,000
	Flood Protection/Drainage Improvement											
Thornton	Culvert Replacement Near 14849 12th Ave NE								\$320,000		\$320,000	\$320,000
	Goheen Revetment Repair		\$100,000	\$99,023	\$291,305	\$9,672					\$300,977	\$400,000
	Hidden Lake Maintenance Study				\$100,000						\$100,000	\$100,000
	Meridian Park Wetland Drainage Improvement	\$93,424	\$249,476	\$208,000	\$24,000						\$24,000	\$325,424
Thornton	North Fork Thornton Creek LID Stormwater Retrofit	\$72,473	\$767,527	\$751,430	\$16,097						\$16,097	\$840,000
	Stormwater Pipe Replacement Program		\$300,000	\$15,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,500,000	\$1,515,000
Multiple	Surface Water Small Projects	\$2,150,831	\$200,000	\$200,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$600,000	\$2,950,831
	Water Quality											
Multiple	Surface Water Management Green Works Projects	\$184,481	\$200,000	\$180,000	\$200,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$700,000	\$1,064,481
	<u>NON-PROJECT SPECIFIC</u>											
	General Fund Cost Allocation Overhead Charge	\$812,119	\$150,000	\$150,000	\$166,868	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000	\$791,868	\$1,753,987
	Public Works Trust Fund Debt Service		\$344,431	\$344,431	\$344,431	\$344,431	\$344,431	\$344,431	\$344,431	\$344,431	\$2,066,586	\$2,411,017
	Maintenance Facility Debt Service				\$260,823	\$260,313	\$260,438	\$260,375	\$260,125	\$129,844	\$1,431,918	\$1,431,918
	Surface Water Capital Engineering	\$1,604,657	\$194,100	\$194,100	\$205,000	\$217,000	\$230,000	\$244,000	\$258,000	\$258,000	\$1,412,000	\$3,210,757
	Projects to be completed in Current Year (2013)											
Boeing	Boeing Creek and Storm Creek Basin Plans	\$318,928	\$61,072	\$50,000								\$368,928
	Hidden Lake Dredging			\$175,000								\$175,000
Thornton	Pump Station No. 25	\$421,528	\$128,881	\$137,881								\$559,409
	Total Expenditures by Year	\$5,658,441	\$2,825,487	\$2,634,865	\$2,488,524	\$1,606,416	\$1,409,869	\$1,423,806	\$1,757,556	\$1,307,275	\$9,993,446	\$18,286,752
	Revenues											
	Interest Income		\$7,402	\$7,402	\$6,055	\$14,523	\$9,776	\$9,370	\$9,844	\$8,521	\$58,089	\$65,491
	Department of Ecology Stormwater Retrofit Grant		\$575,595	\$563,572	\$12,073						\$12,073	\$575,645
	Department of Ecology - Biennial Stormwater Capacity Grant				\$60,000	\$60,000					\$120,000	\$120,000
	King County Flood Zone District Opportunity Fund		\$80,000	\$133,954	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$480,000	\$613,954
	Total Revenues by Year		\$662,997	\$704,928	\$158,128	\$154,523	\$89,776	\$89,370	\$89,844	\$88,521	\$670,162	\$1,375,090
	Beginning Fund Balance		\$2,467,280	\$3,408,884	\$2,797,565	\$1,452,333	\$977,586	\$937,002	\$984,412	\$852,072	\$2,797,565	
	Total Capital Revenues		\$662,997	\$704,928	\$158,128	\$154,523	\$89,776	\$89,370	\$89,844	\$88,521	\$670,162	
	Total Operating Revenues		\$3,306,374	\$3,451,846	\$3,487,129	\$3,552,152	\$3,694,238	\$3,878,950	\$4,072,897	\$4,276,542	\$22,961,907	
	Additional Operating Revenue (School District)						\$221,335	\$232,402	\$244,022	\$256,223	\$953,981	
	Total Capital Expenditures		\$2,825,487	\$2,634,865	\$2,488,524	\$1,606,416	\$1,409,869	\$1,423,806	\$1,757,556	\$1,307,275	\$9,993,446	
	Total Operating Expenditures		\$2,206,293	\$2,133,228	\$2,501,965	\$2,575,006	\$2,636,064	\$2,729,505	\$2,781,547	\$2,857,594	\$16,081,680	
	Ending Fund Balance		\$1,404,871	\$2,797,565	\$1,452,333	\$977,586	\$937,002	\$984,412	\$852,072	\$1,308,489	\$1,308,489	
	Minimum Required Reserve		\$441,259	\$495,532	\$569,279	\$583,887	\$596,099	\$614,787	\$625,196	\$640,405		
	Variance above Minimum Required Reserve		\$963,613	\$2,302,033	\$883,054	\$393,699	\$340,903	\$369,625	\$226,877	\$668,085		