

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussing the 2018 Second Quarter Financial Report and a Preliminary View of the 2019-20 Biennium Budget and the 2019-2024 Capital Improvement Plan
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor Tricia Juhnke, City Engineer
ACTION:	<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 on 2018 revenues and expenditures through the second quarter, a preview of the 2019-20 proposed preliminary budget, and an update to the long-term operating budget financial projections. The 2019-20 proposed preliminary budget is balanced and continues to allocate resources that support the Council's goals and priorities. The City Manager will present the 2019-20 Proposed Budget and 2019 – 2024 Capital Improvement Plan to the City Council on October 15, with adoption scheduled for November 19, 2018.

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 a Standard & Poor's (S&P) ratings outlook of "stable." The City has had several years of clean audit opinions with no findings from the State Auditor's Office. The 2019-20 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 a preview of the 2019-20 proposed preliminary budget. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this review.

Approved By: City Manager **DT**

City Attorney **MK**

INTRODUCTION

Staff is preparing the City Manager's 2019-20 Proposed Budget, 2019 – 2024 Capital Improvement Plan, and updating long-term financial projections as part of the budget process. Tonight's discussion will provide an opportunity for staff to share the latest financial projections and introduce some of the major policy issues that will be discussed during the 2019-20 budget process. The 2019-20 budget adoption schedule is, as follows:

Topic	Meeting Date
Discussing the 2018 Second Quarter Financial Report and a Preliminary View of the 2019-2020 Biennium Budget and the 2019-2024 Capital Improvement Plan	September 17
Presentation of the Proposed 2019-2020 Biennium Budget and the 2019-2024 Capital Improvement Plan	October 15
Discussing the Proposed 2019-2020 Biennium Budget – Department Presentations	October 22
Discussing the Proposed 2019-2020 Biennium Budget – Continued Department Presentations and Capital Improvement Program	October 29
Public Hearing and Discussing Ord. No. 842 – 2019-2020 Property Tax and Revenue Sources	November 5
Public Hearing and Discussing the Proposed 2019-2020 Biennium Budget and the 2019-2020 Capital Improvement Plan	November 5
Public Hearing and Discussing the Proposed 2019-2020 Biennium Budget and the 2019-2024 Capital Improvement Plan	November 19
Adopting Ord. No. 842 – 2019-2020 Property Tax Levy	November 19
Adopting Ord. No. 841 – 2019-2020 Biennium Budget, 2018-2023 Capital Improvement Program	November 19

BACKGROUND

2018 Operating Budget

Projected 2018 Operating (General and Street Funds) Budget Savings:

Routine monitoring and reporting on the City's actual revenues and expenditures is a critical part of the City's financial planning process. As discussed below, departments have prepared detailed estimates of revenues and expenditures for the current fiscal year. The City's Second Quarter Financial Report provides more details and is available as Attachment A.

It is projected that 2018 revenues, excluding transfers in, of \$44.547 million will be more than the current budgeted revenues, as amended in the third quarter, by \$247,000. The

most significant projections for collected revenues embedded in staff's year-end estimates are:

- an \$85,000 increase in anticipated property tax levy collections;
- a \$687,000, or 8.1%, increase in receipts from sales tax as receipts from the retail trade sector are projected to be slightly more than the budget projection (+\$57,000, or +1.1%) and receipts from the construction sector are projected to be \$184,000, or 19.3%, more than the budget projection;
- a \$75,000 increase in storm drainage utility tax collections as a result of the rate increase adopted in accordance with the Surface Water Master Plan;
- a \$286,000 reduction in other utility tax, franchise fee and contract collections;
- a \$65,000, or +2.5%, increase in development revenue mostly as a result of a higher mechanical fees/permits, land use fees/permits, and plan check fees, as well as one-time permit revenues related to some of the Shoreline School District's projects; and
- a \$544,000 reduction in the amount of reimbursement from Sound Transit for the work performed in 2018 as the project continues into 2019 and beyond.

It is projected that 2018 expenditures, excluding transfers between the General and Street Funds, of \$48.014 million will be less than the current budgeted expenditures by \$2.356 million. This includes use of \$3.714 million of the \$6.763 million of budgeted fund balance, as planned. Staff does not anticipate using any of the budgeted operational contingency or insurance reserve.

The General Fund is projected to end 2018 with \$12.285 million of fund balance, which is \$8.192 million more than the minimum required balance of \$4.093 million. Of this amount, the City Manager has set-aside \$2.0 million in reserve for future improvements for a maintenance facility, thereby leaving \$6.192 million available for other uses. The Street Fund is projected to end 2018 with \$408,000, which will be above the minimum required balance of \$259,000.

2018 Operating Budget Savings Recommendation:

As will be discussed later in this report, the 2019-20 supplemental budget requests include one-time requests to support the Council's adopted goals and priorities. Staff anticipates that some of the projected one-time savings from 2018 will be used to fund one-time supplemental requests in 2019-20 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 a Standard & Poor's (S&P) ratings outlook of "stable." The City has had several years of clean audit opinions with no findings from the State Auditor's Office. The 2019-20 budget will continue to be in compliance with the City's financial and reserve policies with projected ending General Fund and Street Fund reserves in excess of requirements.

2019-20 Proposed Preliminary Budget

At this time the 2019-20 proposed preliminary budget is balanced in all funds. The City Manager will be recommending a budget that supports the accomplishment of Council goals and priorities. The 2019-20 budget also accommodates two major operating cost increases in electricity and landscaping maintenance that together impact the City's operating budget by \$827,000 in the proposed biennium and approximately \$1,129,000 in 2021-22.

Personnel:

The 2019-20 proposed preliminary budget increases the net number of full-time equivalent (FTE) positions in the City's personnel complement from the 2018 total by 9.45 FTE. This number reflects the following, which is also discussed in more detail later in this report:

- Addition of 7.00 FTEs for the in-house landscaping program;
- Conversion of on-going extra help personnel in the City's Specialized Recreation Program to three regular part-time positions for a total of 1.95 FTEs; and
- Changes to FTEs according to staffing needs during phases of various projects, including elimination of limited-term positions as terms come to an end.

The history of the City's personnel compliment is shown in the chart below:

City of Shoreline Regular FTE Summary

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Prop.	2020 Prop.	2019 Changes	2020 Changes
City Manager ^{b,d,g}	9.50	8.75	8.75	13.00	13.00	13.00	17.00	16.75	23.50	22.88	21.25	(0.63)	(1.63)
City Clerk	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Services ^{a,g}	8.68	8.68	10.18	8.68	8.68	8.68	8.68	8.68	4.78	4.78	4.78	0.00	0.00
City Attorney	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00
Administrative Services ^{c,e,f}	18.50	18.70	21.20	21.20	21.20	21.45	21.45	21.45	25.65	25.65	25.65	0.00	0.00
Human Resources	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00	0.00
Police	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planning & Community Development ^{d,g}	24.35	24.35	20.45	20.00	20.00	21.00	22.00	23.00	23.00	22.82	23.32	(0.18)	0.50
Parks, Recreation & Cultural Services	27.30	27.30	27.80	27.68	28.68	29.48	30.60	31.30	32.48	34.63	34.53	2.15	(0.10)
Public Works ^b	28.29	28.14	30.38	24.00	24.30	25.45	30.38	31.31	31.00	37.12	37.52	6.12	0.40
Surface Water Utility	10.71	10.86	11.12	12.00	13.70	12.55	12.62	12.69	14.92	15.76	15.46	0.84	(0.30)
Wastewater Utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14.00	14.13	14.15	14.15	0.02	0.00
Total FTE	137.33	136.78	135.88	132.56	135.56	137.60	148.73	165.18	175.45	183.78	182.65	8.33	(1.13)
Staffing for Sound Transit Lynnwood Link Extension Project ^c							4.00	3.75	4.75	4.12	2.50	(0.63)	(1.25)
Net FTE	137.33	136.78	135.88	132.56	135.56	137.60	144.73	161.43	170.70	179.66	180.15		0.12

a. Includes 0.50 FTE funded by the Emergency Management Program Grant since 2008

b. Reflects shift of staffing for ST Lynnwood Link Extension Project from Public Works to City Manager's Office since 2016

c. Excludes term-limited 1.00 FTE IT Projects Manager for 2016 - December 2018

d. Excludes term-limited 1.00 FTE Senior Planner for 2017 - 2019; excludes 0.50 FTE in 2020.

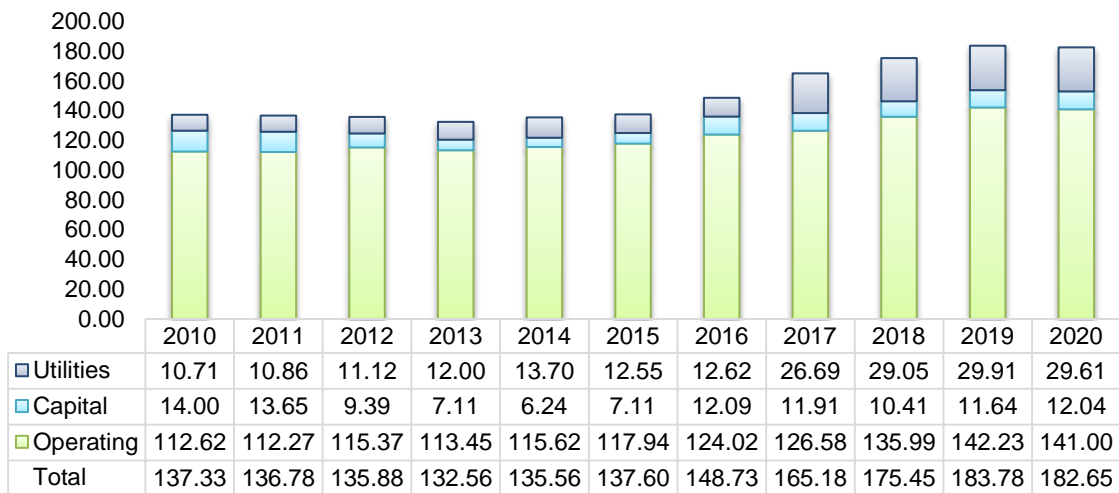
e. Excludes term-limited 1.00 FTE Staff Accountant for 2018-2019

f. Excludes term-limited 0.37 FTE increase for Finance Technician for 2017 - 2020

g. Reflects shift of staffing for Code Enforcement & Customer Response Team to City Manager's Office since 2018

The following chart exhibits the changes in staffing levels for operating, capital, and utility funds since 2010:

City of Shoreline Regular FTE Summary by Fund Type



Reclassification of Vacant Position: Staff has reviewed capacity that came with the transfer of Ronald Wastewater District (RWD) staff in 2017. The incumbent filling the RWD General and Accounting Manager assumed the responsibilities formerly performed by the City’s vacant Finance Manager. In 2018, the vacant Finance Manager position was budgeted as a Management Analyst as a placeholder until the actual work load and organizational needs could be further evaluated. The City’s current Information Technology (IT) Project Manager is a term-limited position through early 2019. The reality is that there is a need for an IT Project Manager to successfully implement the City’s Strategic Technology Plan. As such, the City Manager is recommending that the IT Project Manager become an on-going position and fill the vacant FTE slot of the Management Analyst. In essence, there would be no increase in FTE, but a reclassification of the position is proposed as part of the 2019-20 Proposed Budget.

Conversion of Extra Help to Regular Positions: The functions of the Specialized Recreation Program, which includes the CHOICES day program and events and trips for adults with disabilities, currently operates with a benefitted Recreation Specialist II supported by four extra help positions. The Extra Help positions provide on-going service and provide supervision to vulnerable population participants, at times without the direct oversight of a regular, benefitted staff person due to programmatic needs on trips and current staffing structure. Therefore, the 2019-20 proposed preliminary budget includes the conversion of three extra help positions to three regular part-time, benefitted Recreation Specialist I positions, comprised of two positions at 0.60 FTE and one position at 0.75 FTE. One extra help position will be retained with responsibilities and hours modified from the current structure to deliver services that are not ongoing in nature. The net cost increase of this conversion in the General Fund is \$176,000.

Staffing of Unified Landscape Maintenance Service (2019-20; General Fund: \$635,000 one-time and \$373,000 net ongoing; Street Fund: \$150,000 one-time and \$143,000 net ongoing; Surface Water Utility Fund: \$37,000 one-time with ongoing absorbed in base budget): The right-of-way (ROW) and park landscape maintenance services have traditionally been provided through private contracts. Contractor turnover, gaps in service, and the resulting expenditure of extra staff time to develop bid documents, rebid, let contracts, and contract oversight to ensure contract adherence, and bringing new contractors or sub-contractors up to speed is preventing the City from receiving a consistent level of service and displacing valuable staff time for other work.

Since 2014 there have been five separate ROW landscape maintenance contracts with three different contractors. Two of the contracts were full maintenance and three, including the current contract, are limited scope and duration contracts to address gaps in service due to early contract terminations. This constant turnover of contractors has negatively impacted both the quantity and quality of ROW service provided to the City.

In addition to these performance issues, State Law changes to prevailing wage calculations more than doubled the prevailing wages that contractors must pay landscape maintenance workers, effective August 31, 2018. It is estimated the change in prevailing wage would increase the costs of the City's contracts beginning in the 2019-20 biennium by at least \$900,000.

With a poor performance record of outsourcing ROW landscape maintenance services and the estimated \$900,000 increase in ongoing costs, the City Manager is recommending that the City create an in-house unified landscape/grounds maintenance crew. The 2019-20 proposed preliminary budget includes \$785,000 in one-time costs and \$516,000 in ongoing costs to implement this program in phases with the hiring of staff as reflected in the table below, as well as a full year of park landscape maintenance contract and acquisition of vehicles and equipment in 2019. It is estimated the fully implemented program would increase the ongoing cost of this service in the General Fund and Street Fund beginning in the 2021-22 biennium by \$746,000, which is \$154,000 less than the impact of the change in prevailing wage. The Surface Water Utility Fund's costs have been absorbed within its base budget. Funding for this program will be split generally 50% in the General Fund, 40% in the Street Fund and 10% in the Surface Water Utility Fund.

Unified Landscape/Grounds Maintenance Crew Hiring Phases

Regular Positions	FTE / Hours	Budgeted Start Date
Grounds Maintenance Supervisor	1.00 FTE	Jan. 1, 2019
Sr. Grounds Maintenance Worker	1.00 FTE	Jan. 1, 2019
Grounds Maintenance Worker II	1.00 FTE	March 1, 2019
Grounds Maintenance Worker I	2.00 FTE	March 1, 2019
Grounds Maintenance Worker II	1.00 FTE	Nov. 1, 2019
Grounds Maintenance Worker I	1.00 FTE	Nov. 1, 2019
Extra Help Positions	FTE / Hours	Budgeted in Year
Extra Help	2,080 hours	2019 only
Extra Help	4,160 hours	2020 and ongoing

Positions Necessary for Specific Projects: The following positions have been or are needed to accomplish specific projects. While not all of positions are term-limited, should the future demand for these positions diminish and supporting revenue not be available, the positions would be eliminated.

- *Staff Accountant (Financial System Replacement Backfill Term-Limited to 12/31/2019):* The 2019-20 proposed budget reflects the elimination of this position in 2020.
- *Light Rail Project:* The 2019-20 proposed preliminary budget reflects the following changes to positions permitting and coordinating the Lynnwood Link Extension Light Rail Project. Most are term-limited positions. Funding is provided via an agreement with Sound Transit:
 - Administrative Assistant II: Reduced from 0.75 FTE in 2019 to 0.50 FTE in 2020.
 - Senior Planner: Reduced from 1.00 FTE to 0.375 FTE in 2019 and eliminated in 2020.
 - Senior Planner (3-year term limited): This position was added in September 2017 as a 1.00 FTE to support the Light Rail Project and Planning and Community Development Department. In 2019 the support this position provides to the Light Rail Project will be reduced to 0.75 FTE and in 2020 it will be reduced to 0.50 FTE. The balance of the FTE will support the Planning and Community Development Department.
 - Development Review Engineer II: Included at 1.00 FTE in 2019 and eliminated in 2020.

The 2019-20 proposed preliminary budget does not currently reflect the positions related to the construction of light rail facilities. This will be a future discussion item brought to the City Council at a later date.

Salary and Benefit Considerations

- *2019-20 Market Adjustments - Cost of Living Adjustments (COLAs):* The City's practice has been to use 90% of the June-to-June percentage change of the Seattle/Tacoma/Everett June Consumer Price Index-All Urban Consumer (CPI-U) to determine the annual market adjustment. The 2019-20 proposed preliminary budget will include a recommended 2.95% COLA based on 90% of the June-to-June change in the CPI-U of 3.28% and a recommended 2.20% COLA based on 95% of the forecast June-to-June CPI-U of 2.32%. The increase to 95% in 2020 is recommended to maintain internal equity between the extra-help and regular employee salary tables as the City ensures that minimum wages meet or exceed the State mandated levels. Beginning in 2021, the State minimum wage increases will be set at 100% of CPI. As a result the 10 YFSM anticipates increasing the COLA adjustments to 100% of CPI beginning in 2021.
- *Health Benefits:* The City obtains medical plans through the Association of Washington Cities (AWC). In 2018 the City maintained its monthly contribution toward employee health benefits to help offset increased employee costs. With premium increases anticipated for 2019, we return to the allotment strategy

included in Ordinance No. 799. This strategy will increase the City allotments from the \$1,003 minimum and \$1,876 maximum per month to \$1,014 minimum and up to \$1,919 maximum.

- *Extra Help Salary Table:* The extra help salary table has been adjusted by 90% of CPI for 2019 and 95% of CPI in 2020 to accommodate minimum wage increases mandated by Initiative 1433, passed by voters in November 2016. I-1433 sets the minimum wage at \$13.50 in 2020, with increases at 100% of CPI starting in 2021. The City Manager is recommending, as discussed last year and noted above, the City's practice be modified to provide COLA at 100% of CPI-U instead of the current 90%, to maintain equity between the two tables in 2021.

Investments:

The City Manager is recommending various supplemental requests to meet organizational priorities that allow for the effective delivery of priority public services and completion of council goals. The City Manager's 2019-20 Proposed Budget will include a recommendation to fund the following one-time items with projected one-time savings and on-going items with on-going revenue.

Council Goals:

The following recommended investments support the 2018-2020 Council Goals. For more information about these goals, please click on the links below:

- *Goal 1:* [Strengthen Shoreline's economic climate and opportunities](#)
- *Goal 2:* [Improve Shoreline's infrastructure to continue the delivery of highly-valued public service](#)
- *Goal 3:* [Continue preparation for regional mass transit in Shoreline](#)
- *Goal 4:* [Expand the City's focus on equity and inclusion to enhance opportunities for community engagement](#)
- *Goal 5:* [Promote and enhance the City's safe community and neighborhood programs and initiatives](#)

Human Services Funding:

- The 2019-20 Proposed Budget continues to increase funding for human services to reach the City Council's goal of committing 1.0% of recurring General Fund revenues to human service providers with the allocation for 2019 at 0.84% and for 2020 at 0.88%. The budget includes one-time funding of \$22,000 for a housing outreach worker to contact people living homeless either on the street, in vehicles or in Winter Shelter to conduct assessments with them, to assist and connect them to essential housing and community resources and ultimately to support their moving off the street. The program will also assist Shoreline staff to better understand the scope and nature of homelessness in Shoreline and to provide a resource when staff encounter people living homeless. The program projects serving 190 individuals each year who list Shoreline as their last place of residence.

One-Time Funding Requests:

- *Expand Residential Housing Choices* (Council Goal 1; 2020; General Fund: \$75,000): In January 2018, the City Council provided staff direction at the joint City Council and Planning Commission dinner meeting to include on the 2020 Work Plan a project with the community to possibly expand the types of housing in Shoreline. The 2020 Residential Housing Choices project would be to explore the “missing middle” suite of options for housing styles, including cottages, tiny houses, VRBOs (Vacation Rental by Owner) and ADUs (Accessory Dwelling Units). The primary focus would be to create an opportunity for public dialogue about whether these options are appropriate for Shoreline and in which zoning designations, including use of such tools as visual preference surveys, online meetings, and other creative outreach. Potential assistance could include: developing a communications plan; researching model code language for jurisdictions that regulate these housing styles well; and, creating visual tools (online, print, photographs, diagrams, etc.) to communicate the purpose of the project and to obtain feedback regarding design options for various housing types.
- *Townhouse Design Standards* (Council Goal 1; 2019; General Fund: \$41,000): In January 2018, the City Council provided staff direction at the joint City Council and Planning Commission dinner meeting to include on the 2019 Work Plan the creation of design standards for townhomes (attached single family). The scope of work would primarily entail researching model townhome design standards and creating diagrams that illustrate what to do and what not to do, or to simply illustrate the standard. Illustrations could resemble the line drawing style currently used in the Development Code or something more elaborate.
- *Americans with Disabilities Act of 1990 (ADA) Parks Assessment and Transition Plan Development* (Council Goal 2; 2019-20; General Fund: \$170,000): In 2016, the Parks, Recreation and Cultural Services Department completed an inventory of the assets and features in Shoreline park system. The inventory did not assess what park features and access points met ADA requirements. An assessment of ADA features in the park system is required to ensure that deficiencies do not exist and requirements of ADA are met. Detailed items such as trail and pathway slopes, widths of doors and gates and restroom facilities require review by professionals specially trained in ADA requirements.
- *Update the 2015 Landscape Conservation Local Infrastructure Program Report* (Council Goal 2; 2019; General Fund: \$30,000): City Council directed staff to continue to analyze the Landscape Conservation and Local Infrastructure Program (LCLIP). The purpose of the Landscape Conservation and Local Infrastructure Program is to encourage the Transfer of Development Rights (TDR) with a public infrastructure financing tool called tax increment financing (TIF). The LCLIP report developed in 2015 was studied by with findings presented to the City Council on November 6, 2017. At the conclusion of the discussion the City Council directed staff to continue to evaluate the program and bring back a recommendation sometime in 2019. The City will hire a consultant

to update the 2015 LCLIP Report in 2019, including detailed Shoreline specific analysis, to be used for this next evaluation of the program.

- *Green Cities Partnership Launch – Establish the Green Shoreline Partnership* (Council Goal 2; 2019-20; General Fund: \$30,000): The process of forming a new Green City with Forterra involves an initial assessment of the current acreage and condition of a city’s forested parks and natural areas. With this information Forterra works with the City to develop and implement a 20-year strategic plan with the forest restoration goals over a set timeline. Forterra support also includes developing a community-based volunteer stewardship program to support restoration efforts across the city. In addition, Forterra facilitates connections across the Partnerships through the Green Cities Network, providing a venue for resource sharing, idea creation and consistency in regional restoration efforts. Forterra estimates \$60,000 in startup costs to do the initial assessment and planning work. The City’s contribution of \$30,000 will leverage an equal amount from Forterra and/or other grant sources.
- *Expanded Outreach and Engagement* (Council Goal 4; 2019-20; General Fund: \$24,000): Develop and pilot two expansions of existing efforts to engage the community:
 - Through the Diversity and Inclusion Program the Shoreline Community Bridge Pilot will provide diverse, multilingual community members with informational training sessions to increase their knowledge of City and government services, resources and opportunities to become engaged in and work with the City. Participants will have the opportunity to identify and execute a community engagement project focused on serving residents with limited English skills who are not currently able to access our more traditional community input practices such as boards, advisory committees and commissions or standard City input practices (i.e. open houses, surveys, Council meetings).
 - Through the Neighborhoods Program the Community Micro-Grants Pilot will run parallel to the Neighborhood Mini-Grant program and reach to residents that have not traditionally engaged with Neighborhood Associations (i.e. new residents, renters and apartment dwellers and those living in transition areas). The Micro Grants Pilot will support efforts of smaller groups to build stronger community connections with each other and with the City.

Ongoing Programs:

- *Continuous Improvement and Organizational Development* (Council Goal 4; 2019-20; General Fund: \$100,000): The City’s Leadership Team developed an 18-month roadmap to advance *Continuous Improvement*. The City Council funded activities outlined in the plan for 2017 and 2018 that resulted in Leadership Team training, the completion of two process improvements, and a citywide training on tools needed to improvement engagement with process improvement efforts. The City Manager desires to continue to build on the 18-

month roadmap by building capacity to lead these efforts internally in coordination and to develop an organizational development plan in coordination with the Human Resources Department and the Diversity & Inclusion Division.

- *Translation Services* (Council Goal 4; 2019-20; General Fund: \$70,000): As the City continues to expand its outreach and inclusion efforts to diverse communities, we anticipate the need for more translation and translator services. Creating a citywide fund for these services will allow us to better track how much we are spending, what services are used most, and what languages are most requested. This data will help us better plan our communication and outreach efforts.

Organization Goals

One-Time Funding Requests:

- *City Asset Maintenance & Efficiencies:*
 - *Bridge Cleaning – Bid and Cost Estimate Development* (2020; Street Fund: \$15,000): The two Aurora Pedestrian Bridges require periodic cleaning. Earlier cost estimates of this work, compiled in 2016, assumed King County would perform the work. King County is no longer a viable option for street maintenance services as it has been non-responsive under its municipal agreement to the City's requests such as this due to reduced King County maintenance staffing. As a result the City needs to develop bid-ready technical specifications and budget estimates to accomplish this work utilizing private contractors. The cost to let the contract to clean the bridges would then be requested in the 2021-22 budget.
 - *Guardrail Repair* (2020; General Fund: \$83,700): Guardrail maintenance is currently underfunded and there is no staff resource currently assigned to it. Over the last three years multiple vehicle collisions have damaged guardrails throughout the City. The 2019-20 proposed preliminary budget includes funding to contract out repair of priority guardrail runs that have been damaged.
 - *Public Art Funding Options Analysis* (2019; General Fund: \$5,000): The Municipal Art Fund, commonly referred to as the Public Art Fund, was established in 2002 with annual contributions from certain capital projects deposited into the Fund for supporting public art. The funds deposited into the Fund are sporadic and result in uncertainty for the ongoing public art program. In 2017 the City Council adopted the Public Art Plan that includes a goal to "identify and implement alternate or additional funding sources in 2019-2020". This \$25,000 in funding provides consultant assistance in collecting information from other jurisdictions about how their public art programs are funded and analyzed in the context of Shoreline to determine feasibility and revenue potential since PRCS staff do not have the capacity or expertise to complete this work.

- *Fleet & Facilities Maintenance Worker Extra Help* (2019; General Fund: \$15,000): The addition of Extra Help/seasonal support beginning in 2019 will enable Facilities regular staff to return to desired service levels to respond to and maintain City assets for compliance with safety and efficiency standards. Extra Help support will eliminate the growing backlog of work orders and services requests, thereby allowing staff to respond to issues in a timely manner and maintain support to projects and programs with facility implications. Additionally it will allow staff to fully evaluate the ongoing impact of supporting additional vehicles, facility square footage and special events.
- *Fiber Connection to Ronald Wastewater District Facility* (2020; Wastewater Utility Fund: \$10,000): At the time of operational transition, it was not known how long the Ronald Wastewater District facility would be utilized. It now appears that this facility will be used for the foreseeable future to support Wastewater operations. A quick, inexpensive connection was implemented between City Hall and the facility. In order to provide appropriate enterprise-grade network services to the facility a fiber connection is needed.

Ongoing Funding Requests:

- *Operational Cost and Workload Increases:*
 - *Electricity Costs* – As mentioned earlier in this report there have been significant increases in electricity costs for the City. These costs totaling almost \$120,000 annually or \$240,000 for the biennium and are primarily a result of increased rates charged by Seattle City Light for electricity used in City facilities, traffic signals and street lights.
 - *Durable Pavement Marking (Thermoplastic) Maintenance* (2019-20; General Fund: \$60,000 one-time; \$207,400 ongoing): King County has historically provided the majority of City traffic control device maintenance including durable pavement markings (thermoplastic). Over the last 3 years, County priorities have changed, and as a result King County has not been consistently or reliably providing durable pavement marking maintenance, installation or removal for the City. This change will achieve basic maintenance of durable pavement markings (thermoplastic).
 - *Street Operations Operating Supplies* (2019-20; Street Fund: \$24,000): Rising oil prices for material used for street maintenance like plastic pipe, asphalt emulsions, crack seal and patching material have increased costs to acquire deliver these same items to market. This proposed budget adjustment reflects these inflationary costs, projected actual year-end expenditures for 2018 and anticipated 2019-2020 expenditures.
 - *Parks, Recreation and Cultural Services Program Van* (2019-20; General Fund: \$39,422 one-time; \$12,852 ongoing): A healthy, robust recreational program expands beyond the walls of a community or recreation center. Meeting the diverse array of recreational needs of the community requires creative and active programming which engages participants in new

experiences. The entirety of the recreation program offerings have increased over the past decade, including those which rely on vehicles. The Adult trips program, Camp Explore (a weeklong trip based summer camp for teens with disabilities) and Outdoor Adventures youth and teen camps are highly successful programs which were started within the last ten years and which depend on vehicles to transport participants. The City has relied upon King County Metro Van Pool donated vehicles to supply enough vehicles to allow for these programs to exist. These vehicles have a short lifecycle and tend to be unreliable, thus not a sustainable option for program needs. This summer, two of the vehicles being used for regular programming were slated for surplus yet due to lack of vehicles were kept in the fleet to meet community needs. The demand for these vehicles is increasing from both PRCS staff and other departments in the City.

- *Planning & Community Development Extra Help to Address Increase of Permit Activity (2019-20; General Fund: \$20,000)*: PCD staff assumed the role of permit intake and issuance for wastewater permits that were previously being processed by a variety of Ronald Wastewater staff. This workflow is logical, as PCD processes all City permits. Based on the year-to-date volume of 280 permits, PCD expects to process 400 permits in 2018. In order to assist with this increased workload, the 2019-2020 budget includes funding for extra help, which will perform intake and issuance of routine permit types; process payments; and perform administrative functions to perform these new duties.
- *Fleet & Facilities Maintenance Worker Extra Help (2019-20; General Fund: \$21,000; Vehicle O&M Fund: \$9,000)*: The addition of Extra Help support beginning in 2019 will enable Facilities and Fleet regular staff to return to desired service levels to respond to and maintain City assets for compliance with safety and efficiency standards. Extra Help support will eliminate the growing backlog of work orders and services requests, thereby allowing staff to respond to issues in a timely manner and maintain support to projects and programs with facility and fleet implications. Additionally it will allow staff to fully evaluate the ongoing impact of supporting additional vehicles, facility square footage and special events.
- *Efficiency & Effectiveness:*
 - *Answering Service and Online Research (2019-20; General Fund: \$9,500)*: Support of the on-call process by adding a live after-hours answering service and adding an online investigation service for improved data access for customer information.
 - *Revenue-Backed Expenditure Authority for Parks Recreation Cultural Services to Add Programs (2019-20; General Fund: \$50,000)*: Community recreation demands fluctuate, thereby making it difficult for staff to define an exact dollar amount necessary for contracted recreational services in upcoming years. This past year the static nature of the professional services budget only allowed for program expansion to meet community demand for

summer programs (i.e., Dandylyon Drama and Nature Vision summer camps) through going to the City Council for budget amendments. Including this revenue-backed expenditure line item will eliminate the need to go to the City Council for program expansion needs based on community demand as it gives staff the ability to add programs and associated contracted expenses, which are fully revenue-backed, throughout the year.

- *Vegetation and Equipment Backfill (2019-20; Street Fund: \$32,000; SWM: \$8,000)*: Roadside and slope mowing services are an essential street maintenance function to ensure safe use of the infrastructure for bicyclists, pedestrians, and vehicles. The current rental budget provides for approximately a month of roadside and slope mowing services during the growing season. However, this rental timeframe has not allowed staff to address all roadside vegetation areas requiring service. Additional rental funding will allow staff to provide one additional month of service and provide staff the flexibility to extend the rental timeframe during the growing season or perform this service off-season when the vegetation is dormant, which helps stunt the vegetation's growth and reduces the time to cut these areas the following spring. Additional equipment rental funding is required to address equipment loss during scheduled and unscheduled repairs and to address scheduling conflicts between street and surface water maintenance activities.
- *New Used-Backhoe (2019-20; Street Fund: \$100,000 one-time; \$37,322 ongoing; SWM Fund: \$25,000 one-time)*: Certain maintenance operations require the loading and unloading of materials and equipment. The operations include: loading gravel into dump trucks for shoulder maintenance, loading street sweeping debris into a designated dumpster, loading and removing occasional slide debris from roadways, loading snow and ice equipment onto and off of truck chassis and loading salt into spreaders, removing large downed trees from roadways and other lifting activities.

Additionally, another backhoe provides redundancy when the current backhoe is unavailable for scheduled or unscheduled maintenance or repair. With increasing emphasis and focus on surface water work, scheduling conflicts between surface water and street maintenance activities are avoided with having a second backhoe available to support two separate jobs.

Ongoing SWM Fund impacts have been addressed within existing budget.

- *Organizational Development:*

- *Enterprise Application Annual User Conferences (2019-20; General Fund: \$10,600)*: The vendors of the City's Enterprise applications (Financial, Permitting, Asset Management, SharePoint) offer annual conferences where major enhancements are announced and senior officers are available for 1:1 meetings with customers. IT was able to attend these conferences over the past two years as a part of the projects that funded new application implementation. These projects will be complete in 2019. While the City is generally offered free or reduced conference fees, travel costs remain the

responsibility of the City. Attendance at the conference ensures that the City is aware of upcoming changes, made aware of new functionality, and allows us to hear how other organizations are leveraging the application.

- *Parks, Recreation and Cultural Services Travel and Training (2019-20; General Fund: \$18,338)*: Increase travel and registration funding for the PRCS programs based on required certifications (i.e., life guards) and professional development.
- *Superior Training/Distance Learning (2019-20; General Fund: \$4,000)*: Superior offers two types of online training experiences, web classes and distance learning sessions, for the TRAKiT permit processing software suite. Permitting staff would benefit greatly from ongoing training associated with this constantly evolving software program. Training associated with current versions of the program would also be beneficial to explore tools, tips, and best practices.
- *2019 National American Public Works Association Conference (2019; General Fund one-time: \$7,000)*: The National American Public Works Association conference is being held in Seattle. This is a rare opportunity to allow Public Works staff to attend a nation conference without travel and lodging expense, to network with colleagues, attend seminars and trainings, see latest technologies and equipment and represent Shoreline to other Public Works professionals.

Technology Investments:

One-Time Funding Requests:

- *Aerial Photography (2019; General Fund: \$50,000)*: Current digital aerial photography and mapping provide the backbone of essential GIS layers for the City's geographic information system (GIS). This geographic data supports many of the City's business needs including: traffic engineering, park and open space planning, long range planning, surface water management, and code enforcement. The high resolution imagery produced by this project will provide the sharpest resolution imagery technology available to enable mapping of manholes, catch basins, and signs at a time when the City renews its asset management effort.
- *Staff Technology (2019; General Fund: \$14,700)*: Technology has become an indispensable tool to support City business processes. Maintenance workers and inspectors are entering work into enterprise systems. City staff are using data to drive decisions. As a result of a City-wide assessment of the technical tools required for staff to adequately deliver service it has been determined that additional hardware needs to be acquired.
- *Document Records Management (2020; General Fund: \$35,000)*: Many municipalities have not found SharePoint to be a sufficiently robust tool to

manage records and have purchased companion tools that integrate with SharePoint to satisfy that need. Should staff determine that the SharePoint records center is not sufficient to fulfill the City's operational needs in this area, a formal analysis will be completed and a companion product selected to fill the operational gap.

Ongoing Funding Requests:

- *Engineering Design and Plan Review Software (2019-20; General Fund: \$55,915):* The City has increased engineering staff and those new staff have greater knowledge and ability to leverage advanced engineering tools and substantially reduce engineering design costs. Additionally, the City is incorporating electronic plan review, which requires more staff to have the tools used for such review.

One-Time Capital Improvement Plan General Fund Support:

The 2018-2023 Capital Improvement Plan (CIP) utilized \$3.183 million in General Fund contributions to support the following projects:

- *General Capital Fund:*
 - *Police Station at City Hall (\$0.744 million in 2018)*
- *Roads Capital Fund:*
 - *160th & Greenwood/Innis Arden (\$105,000 in 2017)*
 - *185th Street Corridor Study (\$516,000 in 2018)*
 - *Design of Westminster Way and N 155th Street Improvements (\$273,000 in 2018)*
 - *Design of Trail Along the Rail (\$213,000 in 2018)*
 - *Design of the 147th/148th Non-Motorized Bridge (\$350,000 in 2018)*

The timing of various projects has shifted and is reflected in the attached fund summaries (Attachment C). The discussion of the 2018 ending fund balance for the General Fund discussed in the 2018 Operating Budget section above does not reflect the shift of the programmed use of General Fund contributions from 2018 to the 2019-20 proposed budget accordingly with the timing of certain projects. Additionally, the proposed 2019-2024 CIP reflects this shift and requires an additional contribution from the General Fund to the General Capital Fund for the *Playground Replacement* project (\$200,000). The General Fund has sufficient fund balance to provide these contributions, which will be reflected in the 2019-20 proposed budget.

2019-20 Operating Budget Revenues

2019 Property Tax Levy:

The King County Assessor's Office has not yet released preliminary assessed valuation (AV) for the City, but staff is estimating an increase of 4.8% 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 June-to-June percentage change

in the CPI-U index, which equals 3.28%. With the inclusion of new construction AV estimated at \$48.107 million, the resulting estimated 2019 property tax levy would be \$13.302 million while the projected levy rate would decline from the current levy rate of \$1.26752 to an estimated \$1.24694 per \$1,000 of assessed valuation. The preliminary estimate for City property taxes that will be collected in 2019 totals \$13,301,684, assumes a 100% collection rate, and is \$457,000, or 3.6%, more than the projected 2018 tax collections.

2020 Property Tax Levy:

It is anticipated the City will be able to take advantage of the provision in Proposition 1 to increase the property tax levy by the June-to-June percentage change in the CPI-U index, which is forecast at 2.32%. With the inclusion of new construction AV forecast at \$45.732 million, the resulting estimated 2020 property tax levy would be \$13.667 million, which is \$365,000, or 2.8%, more than the estimated 2019 tax collections.

2019-20 General Fund Operating Revenues:

- *Sales Tax Revenue:* Projected revenue of \$9.003 million in 2019 reflects an increase over the 2018 budget by \$599,000, or 7.1%. Projected revenue of \$9.319 million in 2020 reflects increases over the 2019 budget of \$291,000, or 3.2%.
- *Business & Occupation Tax Revenue:* The Business & Occupation Tax adopted by the City Council in December 2017 will become effective January 1, 2019. It is estimated revenue will total \$1.033 million in 2019 and \$1.065 million in 2020.
- *Criminal Justice Sales Tax Revenue:* Projected revenue of \$1.641 million reflects increases over the 2018 budget and revised projection by \$71,000, or 4.5%, and \$61,000, or 3.9%, respectively. The projection for this revenue source is based on taxable sales and population estimates for King County.
- *Utilities Taxes, Franchise Fees and Seattle City Light (SCL) Contract Revenue:* Projected revenue of \$9.008 million reflects increases over the 2018 budget and revised projection by \$57,000, or 0.6%, and \$267,000, or 3.1%, respectively. The increase in Storm Drainage Utility Tax, largely as a result of the Surface Water Utility's 27% rate increase, is offset by forecast year-over-year decreases in receipts from natural gas, cable and telecommunications receipts. It is anticipated that receipts from SCL will increase commensurate with adopted rate increases for 2019 and 2020 of 5.8% and 5.4%, respectively.
- *Gambling Taxes:* Staff projects that gambling taxes from card room and pull-tab activity will remain steady at the 2018 level of \$1.587 million.
- *Development Revenue:* Base 2019 development revenues are expected to increase over 2018 base budget amounts by \$271,000, or 15.7%, as a result of an increase in the base level of development activity. Base 2020 development revenues are expected to increase 8.4% over 2019 amounts. In 2019, budgeted development

revenues include \$464,000 in one-time revenues largely from the Shoreline School District's projects.

- *Liquor Excise Tax:* Staff projects, based on the most recent per capita estimates, that the City will receive \$278,000 in 2018, which is 4.9% more than 2017 receipts, \$287,000 in 2019, which is an increase of 3.0% over the 2018 revised projection, and \$294,000 in 2020, which is an increase of 2.8% over the 2019 projection.

2019-20 Operating Budget One Time Resources:

- *Street Fund:* The Gas Tax does not provide sufficient resources for our streets crews to perform the services that the citizens expect from our existing transportation network; therefore, the General Fund provides the Street Fund a subsidy to ensure resources are available. As was noted above, the Street Fund is projected to end 2018 with a fund balance of \$408,000, which will be well above the minimum required balance of \$259,000.

Fee Schedules

- *Fee Schedules:* Generally, fees included in the fee schedules are increased from the current year's level by the June-to-June percentage change of the Seattle / Tacoma / Bellevue Consumer Price Index-All Urban Consumer (CPI-U; link to historical table: https://www.bls.gov/regions/west/data/consumerpriceindex_seattle_table.pdf). Unless otherwise discussed below, many fees presented in the 2019 proposed schedule will be increased by 3.28% and fees presented in the 2020 proposed schedule will be increased by the forecast change of 2.32%. The text in the fee schedules may have changed with deletions shown as ~~strikethrough~~ and additions shown as **bold**.
- *Business License Fee:* The fee schedule for initial business registrations will incorporate *FileLocal's* standard proration approach, under which the fee for initial applications for a City-issued license filed between January 1 and June 30 will be set at \$40 and those filed between July 1 and December 31 will be set at \$20. The license issued under either application will expire at the end of the calendar year.
- *Park, Aquatic and Recreation Fees:* The Parks, Recreation and Cultural Services (PRCS) Department performed a comprehensive cost recovery evaluation in 2015 identifying cost recovery objectives for the various PRCS fees. Since that time PRCS performs cost recovery evaluation on a subset of their fees annually to ensure that fees continue to meet identified objectives and stay competitive in the market. Fees not evaluated each year are adjusted by CPI-U as described above. One addition to the fee schedule beginning in 2019 is 3.01.300(E)(5), a \$1 fee for a visitor at the Shoreline Pool that only uses the shower. This fee is being added to bring the schedule for Aquatics Drop-In Fees in alignment with the fee charged in 3.01.300(D)(1) for a visitor at the Spartan Recreation Center that only uses the shower.

- *Impact Fees:* When adopted in November 2014, Ordinance No. 690 included an escalator of the Transportation Impact Fees using the Washington State Department of Transportation's Construction Cost Index (WSDOT CCI). WSDOT no longer maintains this CCI and instead has moved to a new CCI model that uses a different methodology. Unfortunately the new CCI is not published in a manner that makes it readily available. Park Impact Fees are adjusted by the same percentage changes in the most recent annual change of the CCI published in the Engineering News-Record (ENR) for the Seattle area. Staff will bring to the City Council an amendment to the Shoreline Municipal Code 3.80.130(B) to make consistent the use of the ENR CCI for Transportation Impact Fees and Park Impact Fees. Application of the ENR CCI to the Transportation Impact Fees and Park Impact Fees results in a year-over-year increases of 2.8% each for 2019 and 2020.
- *Vehicle Impound Fees:* The intent of the impound ordinance codified in Shoreline Municipal Code (SMC) 10.05.030, MTO amendments, was to reduce Driving While License Suspended (DWLS) violations by taking the vehicle away from the violator and ensuring their license, registration and insurance was in order before release. The climate has changed and through discussion between the Shoreline Police Department (PD), City Manager and City Council, the ordinance is viewed as punitive and charging the administrative fee in SMC 3.01.230, Vehicle impound fees, only serves to deepen the financial burden for a large group of individuals with a license suspended resulting from the individuals' inability to pay the fine(s). The Courts have established payment plans and relicensing programs for eligible individuals to address this issue. There is no longer a need for the City of Shoreline to be involved with most impounds as Shoreline PD has established other ways to address DWLS offenders, such as finding a driver with a valid license or parking the vehicle legally. In the event a vehicle needs to be impounded, the owner of the vehicle will need to pay impound and storage fees to the tow company and comply with the Revised Code of Washington (RCW) when releasing the vehicle from impound but there is no longer any need for the City of Shoreline to also charge the administrative fee in SMC 3.01.230. The City Manager recommends striking this fee from the fee schedule in the 2019-20 budget.
- *Surface Water Management Rates:* The City Council provided direction to staff to pursue the Proactive Management Strategy for the 2018 Surface Water Master Plan update. The 2019 and 2020 Surface Water Management fees reflect the financial impacts of the Proactive Management Strategy as was presented to the City Council in development of the 2018 Surface Water Master Plan.

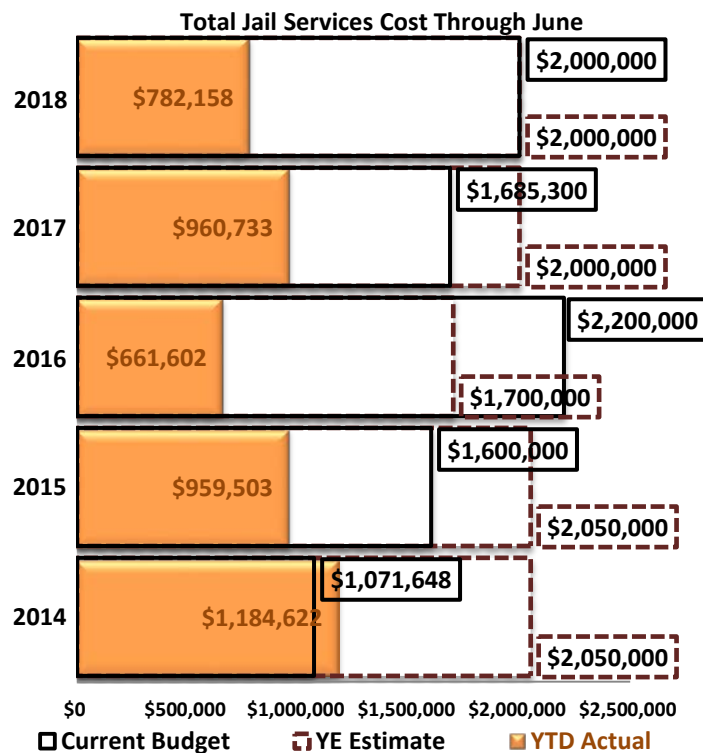
Major Contracted Programs

- *Jail Activity:* Projections for the 2019-20 proposed preliminary budget, along with future forecasts, are based on activity trends over the last couple of years, the number of guaranteed beds at the South Correctional Entity (SCORE), and an inflation rate factor outlined in the interlocal agreement (ILA) with King County.

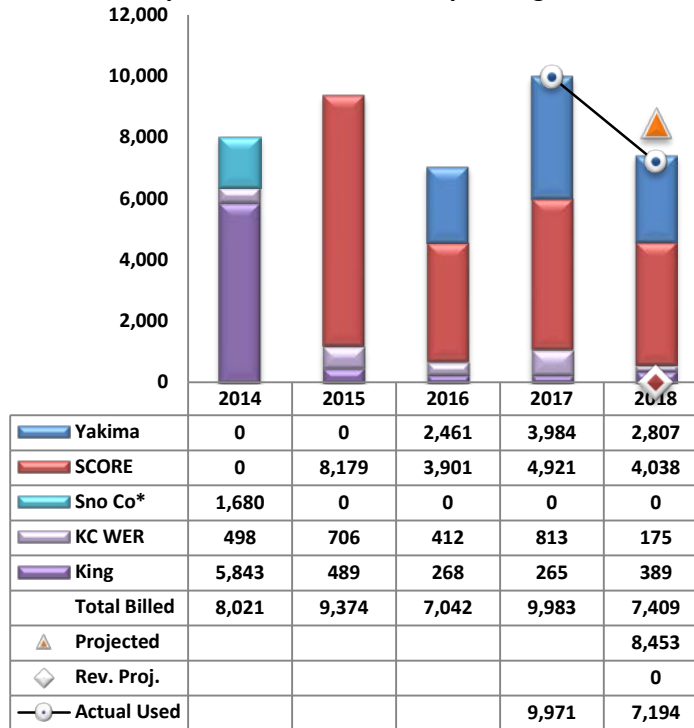
Beginning in 2016, inmates serving a sentence longer than three days are being housed at Yakima County Jail. The current contract with SCORE is being continued as the City's primary booking facility. In 2018, projected jail housing days and costs are estimated to be in line with the activity level originally budgeted at 19,000 housing days as shown in the table below:

Facility	Activity	%	Cost	%
King County Housing	875	4.6%	\$164,789	8.7%
King County Work Release	1,500	7.9%	\$209,655	11.0%
SCORE	11,150	58.7%	\$1,212,943	63.8%
Yakima	5,475	28.8%	\$314,744	16.5%
Total Jail Services	19,000	100.0%	\$1,902,131	100.0%

For the first half of 2018, the City's jail services costs were less than those for 2017 by 18.6% but more than those for 2016 by 18.2%. The number of billed jail beds is less than the year-to-date projection and year-ago level by 14.4% and 21.1%, respectively. With that, jail days cost is less than the year-to-date budget projection and year-ago level by 10.9% and 10.5%, respectively. What is unknown is the potential impact a new judge will have on the number of jail days in 2019 and beyond.



Jail Days & Work Release Activity Through June



A significant portion of the savings can also be attributed to transferring a portion of the City’s sentenced jail population to the Yakima County Jail. The daily cost for housing inmates at Yakima is roughly half that for SCORE. Transferring sentenced inmates to Yakima and using 2,806 beds through June, or an average of 15.5 beds per day, saved \$311,000 in housing costs.

While the use of jail services from SCORE will be maximized by housing inmates being held pre-disposition that are not eligible for work release, the overall projected cost, including housing, medical, booking, etc. of \$2.000 million will still result in a decrease of 9.1% from the 2016 adopted budget.

- Police Contract:** The 2019-2020 budget includes the addition of one officer in 2020. The City has been under its target ratio of 1 officer per 1,000 residents for some time. Public safety and keeping crime rates low in Shoreline continue to be a priority for the community and council. The addition of a K9 Unit in 2018 helped to address this issue but is not sufficient. The addition of two additional officers in 2019 would increase the ratio to 0.99 per 1,000 residents. However, given the current financial forecast, the City Manager is proposing to add one officer in 2020.

Negotiations for the King County Sheriff’s Office (KCSO) guild contract are currently underway for the contract that will affect 2019 and 2020. As the level of COLA for 2019 and 2020 is not known, staff projects that the 2019 police services contract will total \$12.304 million, which is 4.3% more than the 2018 police services contract and the 2020 police services contract will total \$12.798 million, which is 4.0% more than the 2019 police services contract. The first detailed estimate will be provided by KCSO in late September or early October. For future years (2021 onward), staff has assumed an annual escalator of 3.5%.

2019 – 2024 Capital Improvement Plan (CIP)

The 2019-20 proposed budget will include the proposed 2019-2024 Capital Improvement Plan (CIP). Its development included staff’s review of the current 2018-2023 CIP, City Council direction, the City’s various master plans, and projected available revenues. As Council is aware, there are limited capital funds available for the many capital needs of the City. It is worth noting that a master plan is complete for Parks, Recreation and Open Space and underway for Transportation. These will impact programming of future capital projects. New projects recommended in the CIP are funded through a combination of increased revenues, grants, and, in some instances, General Fund contributions. Attachment C to this staff report provides the fund summaries for all four capital funds.

2019 – 2028 10 Year Financial Sustainability Model Operating Budget Projections

The City Council reviewed and accepted the Ten Year Financial Sustainability Plan (10 YFSP) on June 16, 2014. The Ten Year Financial Sustainability Model (10 YFSM) has since been utilized in presenting the long-term financial projections for the 2015, 2016, 2017, and 2018 proposed budgets, as well as amendments to those budgets. It will now be utilized in presenting the City first biennium budget (2019-20) and the following three biennia. In staff’s opinion, the model is having the effect on budget planning that was desired by the Council as the Administrative Services Department is monitoring the City’s progress in relation to the Financial Sustainability Model. Staff has recently updated the model as part of the 2019-20 budget process. The 2019-20 preliminary budget projects a surplus of \$2.445 million.

Below is a comparison of the September 2018 forecast and the September 2017 forecast projected operating budget surplus/(gap) for each year of the next five biennia:

Projected Surplus / (Gap)	2019 Proposed	2020 Proposed	2021 Forecast	2022 Forecast	2023 Forecast
Sept. 2017	2,260,682	247,128	(196,519)	(327,467)	(140,030)
Sept. 2018	1,339,980	1,104,687	93,477	6,884	(530,472)
Change	(920,702)	857,559	289,996	334,351	(390,442)

Projected Surplus / (Gap)	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Sept. 2017	(504,555)	(765,959)	(661,053)	(797,602)	(797,717)
Sept. 2018	(680,642)	(753,909)	(931,323)	(939,539)	(1,061,497)
Change	(176,087)	12,050	(270,270)	(141,937)	(263,780)

The update for the budget process includes incorporating changes to the projected revenue and expenditure forecast based upon updated economic indicators and actual experience. The forecast presented in this report presents the forecast at 100% for revenues and expenditures.

In the model presented with the 10 YFSP in June 2014, potential gaps were noted beginning in 2018. In the April 2017 model, potential gaps were noted beginning in 2019. The September 2017 update projected budget gaps pushed out to 2020 as a result of implementing several of the strategies adopted in the 10YFSP. The September 2018 update projects budget gaps pushed out to 2023 as a result of implementing the Business & Occupation Tax strategy adopted in the 10YFSP.

Long-Term Budget Trends and Assumptions in the 10YFSP Model:

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

- *Property Tax:* As was noted above, the preliminary 2019 property tax levy is anticipated to increase from the 2018 levy by \$0.457 million, or 3.6% due to a recommended 3.28% inflationary increase in the levy plus new construction. The City’s assessed valuation is currently estimated to increase by 4.8% in 2019, decrease by 1.1% in 2020, and increase by between 2.3% and 3.8% for 2021 to 2028.

The levy lid lift approved by Shoreline voters limits the growth in the annual property tax levy to the rate of inflation plus new construction. Once the levy lid lift expires in 2022, the annual levy will only be allowed to grow by new construction plus the statutory 1.0% limit. As a result of the information above, property tax revenue is forecast to increase by 3.6% in 2019 and 2.7% in 2020, with average increases of 1.8% for 2021-2028. Below is a comparison of the September 2018 forecast as compared to the September 2017 forecast:

Projection	2019 Proposed	2020 Proposed	2021 Forecast	2022 Forecast	2023 Forecast
Sept. 2017	12,759,858	13,112,277	13,455,727	13,802,778	14,157,267
Sept. 2018	13,301,684	13,666,865	14,049,064	14,425,226	14,636,839
Change	541,826	554,588	593,337	622,448	479,572

Projection	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Sept. 2017	14,352,374	14,549,638	14,749,555	14,949,148	15,147,281
Sept. 2018	14,851,722	15,070,555	15,290,084	15,509,418	15,730,365
Change	499,348	520,917	540,529	560,270	583,084

- *Sales Tax:* The projection for sales tax for 2019 and 2020 has increased from the previous 2018 forecast based upon the updated retail sales growth assumptions for the Puget Sound area and Shoreline’s recent experience by 7.1% and 5.3%, respectively. Shoreline assumes that taxable sales will increase at 75% of the growth assumptions for the Puget Sound region, in keeping with past forecasting practices. Below is a comparison of the September 2018 forecast to the September 2017 forecast:

Projection	2019 Proposed	2020 Proposed	2021 Forecast	2022 Forecast	2023 Forecast
Sept. 2017	8,428,191	8,853,591	9,176,229	9,499,130	9,821,654
Sept. 2018	9,027,566	9,319,003	9,557,493	9,851,890	10,170,318
Change	599,375	465,412	381,264	352,760	348,664

Projection	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Sept. 2017	10,163,744	10,518,966	10,884,689	11,262,802	11,652,994
Sept. 2018	10,495,186	10,826,579	11,163,228	11,512,801	11,873,603
Change	331,442	307,613	278,539	249,999	220,609

- *Gambling Tax:* Staff has assumed no growth in future years in tax collections so a baseline of \$1.587 million is projected.
- *Market Adjustment (Cost of Living Adjustment) and Step Increases:* Cost of living adjustments and step increases are projected to increase salaries and wages by an average of 3.0% for 2021 through 2028. The salary forecast assumes 20% of employees will receive an annual step increase in 2021 through 2028.
- *Health Benefits:* Costs are projected with an annual escalator of 6.5% for all health benefits which includes medical, dental, life and long term disability coverage for 2021 through 2028. The projected increase for 2019 is 8.0%.
- *Public Employee Retirement System (PERS) Contribution Rates:* PERS contribution rates have decreased from those included in the September 2017 forecast at 12.92% to 12.87%. The changes to the personnel compliment discussed above also have an impact on PERS contributions. The change in the forecast for PERS contributions is reflected in the following table:

Projection	2019 Proposed	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast
Sept. 2017	1,460,511	1,512,591	1,556,562	1,600,986	1,598,317
Sept. 2018	1,595,454	1,635,904	1,677,766	1,668,479	1,686,081
Change	134,943	123,313	121,204	67,493	87,764

Projection	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Sept. 2017	1,548,218	1,655,731	1,704,371	1,754,662	1,806,542
Sept. 2018	1,769,692	1,822,757	1,877,972	1,935,329	1,994,558
Change	221,474	167,026	173,601	180,667	188,016

Projected Operating (General and Street Funds) Budget Ending Fund Balance:

As noted above, while the 2018 amended budget anticipated the use of \$6.763 million of fund balance; current estimates anticipate the use of only \$3.714 million. The General Fund is projected to end 2018 with \$12.285 million of fund balance, which will be well above the minimum required balance of \$4.093 million. The Street Fund is projected to end 2018 with \$408,000, which will be well above the minimum required balance of \$259,000.

The preliminary operating budget proposes programming fund balance for the following items:

- Operational Contingency and Insurance Reserve, which are not typically used during the year,
- One-time supplemental requests described earlier in this report (funded by savings from 2018); and,
- One-time capital contributions as reflected in the proposed 2019-2024 CIP fund summaries.

The programmed use of fund balance is anticipated to be offset by the projected surplus of \$2.445 million. Historically the City collects more revenues and expends less than the budgeted appropriations. The General Fund is projected to end 2019 and 2020 with \$11.718 million and \$12.117 million of fund balance, respectively, which will be well above the minimum required balance of \$4.139 million and \$4.145 million, respectively. The Street Fund is projected to end both 2019 and 2020 with \$408,000 which is above the minimum required balance of \$254,000 and \$260,000, respectively.

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 2018 is projected to be \$5.151 million. The General Fund will be required to transfer funds to the Revenue Stabilization Fund in 2019 and 2020 in the amount of \$314,000 and \$360,000, respectively. Long range projections indicate that the General Fund will need to transfer between \$48,000 and \$154,000 per year between 2021 and 2028.

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 ten years. Attachment B has a table summarizing the current budget projections and the base assumptions.

Financial Impact of Sound Transit Lynnwood Link Extension

The City Council approved the agreement for the Expedited Permitting and Reimbursement Agreement with Sound Transit for the Lynnwood Link Project (commonly referred to as the Staffing Agreement). The expenditures and revenues associated with this agreement are incorporated into the budget and projected to be equal, having a net zero impact on the City's net position. The Staffing Agreement only applies to the design and permitting stage of the project and does not address staffing for the actual construction stage of the project or other items or issues identified in the term sheet. Staff is currently negotiating additional agreements to address the costs and mitigation associated with future phases of the Lynnwood Link Project. Given the timing of the work, future agreements will likely continue to be presented to the City Council independent of the budget process and incorporated by budget amendments; however, the 10 YFSM revenue assumptions include revenue and associated costs from Sound Transit through 2022.

SUMMARY

It is projected that 2018 operating budget expenditures, excluding transfers between the General and Street funds, of \$48.014 million will be less than the current budgeted expenditures by \$2.356 million. While this indicates a need to use \$3.714 million of the \$6.763 million of budgeted fund balance, staff does not anticipate using any of the budgeted operational contingency or insurance reserve. The General Fund is projected to end 2018 with \$12.285 million of fund balance, which will be well above the minimum required balance of \$4.093 million. The Street Fund is projected to end 2018 with \$408,000, which will be well above the minimum required balance of \$259,000.

In addition to the one-time supplemental requests totaling \$3.286 million discussed in this report, the 2019-20 preliminary proposed budget also includes \$2.284 million from fund balance for the Operational Contingency and Insurance Reserve. Including these items would bring the total use of fund balance to \$5.570 million.

As the City Council is aware, the City tends to budget revenues slightly under actual results, and expenditures slightly above actual results. As a result staff anticipates that actual use of fund balance will ultimately be less than that budgeted. While these results cannot occur indefinitely, staff will continue to work to address projected budget gaps using and updating the 10 YFSM developed per the 10 YFSP.

Staff believes that the proposed 2019-2024 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.

Please remember that the numbers presented in this report are in many cases still based on rough estimates. More details will come in over the next few weeks, refining some of the numbers discussed this evening. Ultimately the City Manager will transmit the 2019-20 Proposed Budget and 2019-2024 CIP 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 2019-20 budget information. Staff anticipates that the City Council may provide additional direction to the City Manager as a result of this overview.

ATTACHMENTS

Attachment A: Second Quarter Financial Report

Attachment B: 10 Year Financial Sustainability Model Operating Budget Ten Year Forecast

Attachment C: 2019-2024 Capital Improvement Plan Fund Summaries



2018 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

GENERAL FUND REVENUES	COMPARED TO 2018 BUDGET	COMPARED TO 2017 ACTUAL	REFERENCE
PROPERTY TAX REVENUE	◀NEUTRAL▶	▲ POSITIVE ▲	PAGE 5
SALES TAX REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 6, 7
UTILITY TAX, FRANCHISE FEE & CONTRACT PAYMENT REVENUE	◀NEUTRAL▶	▲ POSITIVE ▲	PAGE 9
DEVELOPMENT REVENUE	▼ NEGATIVE ▼	▲ POSITIVE ▲	PAGE 10
PARKS AND RECREATION REVENUE	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 11
INVESTMENT INCOME	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 12, 18, 19
NON-GENERAL FUND REVENUES			
FUEL TAX	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 13
REAL ESTATE EXCISE TAX	▲ POSITIVE ▲	▼ NEGATIVE ▼	PAGE 16
SURFACE WATER FEES	▲ POSITIVE ▲	▲ POSITIVE ▲	PAGE 17

Key to revenue trend indicators:

▲ POSITIVE ▲ = Positive variance of >+2% compared to prior year actual.
◀NEUTRAL▶ = Variance of -1% to +2% compared to prior year actual.
● WARNING ● = Negative variance of -1% to -4% compared to prior year actual.
▼ NEGATIVE ▼ = Negative variance of >-4% compared to prior year actual.

This report reflects revenue collections and expenditures through June 30, 2018. The above table reflects differences when compared to the current budget's projection and the prior year's actual.

- General Fund receipts are 5.1% more than the year-ago level. Compared to the 2018 Budget, Development Revenue shows a negative due to the deferral of permit revenue from the Shoreline School District projects that will be posted later this year. Expenditures are 7.0% more than the year-ago level with departmental expenditures and operating transfers out more than the year-ago level by 4.2% and 73.0%, respectively. See pages 3-12 for details.
- Street Fund receipts are 4.6% less than the year-ago level. The General Fund is withholding its support until the Street Fund has a need. Expenditures, including transfers out, are 66.0% more than the year-ago level largely due to a one-time transfer of \$630,645, which was planned for in the 2018 Final Budget, of fund balance in excess of the Street Fund's minimum required balance of \$254,700 back to the General Fund. The City Manager intends to set these monies aside in reserve for future improvements for a maintenance facility. Fuel Tax revenue receipts are 4.2% more than the year-ago level. See page 13 for details.
- Surface Water Utility (SWM) Fund receipts are 50.6% more than the year-ago level. Storm drainage fees are 46.3% more than the year-ago level. Surface Water Utility operations expended 27.6% of the Operating Budget, which is 19.1% more than the year-ago level. Capital projects expended 32.2% of the Capital Budget, which is 1.8% less than the year-ago level. See page 17 for details.
- Real Estate Excise Tax revenue receipts are 6.5% less than the year-ago level. See page 16 for details.



2018 SECOND QUARTER FINANCIAL REPORT

ALL FUNDS FINANCIAL OVERVIEW

RESOURCES

Fund	2018 Current Budgeted Revenues	2018 Second Quarter Actual	2018 % of Current Budget	2017 Current Budgeted Revenues	2017 Second Quarter Actual	2017 % of Current Budget	2018 v. 2017 \$ Change	2018 v. 2017 % Change
General Fund	\$43,004,250	\$18,563,261	43.2%	\$40,457,949	\$17,660,901	43.7%	\$902,360	5.1%
Street Fund	1,296,037	625,717	48.3%	1,276,822	591,234	46.3%	34,483	5.8%
Code Abatement Fund	80,550	2,406	3.0%	80,550	207,648	257.8%	(205,242)	-98.8%
State Drug Enforcement Fund	18,243	2,638	14.5%	18,243	1,643	9.0%	995	60.6%
Public Arts Fund	5,000	2,109	42.2%	8,000	1,094	13.7%	1,015	92.8%
Federal Drug Enforcement Fund	13,000	438	3.4%	13,200	1,162	8.8%	(724)	-62.3%
Property Tax Equalization Fund	0	0	0.0%	0	1,148	0.0%	(1,148)	-100.0%
Federal Crime Forfeitures Fund	0	0	0.0%	201,500	3,160	1.6%	(3,160)	-100.0%
Transportation Impact Fee	200,000	591,350	295.7%	200,000	198,635	99.3%	392,716	197.7%
Park Impact Fee	50,000	10,440	20.9%	0	0	0.0%	10,440	0.0%
Unltd Tax GO Bond Fund	1,680,742	884,883	52.6%	1,700,000	894,465	52.6%	(9,582)	-1.1%
Limited Tax GO Bond 2009 Fund	320,000	180,474	56.4%	353,254	179,876	50.9%	598	0.3%
General Capital Fund*	3,694,755	969,878	26.3%	3,411,952	1,110,555	32.5%	(140,677)	-12.7%
City Facility-Major Maint. Fund*	883	682	77.3%	12	243	2022.0%	440	181.2%
Roads Capital Fund*	13,133,964	1,333,172	10.2%	13,148,193	2,059,481	15.7%	(726,309)	-35.3%
Surface Water Utility Fund*	10,624,200	3,072,330	28.9%	4,697,023	2,085,418	44.4%	986,912	47.3%
Wastewater Utility Fund	2,297,901	2,027	0.1%	0	0	0.0%	2,027	0.0%
Vehicle Operations/ Maint. Fund	503,786	426,118	84.6%	438,123	442,383	101.0%	(16,264)	-3.7%
Equipment Replacement Fund	511,327	442,582	86.6%	443,487	395,204	89.1%	47,377	12.0%
Unemployment Fund	0	447	0.0%	0	272	0.0%	175	64.3%
Total Budgeted Revenue	\$77,434,638	\$27,110,953	35.0%	\$66,448,308	\$25,834,521	38.9%	\$1,276,432	4.9%
Transfers In	7,503,327	3,680,441	49.1%	8,960,208	2,497,233	27.9%	1,183,208	47.4%
Budgeted Use of Fund Balance	12,964,930	0	0.0%	16,017,863	0	0.0%	0	0.0%
Total Budgeted Resources	\$97,902,895	\$30,791,394	31.5%	\$91,426,379	\$28,331,754	31.0%	\$2,459,640	8.7%

EXPENDITURES

Fund	2018 Current Budgeted Expenditures	2018 Second Quarter Actual	% of Current Budget	2017 Current Budgeted Expenditures	2017 Second Quarter Actual	2017 % of Current Budget	2018 v. 2017 \$ Change	2018 v. 2017 % Change
General Fund	\$45,210,942	\$16,882,181	37.3%	\$42,910,758	\$16,205,596	37.8%	\$676,585	4.2%
Street Fund	1,447,258	626,322	43.3%	1,404,314	704,838	50.2%	(78,516)	-11.1%
Code Abatement Fund	130,000	0	0.0%	100,000	0	0.0%	0	0.0%
State Drug Enforcement Fund	18,243	2,155	11.8%	19,043	226	1.2%	1,929	852.9%
Public Arts Fund	195,246	20,882	10.7%	96,203	25,990	27.0%	(5,108)	-19.7%
Federal Drug Enforcement Fund	58,000	46,473	80.1%	58,000	0	0.0%	46,473	0.0%
Unltd Tax GO Bond Fund	1,697,925	42,962	2.5%	1,710,375	50,843	3.0%	(7,881)	-15.5%
Limited Tax GO Bond 2009 Fund	1,661,417	551,959	33.2%	1,662,817	563,009	33.9%	(11,050)	-2.0%
Limited Tax GO Bond 2013 Fund	260,635	57,563	22.1%	260,948	60,188	23.1%	(2,625)	-4.4%
General Capital Fund	6,343,370	2,624,858	41.4%	8,438,164	472,832	5.6%	2,152,026	455.1%
City Facility-Major Maint. Fund	153,213	30,042	19.6%	96,000	39,348	41.0%	(9,305)	-23.6%
Roads Capital Fund	17,953,835	1,679,063	9.4%	17,832,628	1,843,039	10.3%	(163,976)	-8.9%
Surface Water Utility Fund	6,887,425	1,977,093	28.7%	5,585,578	1,737,631	31.1%	239,462	13.8%
Wastewater Utility Fund	2,297,901	947,224	41.2%	0	0	0.0%	947,224	0.0%
Vehicle Operations/ Maint. Fund	523,786	161,179	30.8%	453,123	196,596	43.4%	(35,418)	-18.0%
Equipment Replacement Fund	336,844	232,180	68.9%	701,787	345,754	49.3%	(113,574)	-32.8%
Unemployment Fund	17,500	2,931	16.7%	17,500	2,358	13.5%	573	24.3%
Total Departmental Expenditures	\$85,193,540	\$25,885,068	30.4%	\$81,347,238	\$22,248,247	27.3%	\$3,636,821	16.3%
Operating Transfers Out	7,505,657	3,680,441	49.0%	8,815,987	2,497,233	28.3%	1,183,208	47.4%
Total Expenditures	\$92,699,197	\$29,565,509	31.9%	\$90,163,225	\$24,745,480	27.4%	\$4,820,029	19.5%



2018 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND REVENUE OVERVIEW

General Fund Resource	2018 Current Budget	2018 Actual	% of 2018 Current Budget	2017 Current Budget	2017 Actual	% of 2017 Current Budget	2018 v. 2017 \$ Change	2018 v. 2017 % Change
Property Tax	\$12,759,858	\$6,708,188	52.6%	\$12,531,317	\$6,468,840	51.6%	\$239,348	3.7%
Sales Tax	8,428,191	3,686,332	43.7%	7,969,800	3,415,859	42.9%	270,473	7.9%
Local Criminal Justice	1,570,543	783,029	49.9%	1,476,779	731,169	49.5%	51,860	7.1%
Utility Tax, Franchise Fee & Contract Payments	8,951,694	3,430,289	38.3%	8,727,109	3,348,373	38.4%	81,916	2.4%
Gambling Tax Revenue	1,587,425	380,684	24.0%	1,587,425	379,663	23.9%	1,021	0.3%
Development Revenue	3,009,528	1,362,669	45.3%	1,673,778	1,329,493	79.4%	33,176	2.5%
Park and Recreation Revenue	1,770,687	823,455	46.5%	1,752,317	787,834	45.0%	35,621	4.5%
Intergovernmental Revenue	2,459,756	769,541	31.3%	2,496,401	601,053	24.1%	168,488	28.0%
Grant Revenue	1,166,308	56,133	4.8%	708,705	74,944	10.6%	(18,811)	-25.1%
Fines and Licenses	601,275	108,953	18.1%	650,225	118,627	18.2%	(9,674)	-8.2%
Miscellaneous Revenue	628,385	299,788	47.7%	813,493	328,953	40.4%	(29,165)	-8.9%
Interest Income	70,600	154,200	218.4%	70,600	76,094	107.8%	78,107	102.6%
Total Revenues	\$43,004,250	\$18,563,261	43.2%	\$40,457,949	\$17,660,901	43.7%	\$902,360	5.1%
Budgeted Fund Balance	6,173,934	0	0.0%	7,118,073	0	0.0%	0	0.0%
Operating Transfers In	1,833,395	1,294,400	70.6%	1,675,308	1,015,943	60.6%	278,457	27.4%
Total Resources	\$51,011,579	\$19,857,660	38.9%	\$49,251,330	\$18,676,844	37.9%	\$1,180,816	6.3%

GENERAL FUND EXPENDITURE OVERVIEW

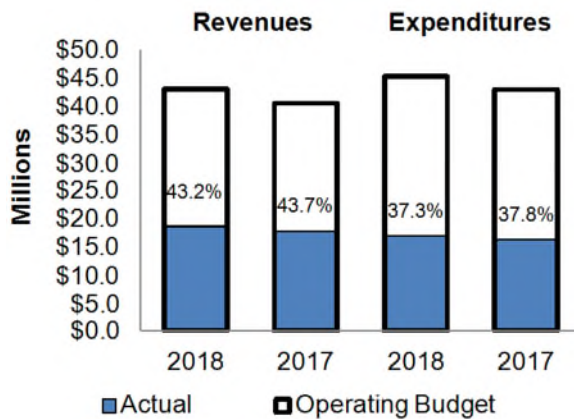
Department	2018 Current Budget	2018 Actual	% of 2018 Current Budget	2017 Current Budget	2017 Actual	% of 2017 Current Budget	2018 v. 2017 \$ Change	2018 v. 2017 % Change
City Council	\$248,652	\$122,925	49.4%	\$240,592	\$127,594	53.0%	(\$4,669)	-3.7%
City Manager's Office ¹	4,050,035	1,415,924	35.0%	3,769,429	1,403,308	37.2%	12,617	0.9%
City Attorney	861,437	351,291	40.8%	825,590	371,417	45.0%	(20,126)	-5.4%
Community Services ²	1,763,734	799,288	45.3%	1,637,107	734,938	44.9%	64,350	8.8%
Administrative Services ³	6,275,393	2,280,526	36.3%	5,799,316	2,024,744	34.9%	255,782	12.6%
Citywide	2,041,864	718,755	35.2%	2,344,510	715,777	30.5%	2,977	0.4%
Human Resources	499,237	220,021	44.1%	471,496	214,285	45.4%	5,735	2.7%
Police	12,346,618	4,576,817	37.1%	12,141,260	4,448,027	36.6%	128,789	2.9%
Criminal Justice	3,133,059	798,335	25.5%	3,068,384	919,658	30.0%	(121,323)	-13.2%
Parks	7,085,250	2,721,719	38.4%	6,290,917	2,509,545	39.9%	212,174	8.5%
Planning & Community Development	3,614,283	1,481,218	41.0%	3,070,587	1,345,814	43.8%	135,404	10.1%
Public Works	3,291,380	1,395,362	42.4%	3,251,570	1,390,487	42.8%	4,875	0.4%
Departmental Expenditures	\$45,210,942	\$16,882,181	37.3%	\$42,910,758	\$16,205,596	37.8%	\$676,585	4.2%
Operating Transfers Out	4,202,736	1,199,460	28.5%	5,105,462	693,360	13.6%	506,100	73.0%
Total Expenditures	\$49,413,678	\$18,081,641	36.6%	\$48,016,220	\$16,898,956	35.2%	\$1,182,685	7.0%

1. City Manager's Office includes City Clerk, Communications, Intergovernmental Relations, Economic Development, Property Management and Light Rail Stations.
 2. Community Services includes Neighborhoods, Customer Response Team, Emergency Management Planning, and Human Services.
 3. Administrative Services includes Finance, Budget, Purchasing, Information Technology, and Fleet & Facilities.



2018 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Resources	Expenditures
2018 Current Budget	\$51,011,579	\$49,413,678
Budgeted Use of Fund Balance	6,173,934	N/A
Budgeted Transfers	1,833,395	4,202,736
Operating Budget	\$43,004,250	\$45,210,942
Operating Receipts/Expenditures	\$18,563,261	\$16,882,181
% of Budgeted Revenues/Expenditures	43.2%	37.3%
2017 Current Budget	\$49,251,330	\$48,016,220
Budgeted Use of Fund Balance	7,118,073	N/A
Budgeted Transfers	1,675,308	5,105,462
Operating Budget	\$40,457,949	\$42,910,758
Operating Receipts/Expenditures	\$17,660,901	\$16,205,596
% of Budgeted Revenues/Expenditures	43.7%	37.8%
2018 v. 2017 \$ Change	\$902,360	\$676,585
2018 v. 2017 % Change	5.1%	4.2%

The Current Budget reflects the planned use of Fund Balance for one-time investments and transfers in from other funds as provided in the City's financial policies. Operating Receipts/Expenditures reflects revenues deposited in the fund and expenditures to provide services accounted for within that fund.

Revenues

General Fund revenue received reflects a year-over-year increase of 5.1%. The following pages present a detailed analysis of various General Fund revenue sources. The following are highlights comparing 2018 to 2017 for the General Fund:

- Property tax receipts are 3.7% more than those for 2017.
- Sales tax receipts, which reflect activity from December 2017 through April 2018, are more than the budget's year-to-date projection by 8.2% and 2017 collections by 7.9%.
- Intergovernmental Revenue receipts are 28.0% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements total \$561,659 and are 15.7% more than the year-ago level due to the receipt of additional marijuana excise tax.
- Utility Tax, Franchise Fee and Contract Payment receipts are more than the budget projection and year-to-date year-ago level by 1.5% and 2.4%, respectively.
- Local development activity in 2018, in terms of the number of building permits pulled for new construction and remodels, is less than the year-ago level; however, the value is \$43.8 million more. Additionally, some permit revenue from the Shoreline School District projects has been deferred but will be posted later this year.

Expenditures

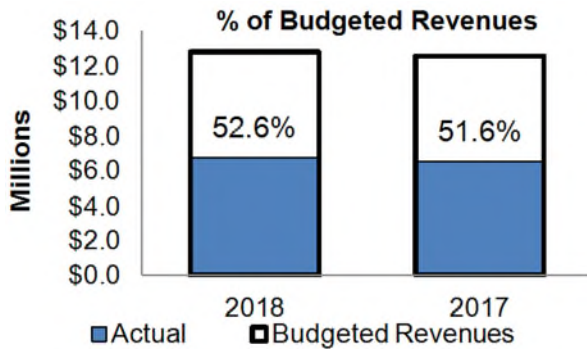
Departments spent \$16.882 million, or 37.3%, of the Operating Budget. This level of expenditures is 4.2% more than the year-ago level. The General Fund transferred \$1.2 million, or 28.5%, of its budgeted support to other funds. This level is 73.0% more than the year-ago level, largely due to timing of support needed for capital projects.

Total expenditures, including transfers out, representing expenditure of 36.6% of the Current Budget, are 7.0% more than the year-ago level.

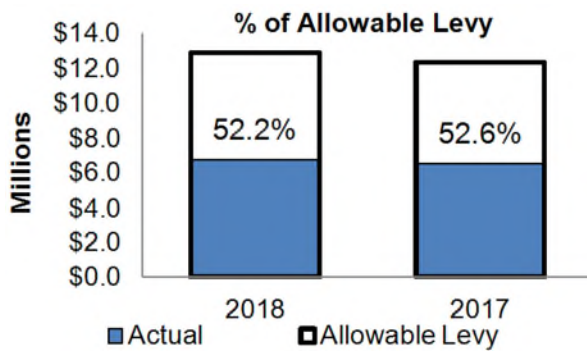


2018 SECOND QUARTER FINANCIAL REPORT

PROPERTY TAX



2018 Current Budget	\$12,759,858
2018 Second Quarter Actual Revenue	\$6,708,188
2018 % of Current Budget Received	52.6%
2017 Current Budget	\$12,531,317
2017 Second Quarter Actual Revenue	\$6,468,840
2017 % of Current Budget Received	51.6%
2018 v. 2017 \$ Change	\$239,348
2018 v. 2017 % Change	3.7%

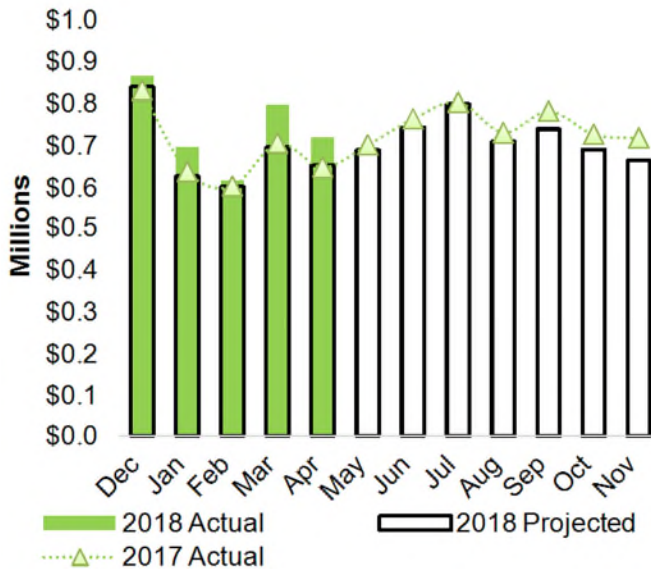


Property tax payments are due to King County in April and October. The County then must remit the City's portion resulting in the majority of collections occurring in the second and fourth quarters. Receipts for 2018 and 2017 as a percentage of the budgeted projection are both at 52.6%. In terms of the allowable levy, which in many cases is different than the budgeted projection, receipts for 2018 and 2017 are 52.2% and 52.6%, respectively, which indicates that collections are on track with historical trends.



2018 SECOND QUARTER FINANCIAL REPORT

SALES TAX



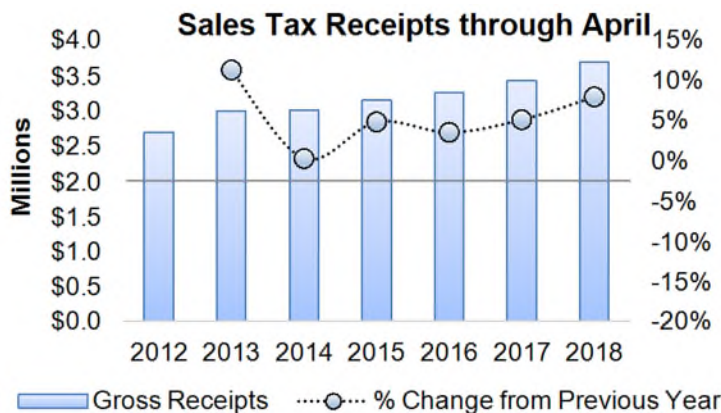
2018 Current Budget **\$8,428,191**

Sales tax revenue: December - April

Sales Activity	2017	2018
December	\$830,653	\$864,879
January	635,543	694,368
February	\$600,093	\$613,044
March	703,715	796,123
April	\$645,855	\$717,917
Year to date	\$3,415,859	\$3,686,332
\$ Change		\$270,473
% Change		7.9%

The tax rate for the first quarter of 2017 was 9.5%, with the City's portion accounting for 0.85% of the rate. The Regional Transit Authority Tax increased the sales tax rate by 0.5% to 10.0% on April 1, 2017 to expand and improve transit facilities in King, Pierce, and Snohomish Counties. The City's portion remains at 0.85%.

Sales Tax receipts, which reflect activity from December 2017 through April 2018, are more than the budget's year-to-date projection by \$278,136, or 8.2%, and 2017 collections by \$270,473, or 7.9%. The following chart and table reflects a comparison of sales tax receipts by year:



Year	Second Quarter Actual Revenue	% Change from Previous Year
2012	\$2,686,899	
2013	\$2,989,414	11.3%
2014	\$2,996,802	0.2%
2015	\$3,140,737	4.8%
2016	\$3,250,780	3.5%
2017	\$3,415,859	5.1%
2018	\$3,686,332	7.9%

The tables on the following page help illustrate the performance of various sectors. The first table presents a condensed view of the four primary categories of Construction; Retail Trade; Hotels and Restaurants; and All Others. The second table presents a breakdown of the Retail Trade category and highlights specific industry economic performance in comparison to previous years.

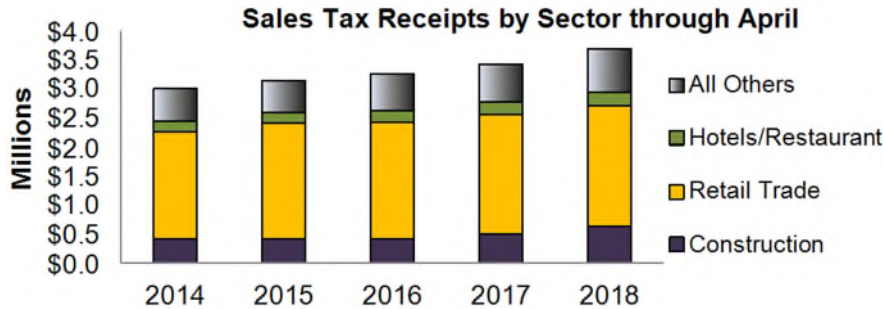
Receipts from the Construction sector are more than the year-ago level by 25.2%.



2018 SECOND QUARTER FINANCIAL REPORT

SALES TAX (CONTINUED)

SALES TAX BY PRIMARY CATEGORY: DECEMBER – APRIL



Sector	2014	2015	2016	2017	2018
Construction	\$426,346	\$417,634	\$422,412	\$509,563	\$637,849
\$ Change		(\$8,712)	\$4,778	\$87,151	\$128,286
% Change		-2.0%	1.1%	20.6%	25.2%
Retail Trade	\$1,836,766	\$1,984,114	\$2,002,154	\$2,042,360	\$2,069,432
\$ Change		\$147,348	\$18,040	\$40,206	\$27,072
% Change		8.0%	0.9%	2.0%	1.3%
Hotels/Restaurant	\$177,728	\$189,333	\$202,095	\$216,791	\$224,193
\$ Change		\$11,605	\$12,762	\$14,696	\$7,402
% Change		6.5%	6.7%	7.3%	3.4%
All Others	\$555,962	\$549,656	\$624,119	\$647,145	\$754,858
\$ Change		(\$6,306)	\$74,463	\$23,026	\$107,713
% Change		-1.1%	13.5%	3.7%	16.6%
Total Revenue	\$2,996,802	\$3,140,737	\$3,250,780	\$3,415,859	\$3,686,332
\$ Change		\$143,934	\$110,043	\$165,079	\$270,473
% Change		4.8%	3.5%	5.1%	7.9%

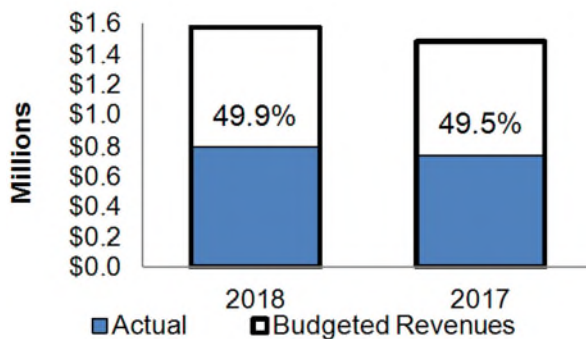
SALES TAX BY RETAIL TRADE CATEGORY: DECEMBER – APRIL

Retail Trade	2015 Dec- April	2016 Dec- April	2016v.2015 \$ Change	2017 Dec- April	2017v.2016 \$ Change	2018 Dec- April	2018v.2017 \$ Change
Motor Veh. & Parts Dealer	\$544,247	\$571,770	\$27,523	\$595,026	\$23,256	\$552,861	(\$42,165)
Furn. & Home Furnishings	22,164	25,683	3,520	29,673	3,990	33,294	3,621
Electronics and Appliances	44,337	49,951	5,614	41,743	(8,208)	44,938	3,195
Building Material & Garden	318,992	296,002	(22,989)	311,940	15,938	320,515	8,574
Food & Beverage Stores	110,241	146,054	35,813	117,802	(28,251)	124,202	6,400
Health & Personal Care	83,629	95,253	11,623	100,746	5,493	104,639	3,893
Gasoline Stations	30,729	28,190	(2,539)	29,555	1,365	27,468	(2,086)
Clothing & Accessories	24,800	30,785	5,985	35,963	5,178	39,945	3,982
Sporting Goods, Hobby	37,418	32,572	(4,845)	35,725	3,153	37,429	1,704
General Merch. Stores	587,343	525,543	(61,799)	519,709	(5,834)	528,066	8,357
Misc. Store Retailers	98,635	101,422	2,787	117,213	15,791	181,036	63,823
Nonstore Retailers	81,582	98,929	17,347	107,266	8,336	75,040	(32,225)
Total Retail Trade	\$1,984,114	\$2,002,154	\$18,039	\$2,042,360	\$40,206	\$2,069,432	\$27,073



2018 SECOND QUARTER FINANCIAL REPORT

LOCAL CRIMINAL JUSTICE TAX



2018 Current Budget	\$1,570,543
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2018 Second Quarter Actual Revenue	\$783,029
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2018 % of Current Budget Received	49.9%
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2017 Current Budget	\$1,476,779
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2017 Second Quarter Actual Revenue	\$731,169
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2017 % of Current Budget Received	49.5%
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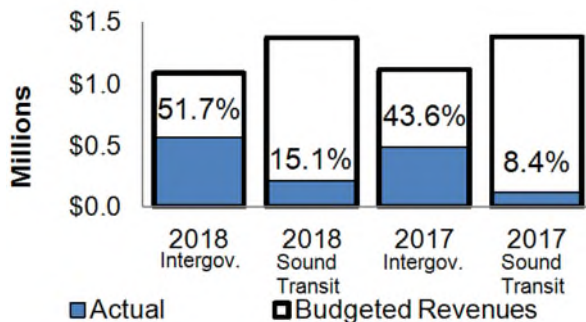
2018 v. 2017 \$ Change	\$51,860
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2018 v. 2017 % Change	7.1%
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Local Criminal Justice Sales Tax receipts are 7.1% more than the year-ago level. Thus far this year 49.9% of the amount budgeted has been received as compared to 49.5% received during the same period last year. Receipts are 4.3% more than the year-to-date budget projection.

The result for Local Criminal Justice Sales Tax receipts is not commensurate with the result for Sales Tax receipts because the distribution of Local Criminal Justice Sales Tax is based on the city's population and the amount of sales tax collected throughout all of King County.

INTERGOVERNMENTAL REVENUE



2018 Current Budget	\$2,459,756
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2018 Second Quarter Actual Revenue	\$769,541
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2018 % of Current Budget Received	31.3%
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2017 Current Budget	\$2,496,401
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2017 Second Quarter Actual Revenue	\$601,053
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2017 % of Current Budget Received	24.1%
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2018 v. 2017 \$ Change	\$168,488
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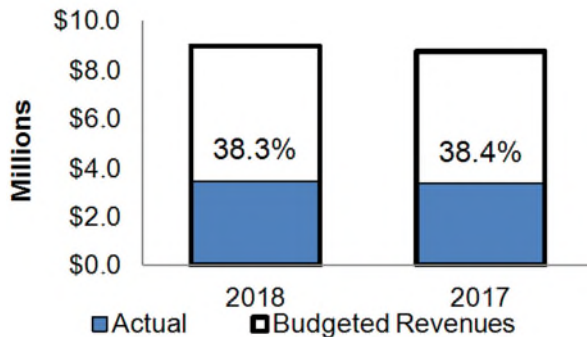
2018 v. 2017 % Change	28.0%
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Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, liquor excise tax, liquor board profits, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. The first bill to Sound Transit was paid in the fourth quarter of 2016 and the balance of the reimbursement is anticipated to be received in 2018 as work on the project continues. Total receipts are 28.0% more than the year-ago level. Receipts from sources other than Sound Transit reimbursements total \$561,659 and are 15.7% more than the year-ago level due to the receipt of additional marijuana excise tax.



2018 SECOND QUARTER FINANCIAL REPORT

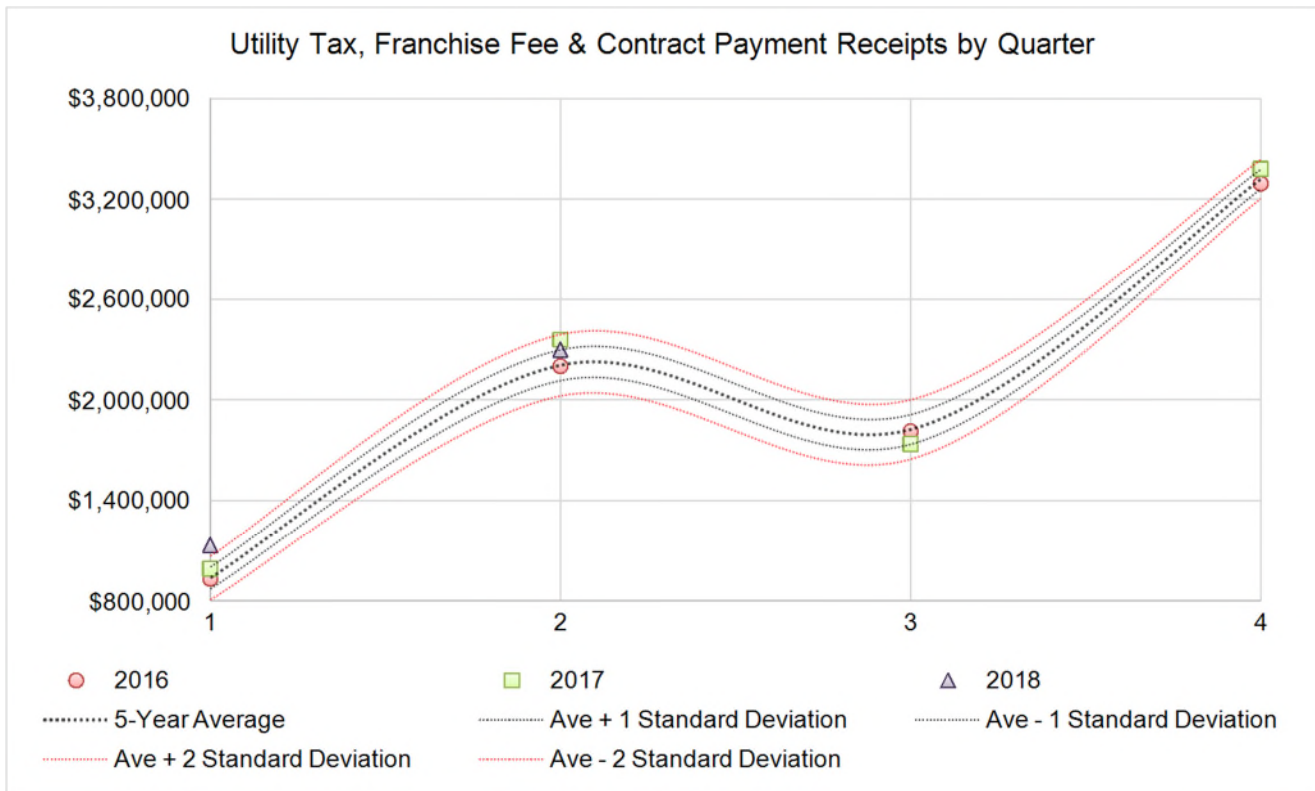
UTILITY TAX, FRANCHISE FEE & CONTRACT PAYMENTS



2018 Current Budget	\$8,951,694
2018 Second Quarter Actual Revenue	\$3,430,289
2018 % of Current Budget Received	38.3%
2017 Current Budget	\$8,727,109
2017 Second Quarter Actual Revenue	\$3,348,373
2017 % of Current Budget Received	38.4%
2018 v. 2017 \$ Change	\$81,916
2018 v. 2017 % Change	2.4%

The City's agreement with Seattle City Light imposes a six percent contract fee on total electrical revenues. The City levies a utility tax of 6% on natural gas, garbage, cable, telecommunications, and storm drainage services along with a franchise fee of 6% on water and 5% on cable services. Activity through the second quarter presented in this report does not reflect second quarter payments for the garbage utility tax and water and cable franchise fees. Second quarter payments for these items are typically received in late July.

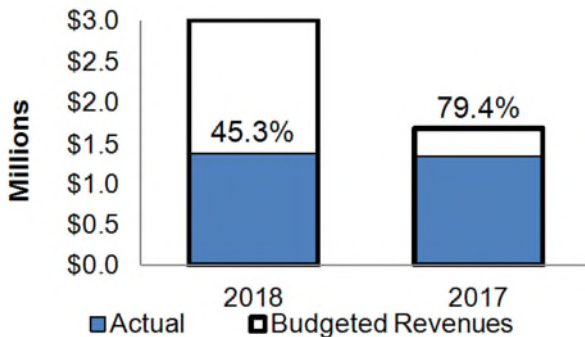
Overall Utility Tax, Franchise Fee and Contract Payment receipts are more than the year-to-date budget projection and year-ago level by 1.5% and 2.4%, respectively. The chart below shows the five-year average plus or minus one- and two-standard deviations. It is projected that Second Quarter receipts would total between \$804,352 and \$1,065,593.



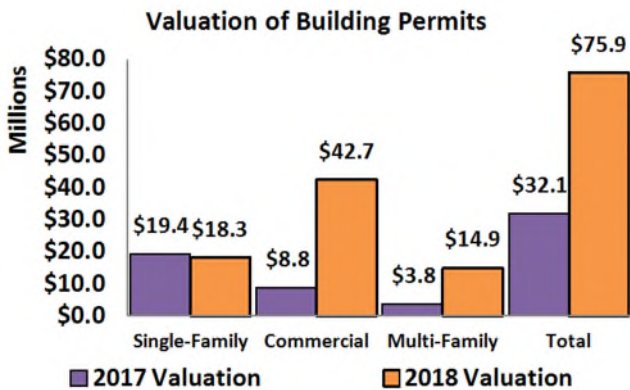


2018 SECOND QUARTER FINANCIAL REPORT

DEVELOPMENT REVENUE



2018 Current Budget	\$3,009,528
2018 Second Quarter Actual Revenue	\$1,362,669
2018 % of Current Budget Received	45.3%
2017 Current Budget	\$1,673,778
2017 Second Quarter Actual Revenue	\$1,329,493
2017 % of Current Budget Received	79.4%
2018 v. 2017 \$ Change	\$33,176
2018 v. 2017 % Change	2.5%

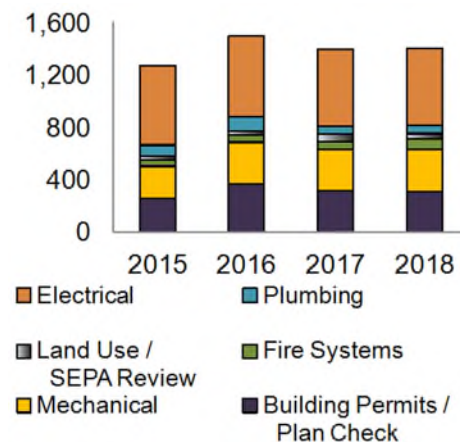


Development revenue receipts exhibit a year-over-year increase of 2.5% and are more than the budget projection by 4.8%. This is largely due to the deferral of permit revenue from the Shoreline School District projects that will be posted later this year.

Local development activity in 2018, in terms of the number of building permits pulled for new construction and remodels, is less than the year-ago level. In 2018, sixteen fewer permits have been issued for new single-family residences, with a value that is \$1.2 million less, as compared to the year-ago level. Twelve more permits have been issued for commercial / multi-family construction (new and remodels), with a value that is \$45.0 million more than the year-ago level.

Valuation of 189 building permits for new construction and remodels totals \$75.9 million and is comprised of 24.1% residential and 75.9% commercial / multi-family valuation. In 2017 valuation of 193 permits totaled \$32.1 million and was comprised of 60.6% residential and 39.4% commercial / multi-family construction.

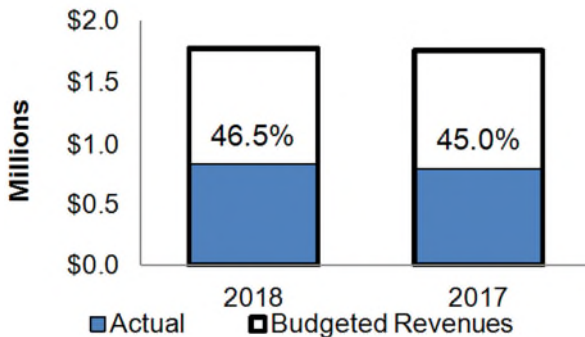
PERMIT TYPE	2015	2016	2017	2018	# Change	% Change
Building Permits / Plan Check	256	369	313	304	(65)	-17.6%
Mechanical	245	315	316	325	10	3.2%
Fire Systems	46	54	57	83	29	53.7%
Land Use / SEPA Review	28	33	57	38	5	15.2%
Plumbing	87	110	62	63	(47)	-42.7%
Electrical	603	609	584	583	(26)	-4.3%
Total	1265	1490	1389	1396	-94	-6.3%





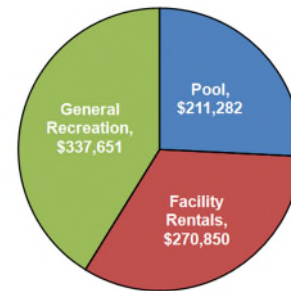
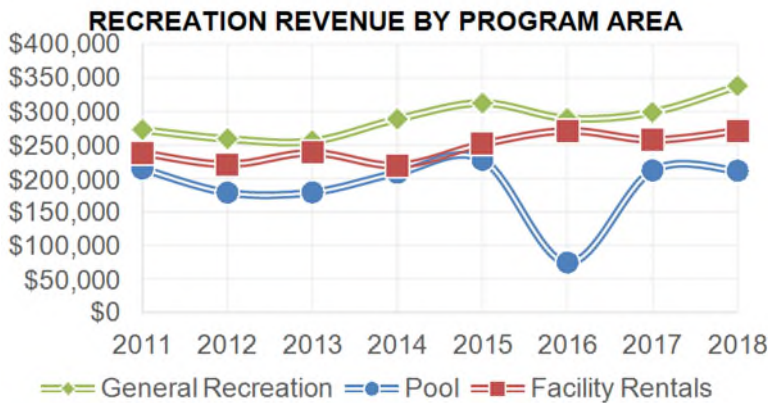
2018 SECOND QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE



2018 Current Budget	\$1,770,687
2018 Second Quarter Actual Revenue	\$823,455
2018 % of Current Budget Received	46.5%
2017 Current Budget	\$1,752,317
2017 Second Quarter Actual Revenue	\$787,834
2017 % of Current Budget Received	45.0%
2018 v. 2017 \$ Change	\$35,621
2018 v. 2017 % Change	4.5%

Parks and Recreation revenue receipts are 4.5% more than the year-ago level with receipts for general recreation programs and facility rentals more than the year-ago level by 13.1% and 5.2%, respectively. Receipts for the Shoreline Pool are 0.3% less than the year-ago level.



Recreation Revenue by Program Area*: January - June

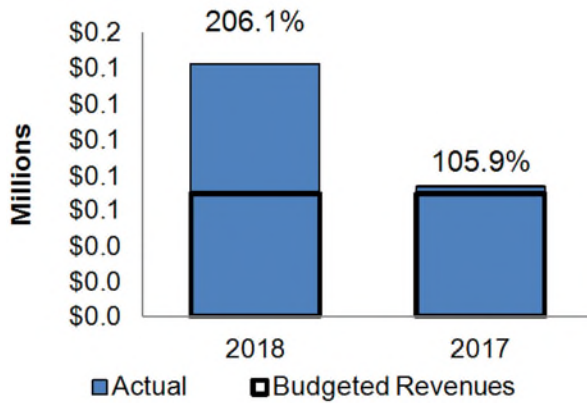
Year	General Recreation*	Gen Rec % of Total	Pool	Pool % of Total	Facility Rentals	Fac Rent % of Total	Total Revenue
2012	\$258,745	39.3%	\$178,782	27.2%	\$220,772	33.5%	\$658,299
2013	\$255,506	38.0%	\$179,073	26.6%	\$238,188	35.4%	\$672,767
2014	\$288,416	40.3%	\$208,075	29.1%	\$219,223	30.6%	\$715,714
2015	\$312,339	39.5%	\$227,675	28.8%	\$251,264	31.8%	\$791,279
2016	\$289,210	45.6%	\$74,527	11.7%	\$270,906	42.7%	\$634,643
2017	\$298,524	38.9%	\$211,814	27.6%	\$257,397	33.5%	\$767,735
2018	\$337,651	41.2%	\$211,282	25.8%	\$270,850	33.0%	\$819,783

* Excludes non-program revenue such as cell tower rental fees and special event sponsorships.



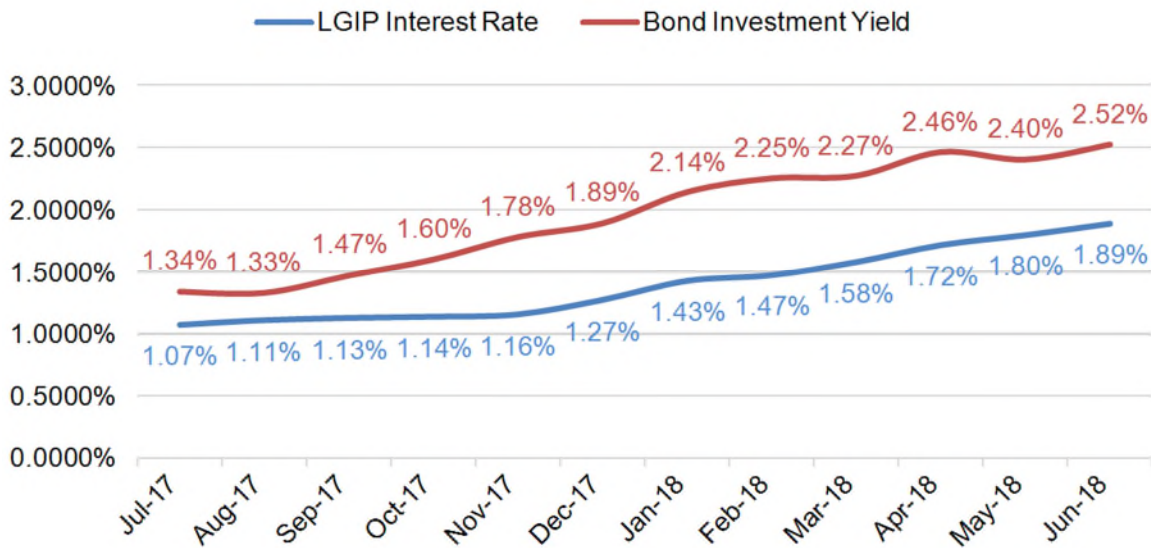
2018 SECOND QUARTER FINANCIAL REPORT

INVESTMENT INCOME



2018 Current Budget		\$69,000
2018 Second Quarter Actual Revenue		\$142,231
2018 % of Current Budget Received		206.1%
2017 Current Budget		\$69,000
2017 Second Quarter Actual Revenue		\$73,093
2017 % of Current Budget Received		105.9%
2018 v. 2017 \$ Change		\$69,138
2018 v. 2017 % Change		94.6%

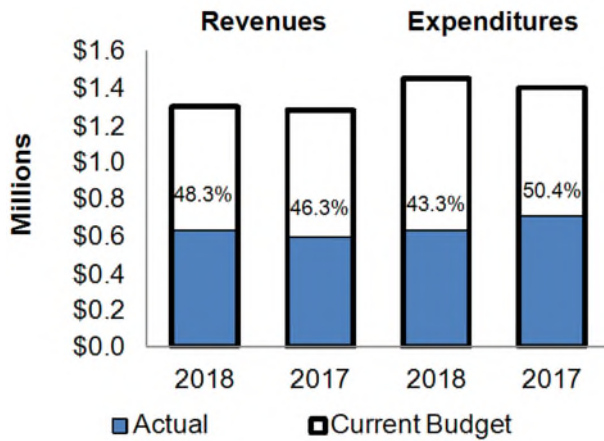
Investment earnings are more than the year-ago level by 94.6% as a result of rising interest rates. The City's investment policy adheres to strict standards as prescribed by federal law, state statutes, and local ordinances, and allows the City to develop an investment model to maximize its investment returns with the primary objectives of safety and liquidity.





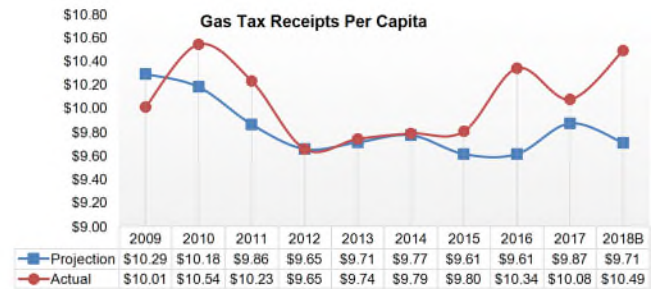
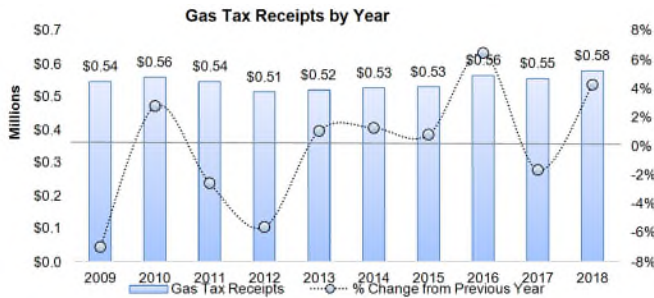
2018 SECOND QUARTER FINANCIAL REPORT

STREET FUND



Street Fund	Resources	Expenditures
2018 Current Budget	\$2,376,815	\$2,376,815
Budgeted Use of Fund Balance	588,738	N/A
Budgeted Transfers	492,040	929,557
Operating Budget	\$1,296,037	\$1,447,258
Operating Receipts/Expenditures	\$625,717	\$626,322
% of Budgeted Revenues/Expenditures	48.3%	43.3%
2017 Current Budget	\$1,721,485	\$1,721,485
Budgeted Use of Fund Balance	200,260	N/A
Budgeted Transfers	244,403	324,003
Operating Budget	\$1,276,822	\$1,397,482
Operating Receipts/Expenditures	\$591,234	\$704,838
% of Budgeted Revenues/Expenditures	46.3%	50.4%
2018 v. 2017 \$ Change	\$34,483	(\$78,516)
2018 v. 2017 % Change	5.8%	-11.1%

Total receipts, excluding transfers in, are 5.8% more than the year-ago level. The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is levied by the State on a per gallon basis, distributed monthly on a per capita basis to the City of Shoreline, and placed in the Street Fund. Fuel Tax revenue receipts are 4.2% more than the year-ago level.

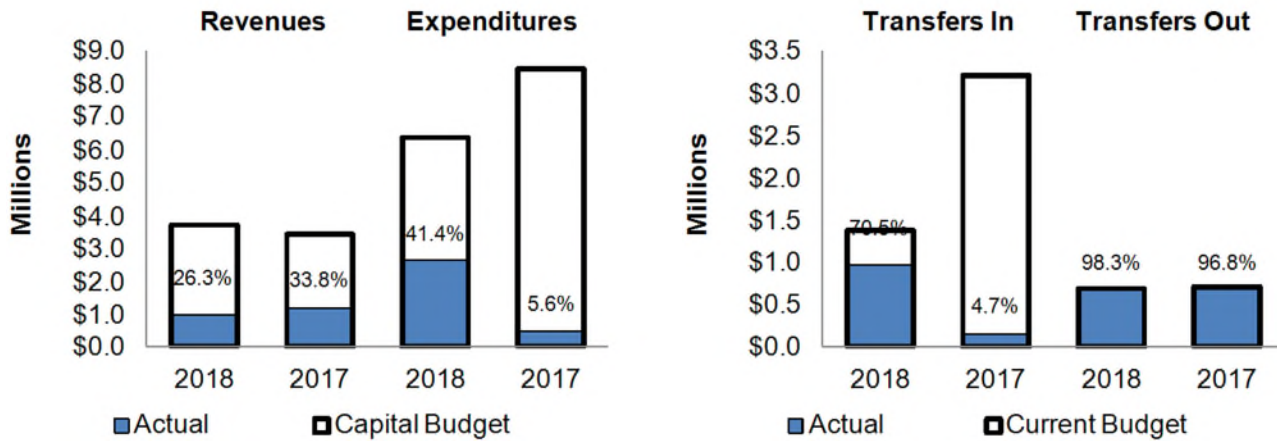


Operating expenditures, excluding transfers out, are 11.1% less than the year-ago level. Expenditures, including transfers out, are 66.0% more than the year-ago level. This is largely attributable to a one-time transfer of \$630,645, which was planned for in the 2018 Final Budget, to transfer fund balance in excess of the Street Fund's minimum required balance of \$254,700 back to the General Fund. The City Manager intends to set these monies aside in reserve for future improvements to a maintenance facility. Factoring out the one-time transfer, expenditures would have been 13.1% more than the year-ago level.



2018 SECOND QUARTER FINANCIAL REPORT

GENERAL CAPITAL FUND



General Capital Fund	Resources	Expenditures
2018 Current Budget	\$7,029,417	\$7,029,417
Budgeted Use of Fund Balance	1,961,260	N/A
Budgeted Transfers	1,373,402	686,047
Capital Budget	\$3,694,755	\$6,343,370
Capital Receipts/Expenditures	\$969,878	\$2,624,858
% of Budgeted Revenues/Expenditures	26.3%	41.4%
2017 Current Budget	\$9,147,892	\$9,147,892
Budgeted Use of Fund Balance	2,532,527	N/A
Budgeted Transfers	3,203,413	709,728
Capital Budget	\$3,411,952	\$8,438,164
Capital Receipts/Expenditures	\$1,154,713	\$472,832
% of Budgeted Revenues/Expenditures	33.8%	5.6%
2018 v. 2017 \$ Change	(\$184,835)	\$2,152,026
2018 v. 2017 % Change	-16.0%	455.1%

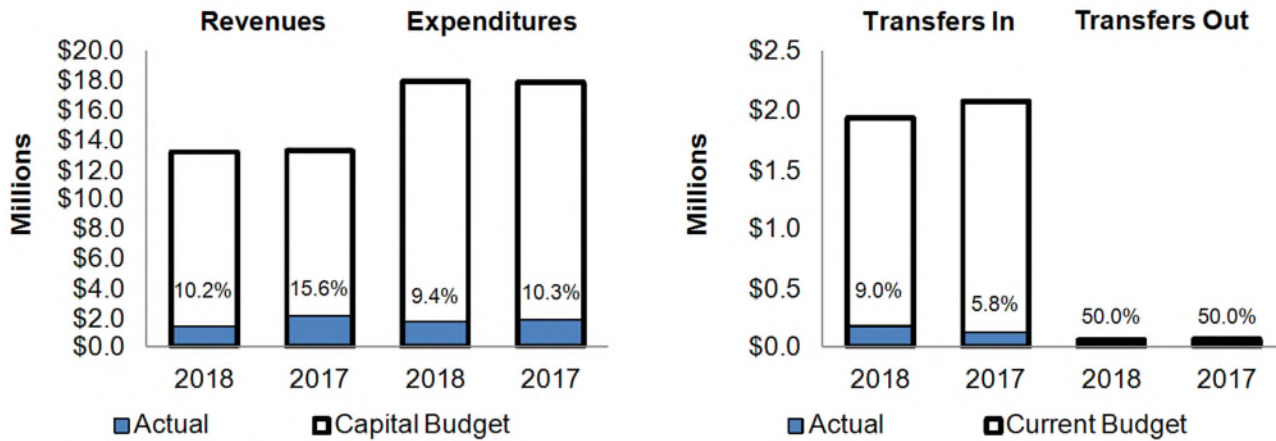
Revenue receipts are 16.0% less than the year-ago level. The year-over-year change in Transfers In is mainly attributable to transfers in totaling \$943,637 from the General Fund in support of the Police Station at City Hall project. Transfers Out are comprised of transfers to the General Fund for overhead and the Limited Tax General Obligation Bond Fund for City Hall debt service payments.

Capital Budget expenditures are 455.1% more than the year-ago level. Capital expenditures are impacted by the timing of construction schedules.



2018 SECOND QUARTER FINANCIAL REPORT

ROADS CAPITAL FUND



Roads Capital Fund	Resources	Expenditures
2018 Current Budget	\$18,011,029	\$17,953,835
Budgeted Use of Fund Balance	2,947,954	N/A
Budgeted Transfers	1,929,111	57,194
Capital Budget	\$13,133,964	\$17,896,641
Capital Receipts/Expenditures	\$1,333,172	\$1,679,063
% of Budgeted Revenues/Expenditures	10.2%	9.4%
2017 Current Budget	\$17,897,364	\$17,897,364
Budgeted Use of Fund Balance	2,606,630	N/A
Budgeted Transfers	2,069,801	64,736
Capital Budget	\$13,220,933	\$17,832,628
Capital Receipts/Expenditures	\$2,056,885	\$1,843,039
% of Budgeted Revenues/Expenditures	15.6%	10.3%
2018 v. 2017 \$ Change	(\$723,713)	(\$163,976)
2018 v. 2017 % Change	-35.2%	-8.9%

Revenue receipts are 35.2% less than the year-ago level. Capital projects expended 8.9% less than the year-ago level. Capital expenditures are impacted by the timing of construction schedules. Activity in Roads Capital Fund projects typically increase in the third quarter of the year. Related expenditures will be reflected in the 2018 Third Quarter Financial Report.

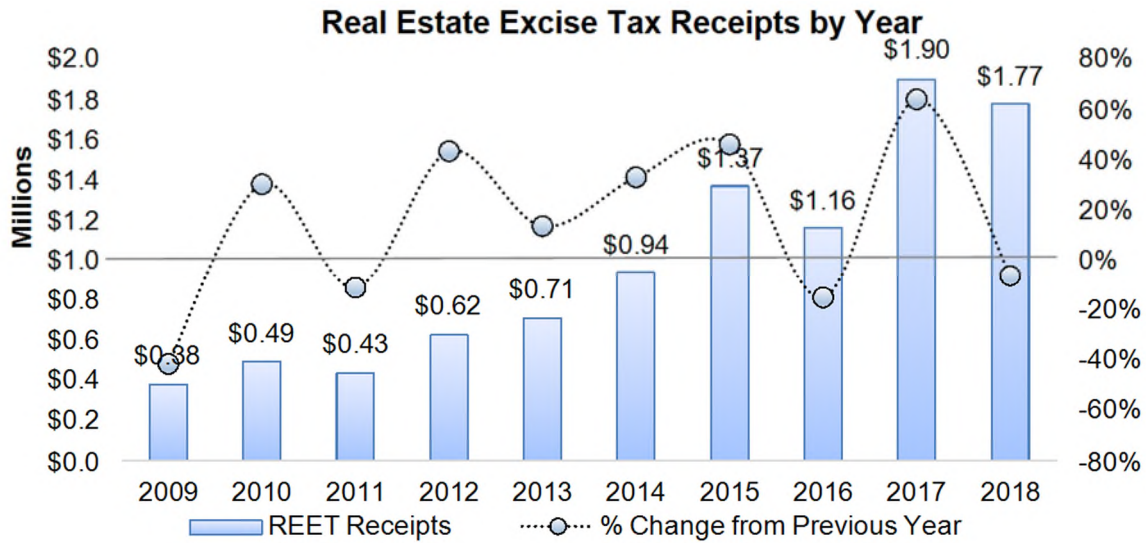
The 2018 budget includes one-time transfers from the General Fund in support of the following capital projects listed in the table below. Funds are transferred from the General Fund as expenditures are incurred by the projects; therefore, the transfer of the balance of the amount spent year-to-date, up to the amount of General Fund support budgeted, will be reflected in the 2018 Third Quarter Financial Report.

Project	Current Budget	Amount Spent YTD	Budgeted General Fund Support	GF Support Transferred
Trail Along the Rail	\$339,002	\$6,975	\$213,030	\$3,854
147 th /148 th Non-Motorized Bridge	\$499,945	\$1,833	\$349,945	\$1,328
160 th and Greenwood/Innis Arden	\$105,000	\$0	\$105,000	\$0
185 th Corridor Study	\$515,691	\$465	\$515,691	\$432
Westminster and 155 th Improvements	\$482,017	\$269,047	\$273,436	\$91,849



2018 SECOND QUARTER FINANCIAL REPORT

REAL ESTATE EXCISE TAX

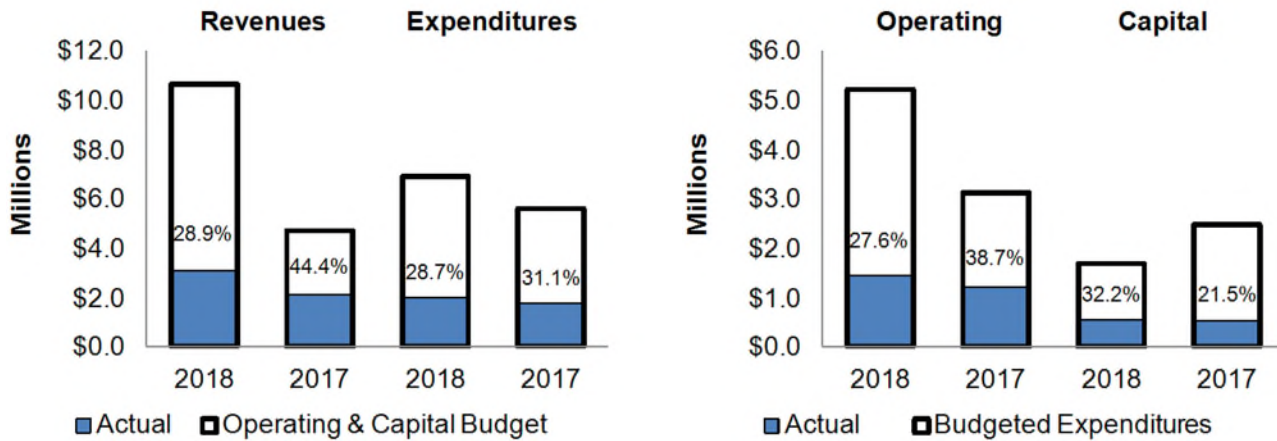


Real Estate Excise Tax (REET) revenue receipts, in the amount of \$1,772,765 are \$122,934, or 6.5%, less than the year-ago level. The number of transactions are down 1.6% as compared to the year-ago level. Of these transactions, fifty-five had a value that is greater than \$1 million and accounted for 33.3% of the valuation/taxes. That is, 11.2% of transactions through the second quarter of 2018 accounted for 33.3% of the valuation/taxes.



2018 SECOND QUARTER FINANCIAL REPORT

SURFACE WATER UTILITY FUND



Surface Water Utility Fund	Resources	Expenditures
2018 Current Budget	\$10,959,748	\$7,597,735
Budgeted Use of Fund Balance	267,059	N/A
Budgeted Transfers	68,489	710,310
Operating & Capital Budget	\$10,624,200	\$6,887,425
Oper. & Capital Receipts/Expenditures	\$3,072,330	\$1,977,093
% of Budgeted Revenues/Expenditures	28.9%	28.7%
2017 Current Budget	\$6,241,652	\$6,241,652
Budgeted Use of Fund Balance	1,544,629	N/A
Budgeted Transfers	0	656,074
Operating & Capital Budget	\$4,697,023	\$5,585,578
Oper. & Capital Receipts/Expenditures	\$2,085,418	\$1,737,631
% of Budgeted Revenues/Expenditures	44.4%	31.1%
2018 v. 2017 \$ Change	\$986,912	\$239,462
2018 v. 2017 % Change	47.3%	13.8%

The Surface Water Utility Fund (SWM) includes both on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

Revenue receipts are 47.3% more than the year-ago level. SWM ongoing revenues include storm drainage fees and investment interest earnings. Storm Drainage Fees totaled \$3,027,196 and are 46.3% more than the year-ago level.

Expenditures, including transfers out, are 13.8% more than the year-ago level. Surface Water Utility operations expended 27.6% of the Operating Budget, which is 19.1% more than the year-ago level. Capital projects, excluding transfers out, expended 32.2% of the Capital Budget, which is 1.8% less than the year-ago level. Capital expenditures are impacted by the timing of construction schedules.



2018 SECOND QUARTER FINANCIAL REPORT

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

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool (LGIP), which had been the City's primary mode of investment prior to adopting our Investment Policy. As of June 30, 2018, the City's investment portfolio, excluding the LGIP had a current weighted average rate of return of 1.7382%. This is slightly less than 1.8863%, the rate of return of the LGIP.

Total annual investment interest earnings through June 30, 2018 were \$252,590 which is 133% of \$190,050 (2018's total budgeted investment earnings). The better than expected investment earning is a reflection that the economy is doing well and it helped to push interest rates up steadily. For example, the interest rate for the LGIP on January 1, 2018 was 1.2894% and on June 30, 2018 it was 1.8863%. Because the LGIP holds primarily short term investments they will generally exceed our returns in a rising rate market. Our laddered portfolio will generally allow us to have higher returns over the long run.

As of June 30, 2018, the City's investment portfolio had a fair value of nearly \$39.12 million. Approximately 66% of the investment portfolio was held in U.S. government instrumentality securities, and 34% was held in the LGIP. The City's investment portfolio valued at cost as of June 30, 2018 was slightly over \$39.26 million. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day the market value is stated. This would only be done if the City needed to generate cash. The City holds all of its investments until the scheduled maturity date and therefore when the investments mature the principal market value should equal the cost of the investment. The City also holds sufficient investments within the LGIP to allow for immediate cash liquidation if needed.



2018 SECOND QUARTER FINANCIAL REPORT

LGIP Cash and Investment Balances

Investment Type	CUSIP #	BROKER	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 6/30/18
TREASURY 0.875	912828TH3	PiperJaffray Financial	06/22/18	07/31/19	1,000,000	983,580	2.3854%	170	983,750
FHLMC 1.2	3134G3ZK9	Northw estern Time Value	07/10/17	07/30/18	2,000,000	1,998,500	1.2716%	294	1,998,794
FICO STRIP PRIN SER D-P	31771KAH0	Investment Time Value	09/29/15	08/03/18	1,500,000	1,456,388	1.0400%	40,505	1,496,892
FFCB 1.09	3133EFL6	Investment	09/29/15	09/28/18	500,000	500,000	1.0900%	(1,063)	498,937
FFCB 1.375	3133EFSW8	Alamo Capital	12/21/15	12/21/18	1,000,000	999,000	1.3750%	(2,720)	996,280
FHLB 1.18	3134G8L80	PiperJaffray Financial	11/10/17	02/19/19	2,000,000	1,988,820	1.6243%	(2,382)	1,986,438
FNMA 1.250	3136G3EA9	Northw estern	03/29/16	03/29/19	1,000,000	999,500	1.2500%	(7,205)	992,295
FHLB 2.25	3130AEG5	PiperJaffray	05/04/18	05/03/19	1,000,000	1,000,000	2.2500%	(489)	999,511
FHLB 4.375	3133XTY Y6	PiperJaffray	05/02/18	06/14/19	1,000,000	1,022,530	2.3174%	(4,622)	1,017,908
FFCB 1.18	3133EGPD1	PiperJaffray	11/08/17	08/01/19	2,000,000	1,983,300	1.6712%	(16,566)	1,966,734
FHLB 1.55	3130ACJ88	1st Empire	11/02/17	09/27/19	2,000,000	1,996,626	1.6400%	(18,758)	1,977,868
FNMA 1.250	3136G4AP8	PiperJaffray	12/31/16	09/30/19	2,000,000	2,000,000	1.2500%	(29,354)	1,970,646
FNMA 1.0	3135G0R39	PiperJaffray	04/25/18	10/24/19	2,000,000	1,958,980	2.4054%	2,914	1,961,894
FHLB 1.375	3130AA3R7	PiperJaffray	06/27/18	11/15/19	1,000,000	985,140	2.4054%	(103)	985,037
FHLMC 1.0	3134GBEB4	1st Empire Multi-Bank	03/31/17	03/27/20	1,000,000	999,700	1.7000%	(13,398)	986,302
FHLMC 1.75	3134GBYR7	Security	07/27/17	07/27/20	1,000,000	1,000,350	1.7145%	(18,288)	982,062
FNMA 1.875	3136G4QF3	Investment Time Value	10/30/17	10/30/20	2,000,000	1,999,680	1.8805%	(36,456)	1,963,224
FHLB 2	3030ACU36	Investment Financial	12/11/17	12/11/20	1,000,000	997,684	2.0800%	(15,443)	982,241
FHLB 2.125	3130ACZD9	Northw estern	12/29/17	12/29/20	1,000,000	1,000,000	2.1250%	(13,807)	986,193
Sub Total - Investments					\$ 26,000,000	\$ 25,869,778		\$ (136,772)	\$ 25,733,006
State Investment Pool						13,389,994	1.8863%		13,389,994
Total LGIP + Investments					\$ 39,259,772			\$ (136,772)	\$ 39,123,000

Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value
FFCB	8.8%	\$ 3,482,300	\$ 3,461,951
FHLB	22.8%	8,990,800	8,935,196
FHLMC	10.1%	3,998,550	3,967,158
FNMA	17.6%	6,958,160	6,888,059
FICO STRIP PRIN SER D-P	3.8%	1,456,388	1,496,892
Treasury	2.5%	983,580	983,750
State Investment Pool	34.2%	13,389,994	13,389,994
Total LGIP + Investments	100%	\$ 39,259,772	\$ 39,123,000

Broker	Percentage	Amount at Cost	Amount at Market Value
Alamo Capital	2.5%	\$ 999,000	\$ 996,280
Financial Northw estern	10.2%	3,998,000	3,977,282
1st Empire	7.6%	2,996,326	2,964,170
Time Value Investment	12.6%	4,953,752	4,941,294
PiperJaffray	30.4%	11,922,350	11,871,918
Multi-Bank Security	2.5%	1,000,350	982,062
State Investment Pool	34.1%	13,389,994	13,389,994
Total LGIP + Investments	100%	\$ 39,259,772	\$ 39,123,000

Investments by Fund

Fund	Investments at Cost as of 6/30/2018	LGIP State Investment Pool as of 6/30/2018	Total LGIP + Investments at Cost by Fund as of 6/30/2018	Unrec Gain/(Loss) as of 6/30/2018	Total Market			
					Value of Investments by Fund as of 6/30/2018	2018 Budgeted Investment Earnings	2018 Actual Investment Earnings	Over/(Under) Budget
001 General	\$ 10,098,561	\$ 5,226,936	\$ 15,325,497	\$ (53,390)	\$ 15,272,107	\$ 69,000	\$ 142,231	\$ 73,231
101 Street	176,999	91,614	268,613	(936)	267,677	2,500	4,937	2,437
107 Code Abatement	246,581	127,628	374,209	(1,304)	372,905	550	2,406	1,856
108 Asset Seizure	38,005.14	19,671.16	57,676.31	(200.93)	57,475	-	1,505	1,505
109 Public Arts	198,027	102,497	300,525	(1,047)	299,478	-	2,019	2,019
112 Fed Drug Enforcement	8,982	4,649	13,631	(47)	13,583	200	438	238
117 Transportation Impact Mitigation	1,838,955	951,829	2,790,784	(9,722)	2,781,062	1,500	13,718	12,218
190 Revenue Stabilization	3,394,183	1,756,803	5,150,986	(17,945)	5,133,041	-	-	-
301 General Capital	1,719,861	890,186	2,610,047	(9,093)	2,600,954	35,987	10,128	(25,859)
312 City Fac-Mjr Maint	92,348	47,799	140,147	(488)	139,659	883	682	(201)
330 Roads Capital	3,418,928	1,769,611	5,188,539	(18,076)	5,170,463	29,656	35,496	5,840
331 Trans Bene Dist	721,461	373,423	1,094,884	(3,814)	1,091,069	-	5,833	5,833
401 Surface Water Utility Fund	1,650,045	854,050	2,504,096	(8,724)	2,495,372	41,774	13,412	(28,362)
405 Wastew ater Fund	374,959	194,076	569,035	(1,982)	567,052	-	2,027	2,027
501 Vehicle Oper/Maint	199,098	103,051	302,149	(1,053)	301,097	-	1,833	1,833
503 Equip Dep Replace	1,651,595	854,853	2,506,447	(8,732)	2,497,716	8,000	15,477	7,477
505 Unemployment	41,188	21,319	62,507	(218)	62,289	-	447	447
Total Investments	\$ 25,869,778	\$ 13,389,994	\$ 39,259,772	\$ (136,772)	\$ 39,123,000	\$ 190,050	\$ 252,590	\$ 62,540

10 YEAR FINANCIAL SUSTAINABILITY MODEL

OPERATING BUDGET
TEN YEAR FORECAST

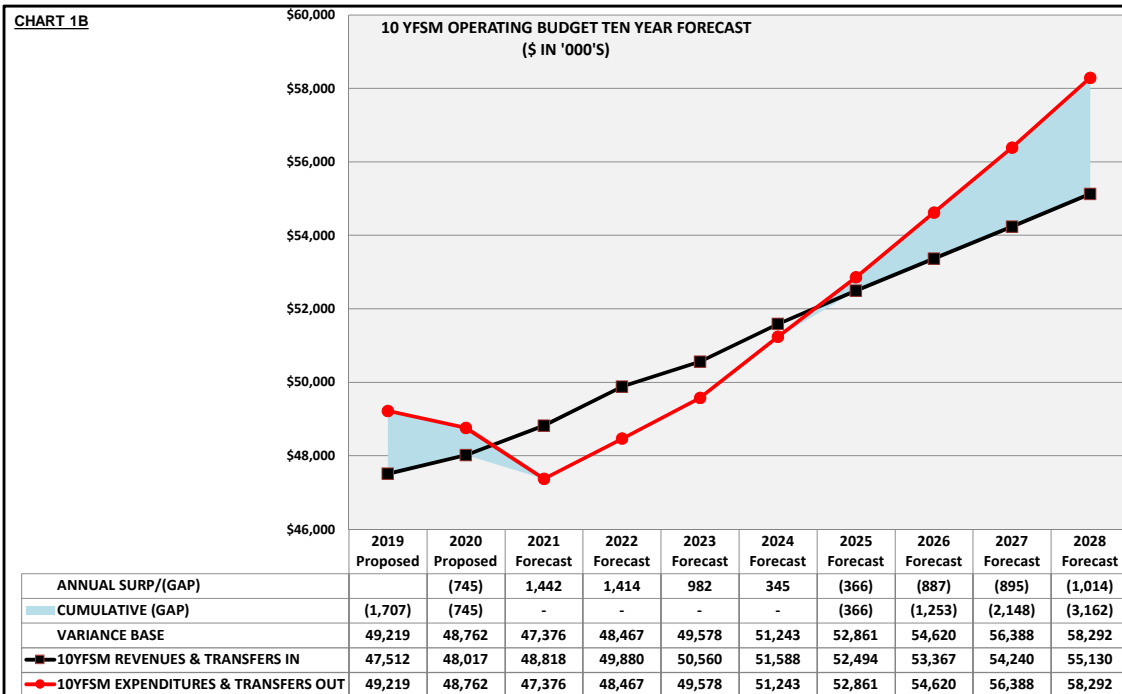
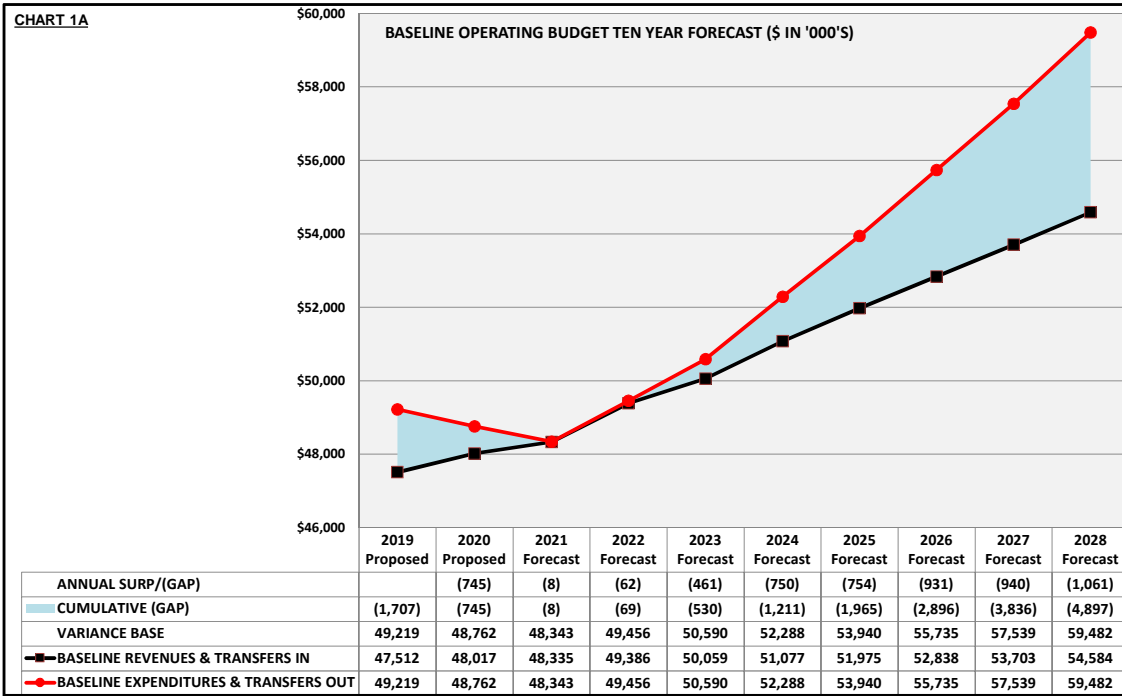
		2019	2020	2021	2022	2023
		Proposed	Proposed	Forecast	Forecast	Forecast
Baseline Model:	Beginning Operating Funds Fund Balance	\$12,692,514	\$12,125,270	\$12,524,791	\$12,517,009	\$12,447,634
	Baseline Revenues:					
	Taxes					
	Property	13,301,684	13,666,865	14,049,064	14,425,226	14,636,839
	Sales and Use	10,668,958	11,021,779	11,310,422	11,662,224	12,044,110
	Business and Occupation	1,033,000	1,064,819	1,097,089	1,130,882	1,167,434
	Gambling	1,587,425	1,587,425	1,587,425	1,587,425	1,587,425
	Utility	3,828,373	3,878,130	3,967,675	4,035,910	4,104,723
	Other	7,200	7,200	7,200	7,200	7,200
	Franchise/Utility Contract Payments	5,179,900	5,369,100	5,527,700	5,697,852	5,875,670
	Licenses and Permits	2,886,213	2,587,918	2,402,816	2,383,291	2,422,949
	Intergovernmental	3,915,040	3,494,120	2,946,363	2,939,993	2,625,993
	Charges for Services	1,734,396	1,758,221	1,791,478	1,823,421	1,854,924
	Fines and Forfeitures	404,000	404,000	404,000	404,000	404,000
	Interest Income	73,100	73,100	96,004	107,896	105,884
	Miscellaneous Revenues	895,232	898,252	904,857	911,200	917,456
	Total Baseline Revenue	45,514,521	45,810,929	46,092,093	47,116,520	47,754,607
	Baseline Operating Expenditures:					
	Salaries & Benefits	18,586,662	18,980,631	19,597,450	19,883,668	20,231,967
	Supplies	1,088,691	955,860	927,144	927,144	945,144
	Services & Charges	8,532,919	7,953,150	7,904,547	8,210,967	8,520,178
	Intergovernmental	15,775,365	16,272,554	16,734,521	17,220,144	17,722,371
	Interfund	721,258	689,155	697,116	704,797	712,406
Budgeted Contingency	1,534,585	1,524,883	224,000	224,000	224,000	
Capital Outlay	503,762	30,000	-	-	-	
Total Baseline Operating Expenditures	46,743,242	46,406,233	46,084,777	47,170,720	48,356,067	
Baseline Revenue Over (Under) Expenditures	(1,228,721)	(595,304)	7,316	(54,201)	(601,460)	
Baseline Other Financing Sources (Uses):						
Operating Transfers In	1,997,901	2,206,235	2,242,706	2,269,785	2,304,512	
Transfers Out	2,475,863	2,356,188	2,257,804	2,284,959	2,233,525	
Gain / (Use) of Operating Funds Fund Balance	(1,706,683)	(745,257)	(7,782)	(69,375)	(530,472)	
Baseline Ending Operating Funds Fund Balance	\$10,985,832	\$11,380,013	\$12,517,009	\$12,447,634	\$11,917,162	
Required Operating Funds Fund Balance	\$4,393,456	\$4,404,682	\$4,410,875	\$4,431,941	\$4,445,292	
Over (Under) Required Operating Funds Fund Balance	\$6,592,376	\$6,975,331	\$8,106,135	\$8,015,693	\$7,471,870	
10 YFSM:	Beginning Operating Funds Fund Balance	\$12,692,514	\$12,125,270	\$12,524,791	\$12,517,009	\$12,447,634
	Total 10YFSM Revenues & Transfers In	47,512,422	48,017,164	48,818,146	49,880,167	50,559,710
	Total 10YFSM Operating Expenditures & Transfers Out	49,219,105	48,762,421	47,375,729	48,466,566	49,577,799
	Gain / (Use) of Operating Funds Fund Balance	(1,706,683)	(745,257)	1,442,417	1,413,601	981,911
	10YFSM Ending Operating Funds Fund Balance	\$10,985,832	\$11,380,013	\$13,967,209	\$13,930,611	\$13,429,545
	Required Operating Funds Fund Balance	\$4,393,456	\$4,404,682	\$4,410,875	\$4,431,941	\$4,445,292
Over (Under) Required Operating Funds Fund Balance	\$6,592,376	\$6,975,331	\$9,556,334	\$9,498,669	\$8,984,253	
Assumptions:						
Inflation	0.00%	2.32%	2.36%	2.23%	2.16%	
Annual Revenue Growth	#REF!	0.65%	0.61%	2.22%	1.35%	
Annual Regular Levy Assessed Value Change	#REF!	-0.64%	2.77%	3.49%	3.84%	
Annual Sales & Use Tax Change	3.35%	3.05%	3.19%	3.16%	3.34%	
General Fees & Licenses Increases	0.00%	1.85%	1.89%	1.78%	1.73%	
Investment Interest Rate	2.63%	2.70%	2.80%	2.90%	2.90%	
Building Permit Charge	-16.39%	-11.52%	-2.17%	-1.25%	1.83%	
Revenue Collection (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%	
Revenue Collection (10YFSM)	100.00%	100.00%	101.00%	101.00%	101.00%	
PERS Employer Contribution Rate	12.87%	12.87%	12.92%	12.92%	12.92%	
Health Benefit Escalator	8.00%	0.00%	6.50%	6.50%	6.50%	
Regular Salary Escalator	1.00%	3.09%	3.16%	3.03%	2.96%	
Police Contract Escalator	3.50%	3.50%	3.50%	3.50%	3.50%	
Expenditure Percentage (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%	
Expenditure Percentage (10YFSM)	100.00%	100.00%	98.00%	98.00%	98.00%	
Annual Expenditure Growth	#REF!	-0.72%	-0.69%	2.36%	2.51%	
Contribution to / (Refund From) Revenue Stabilization Fund	\$313,752	\$360,049	\$47,587	\$128,479	\$153,462	
New Maintenance Costs for Completed Capital Projects	\$120,474	\$120,519	\$120,519	\$120,519	\$120,519	

10 YEAR FINANCIAL SUSTAINABILITY MODEL

OPERATING BUDGET
TEN YEAR FORECAST

	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Baseline Model:					
Beginning Operating Funds Fund Balance	\$11,917,162	\$10,706,048	\$8,741,025	\$5,844,679	\$2,008,794
Baseline Revenues:					
Taxes					
Property	14,851,722	15,070,555	15,290,084	15,509,418	15,730,365
Sales and Use	12,432,777	12,830,606	13,233,170	13,653,626	14,087,014
Business and Occupation	1,204,725	1,242,765	1,281,409	1,321,535	1,362,951
Gambling	1,587,425	1,587,425	1,587,425	1,587,425	1,587,425
Utility	4,175,668	4,249,391	4,325,959	4,405,367	4,487,316
Other	7,200	7,200	7,200	7,200	7,200
Franchise/Utility Contract Payments	6,065,767	6,185,920	6,309,834	6,437,396	6,567,935
Licenses and Permits	2,441,433	2,398,501	2,336,994	2,272,879	2,226,930
Intergovernmental	2,646,317	2,667,217	2,688,697	2,710,738	2,733,218
Charges for Services	1,887,061	1,920,251	1,954,496	1,989,743	2,025,724
Fines and Forfeitures	404,000	404,000	404,000	404,000	404,000
Interest Income	90,500	65,677	6,726	(80,165)	(195,241)
Miscellaneous Revenues	923,838	930,430	937,231	944,230	951,376
Total Baseline Revenue	48,718,433	49,559,937	50,363,225	51,163,392	51,976,213
Baseline Operating Expenditures:					
Salaries & Benefits	20,996,556	21,745,919	22,533,949	23,362,058	24,229,207
Supplies	927,144	927,144	927,144	927,144	927,144
Services & Charges	8,895,531	9,203,447	9,587,687	9,922,272	10,331,991
Intergovernmental	18,242,267	18,783,032	19,343,079	19,923,056	20,523,541
Interfund	720,201	728,285	736,663	745,323	754,203
Budgeted Contingency	224,000	224,000	224,000	224,000	224,000
Capital Outlay	-	-	-	-	-
Total Baseline Operating Expenditures	50,005,698	51,611,828	53,352,522	55,103,853	56,990,086
Baseline Revenue Over (Under) Expenditures	(1,287,265)	(2,051,890)	(2,989,298)	(3,940,461)	(5,013,873)
Baseline Other Financing Sources (Uses):					
Operating Transfers In	2,358,898	2,414,758	2,475,254	2,539,382	2,607,945
Transfers Out	2,282,747	2,327,891	2,382,303	2,434,806	2,491,454
Gain / (Use) of Operating Funds Fund Balance	(1,211,114)	(1,965,023)	(2,896,346)	(3,835,885)	(4,897,382)
Baseline Ending Operating Funds Fund Balance	\$10,706,048	\$8,741,025	\$5,844,679	\$2,008,794	(\$2,888,588)
Required Operating Funds Fund Balance	\$4,465,168	\$4,482,606	\$4,499,304	\$4,515,961	\$4,532,891
Over (Under) Required Operating Funds Fund Balance	\$6,240,879	\$4,258,419	\$1,345,375	(\$2,507,167)	(\$7,421,479)
10 YFSM:					
Beginning Operating Funds Fund Balance	\$11,917,162	\$10,706,048	\$8,741,025	\$5,844,679	\$2,008,794
Total 10YFSM Revenues & Transfers In	51,588,104	52,494,443	53,366,863	54,239,802	55,130,000
Total 10YFSM Operating Expenditures & Transfers Out	51,242,676	52,860,924	54,620,128	56,387,886	58,291,909
Gain / (Use) of Operating Funds Fund Balance	345,428	(366,481)	(1,253,265)	(2,148,084)	(3,161,909)
10YFSM Ending Operating Funds Fund Balance	\$12,262,590	\$10,339,566	\$7,487,760	\$3,696,595	(\$1,153,115)
Required Operating Funds Fund Balance	\$4,465,168	\$4,482,606	\$4,499,304	\$4,515,961	\$4,532,891
Over (Under) Required Operating Funds Fund Balance	\$7,797,422	\$5,856,960	\$2,988,456	(\$819,366)	(\$5,686,006)
Assumptions:					
Inflation	2.17%	2.20%	2.23%	2.25%	2.25%
Annual Revenue Growth	#REF!	1.73%	1.62%	1.59%	1.59%
Annual Regular Levy Assessed Value Change	#REF!	4.23%	3.93%	3.55%	0.00%
Annual Sales & Use Tax Change	3.35%	3.37%	3.32%	3.38%	3.38%
General Fees & Licenses Increases	1.73%	1.76%	1.78%	1.80%	1.80%
Investment Interest Rate	2.90%	3.00%	3.00%	3.00%	3.00%
Building Permit Charge	0.70%	-2.44%	-3.48%	-3.75%	-3.75%
Revenue Collection (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue Collection (10YFSM)	101.00%	101.00%	101.00%	101.00%	101.00%
PERS Employer Contribution Rate	12.92%	12.92%	12.92%	12.92%	12.92%
Health Benefit Escalator	6.50%	6.50%	6.50%	6.50%	6.50%
Regular Salary Escalator	2.97%	3.00%	3.03%	3.05%	3.05%
Police Contract Escalator	3.50%	3.50%	3.50%	3.50%	3.50%
Expenditure Percentage (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Expenditure Percentage (10YFSM)	98.00%	98.00%	98.00%	98.00%	98.00%
Annual Expenditure Growth	#REF!	3.21%	3.37%	3.28%	3.42%
Contribution to / (Refund From) Revenue Stabilization Fund	\$147,374	\$130,827	\$121,457	\$122,141	\$122,141
New Maintenance Costs for Completed Capital Projects	\$120,519	\$120,519	\$120,519	\$120,519	\$120,519

10 YEAR FINANCIAL SUSTAINABILITY MODEL
OPERATING BUDGET
TEN YEAR FORECAST



City of Shoreline 2018 - 2023 Capital Improvement Plan
 Program Summary
 General Capital Fund

	PRIOR-YRS	2018CB	2018E	2019E	2020E	2021E	2022E	2023E	2024E	6-YEAR TOTAL	TOTAL PROJECT
PROJECT EXPENDITURES											
<u>PARKS MAINTENANCE PROJECTS</u>											
BOEING CREEK-SHOREVIEW PARK TRAIL R&R	-	-	-	250,000	1,642,000	-	-	-	-	1,892,000	1,892,000
KING COUNTY, TRAILS AND OPEN SPACE REPLACEMENT LEVY	71,099	85,000	46,250	-	-	-	-	-	-	-	117,349
KRUCKEBERG ENV ED CENTER (RESIDENCE STABILIZATION)	-	-	-	-	265,000	-	-	-	-	265,000	265,000
PARK ECOLOGICAL RESTORATION PROGRAM	81,760	80,000	102,868	80,000	-	-	-	-	-	80,000	264,628
PARKS REPAIR AND REPLACEMENT	2,591,969	270,087	270,087	250,528	263,054	265,816	275,000	275,000	275,000	1,604,398	4,466,454
PLAYGROUND REPLACEMENT	-	-	-	500,000	500,000	-	-	-	-	1,000,000	1,000,000
RB SALTWATER PARK FIRE SUPPRESSION LINE	-	-	-	-	-	-	-	-	25,000	25,000	25,000
TURF & LIGHTING REPAIR AND REPLACEMENT	1,366,912	1,827,000	1,608,123	60,135	-	-	25,000	1,100,000	-	1,185,135	4,160,170
<u>FACILITIES PROJECTS</u>											
CITY MAINTENANCE FACILITY	3,336,125	524,960	170,000	330,000	24,960	-	-	-	-	354,960	3,861,085
<u>PARKS DEVELOPMENT PROJECTS</u>											
COMMUNITY & AQUATICS CENTER	-	200,000	25,075,000	730,200	730,200	30,730,200	20,930,200	730,200	730,200	54,581,200	79,656,200
OUTDOOR MULTI-USE SPORT COURT	-	75,000	-	-	75,000	-	-	-	-	75,000	75,000
PARKS FACILITIES RECREATION AMENITIES PLAN	30,677	125,000	148,311	185,000	-	-	-	-	-	185,000	363,988
<u>PROJECTS TO BE COMPLETED IN CURRENT YEAR (2018)</u>											
PARKS, RECREATION AND OPEN SPACE UPDATE	72,502	-	1,500	-	-	-	-	-	-	-	74,002
POLICE STATION AT CITY HALL	6,004,369	2,933,012	2,933,012	-	-	-	-	-	-	-	8,937,381
PROS PLAN IMPLEMENTATION	-	118,311	20,000	-	-	-	-	-	-	-	20,000
<u>NON-PROJECT SPECIFIC</u>											
GENERAL CAPITAL ENGINEERING	847,915	105,000	105,000	85,000	85,000	85,000	85,000	85,000	85,000	510,000	1,462,915
COST ALLOCATION CHARGES	-	23,501	23,501	30,000	30,000	30,000	30,000	30,000	30,000	180,000	203,501
CITY HALL DEBT SERVICE PAYMENT	-	662,546	662,546	677,546	663,250	683,250	663,782	683,782	664,770	4,036,380	4,698,926
TOTAL EXPENDITURES	14,403,327	7,029,417	31,166,198	3,178,409	4,278,464	31,794,266	22,008,982	2,903,982	1,809,970	65,974,073	111,543,598
REVENUES											
REAL ESTATE EXCISE TAX	-	1,368,768	1,497,870	1,164,953	1,168,119	1,222,681	1,276,164	1,351,129	1,432,939	7,615,984	
SOCCER FIELD RENTAL CONTRIBUTION	-	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	780,000	
INVESTMENT INTEREST	-	35,987	35,987	1,497	2,046	260	7,715	16,187	2,405	30,110	
SALE OF CURRENT POLICE STATION	-	2,100,000	2,100,000	-	-	-	-	-	-	-	
RENT REVENUE - STORAGE COURT	-	-	-	730,200	730,200	730,200	730,200	730,200	730,200	4,381,200	
FUTURE FUNDING	-	-	-	-	1,907,000	30,000,000	20,200,000	-	-	52,107,000	
LIMITED TAX GO BAN 2018	-	-	24,800,000	-	-	-	-	-	-	-	
GENERAL FUND CONTRIBUTION	-	793,505	793,505	150,000	150,000	50,000	50,000	50,000	50,000	500,000	
PARK IMPACT FEES	-	50,000	-	125,000	50,000	-	-	-	-	175,000	
DEPARTMENT OF NATURAL RESOURCES	-	-	8,750	-	-	-	-	-	-	-	
KC - 4CULTURE DEV.AUTH.	-	-	-	-	-	-	-	-	-	-	
KC TRAIL LEVY FUNDING RENEWAL	-	120,000	120,000	120,000	-	-	-	-	-	120,000	
KING CONSERVATION DISTRICT GRANT	-	45,000	20,368	45,000	-	-	-	-	-	45,000	
RECREATION & CONSERVATION OFFICE	-	-	-	-	-	-	-	-	-	-	
REMEDIATION MITIGATION CLAIMS	-	-	-	-	-	-	-	-	-	-	
STATE AND FEDERAL DRUG FORFEITURE FUND	-	399,897	399,897	-	-	-	-	-	-	-	
TREASURY SEIZURE FUND	-	-	-	-	-	-	-	-	-	-	
TREASURY SEIZURE FUND - POTENTIAL	-	-	-	-	-	-	-	-	-	-	
YOUTH & AMATEUR SPORTS GRANT	-	25,000	-	-	25,000	-	-	-	-	25,000	
TOTAL REVENUES		5,068,157	29,906,377	2,466,650	4,162,365	32,133,140	22,394,078	2,277,516	2,345,544	65,779,294	
BEGINNING FUND BALANCE											
TOTAL REVENUES			29,906,377	2,466,650	4,162,365	32,133,140	22,394,078	2,277,516	2,345,544	65,779,294	
RESTRICTED AMOUNT FOR TURF REPLACEMENT									130,000	130,000	
RESTRICTED AMOUNT FOR COMMUNITY & AQUATIC CENTER											
TOTAL EXPENDITURES			31,166,198	3,178,409	4,278,464	31,794,266	22,008,982	2,903,982	1,809,970	65,974,073	
ENDING FUND BALANCE	2,099,479		839,658	127,899	11,801	350,675	735,771	109,305	514,879	514,879	
IMPACT ON OPERATING BUDGET											

City of Shoreline 2018 - 2023 Capital Improvement Plan
 Program Summary
 City Facility Major Maintenance Fund

	PRIOR-YRS	2018CB	2018E	2019E	2020E	2021E	2022E	2023E	2024E	6-YEAR TOTAL	TOTAL PROJECT
PROJECT EXPENDITURES											
<u>GENERAL FACILITIES</u>											
CITY HALL LONG-TERM MAINTENANCE	32,000	10,000	72,000	77,904	44,182	108,400	40,000	100,000	100,000	470,486	574,486
CITY HALL PARKING GARAGE LONG-TERM MAINTENANCE	119,349	-	7,311	-	-	-	24,192	-	-	24,192	150,852
DUCT CLEANING	10,000	33,900	-	4,000	13,350	10,000	13,350	10,000	-	50,700	60,700
<u>PARKS FACILITIES</u>											
PARKS RESTROOMS LONG-TERM MAINTENANCE	26,884	-	58,000	30,000	-	-	-	-	-	30,000	114,884
SHORELINE POOL LONG-TERM MAINTENANCE	1,150,218	20,000	22,731	20,000	20,000	20,000	20,000	20,000	20,000	120,000	1,292,949
RICHMOND HIGHLANDS COMMUNITY CENTER LONG-TERM MAINTENANCE	266,720	80,313	18,000	35,000	40,000	-	-	-	-	75,000	359,720
SPARTAN RECREATION CENTER	15,563	9,000	3,700	-	4,500	-	-	-	-	4,500	23,763
TOTAL EXPENDITURES	1,620,734	153,213	181,742	166,904	122,032	138,400	97,542	130,000	120,000	774,878	2,577,354
REVENUES											
GENERAL FUND OPERATING TRANSFER		124,032	124,032	124,032	124,032	124,032	124,032	124,032	124,032	744,192	
<u>FUTURE FUNDING</u>											
SHORELINE SCHOOL DISTRICT				-	-	-	-	-	-	-	
INVESTMENT INTEREST		883	883	435	192	312	3	585	467	1,994	
TOTAL REVENUES		124,915	124,915	124,467	124,224	124,344	124,035	124,617	124,499	746,186	
BEGINNING FUND BALANCE											
TOTAL REVENUES			111,244	54,417	11,980	14,172	116	26,608	21,226	54,417	
TOTAL EXPENDITURES			181,742	166,904	122,032	138,400	97,542	130,000	120,000	774,878	
ENDING FUND BALANCE	111,244		54,417	11,980	14,172	116	26,608	21,226	25,725	25,725	
IMPACT ON OPERATING BUDGET			-	-	-	-	-	-	-		

City of Shoreline 2018 - 2023 Capital Improvement Plan
Program Summary
Roads Capital Fund

	PRIOR-YRS	2018CB	2018E	2019E	2020E	2021E	2022E	2023E	2024E	6-YEAR TOTAL	TOTAL PROJECT
PROJECT EXPENDITURES											
REPAIR AND REPLACEMENT											
Pedestrian / Non-Motorized Projects											
SIDEWALK REHABILITATION PROGRAM	-	-	-	775,017	982,517	906,000	906,000	830,000	830,000	5,229,534	5,229,534
System Preservation Projects											
ANNUAL ROAD SURFACE MAINTENANCE PROGRAM	15,248,343	2,300,000	842,000	2,690,000	1,710,000	1,506,000	1,849,000	830,000	1,350,000	9,935,000	26,025,343
AURORA MEDIAN RETROFITS	-	-	-	-	-	-	-	-	-	-	-
TRAFFIC SIGNAL REHABILITATION PROGRAM	1,597,063	213,758	153,758	187,628	134,010	140,711	147,746	152,178	156,744	919,017	2,669,838
CAPACITY CONSTRUCTION											
Pedestrian / Non-Motorized Projects											
147TH/148TH NON-MOTORIZED BRIDGE	54	499,945	499,945	-	-	-	-	-	-	-	499,999
1ST AVE NE (N 145TH TO N 155TH)	-	-	-	-	-	-	-	2,540,000	-	2,540,000	2,540,000
5TH AVE NE (N 175TH TO N 182ND)	-	-	-	-	-	3,000,000	-	-	-	3,000,000	3,000,000
WTSC SCHOOL ZONE FLASHERS	-	-	10,000	117,488	-	-	-	-	-	117,488	127,488
COMPLETE STREETS- PED/BIKE GAPS	-	250,000	280,000	5,000	-	-	-	-	-	5,000	285,000
TRAIL ALONG THE RAIL	80,997	339,002	35,000	304,003	-	-	-	-	-	304,003	420,000
Safety / Operations Projects											
145TH CORRIDOR - 99TH TO I5	268,001	5,222,081	931,999	1,200,000	500,000	5,500,000	6,495,953	9,000,000	10,080,000	32,775,953	33,975,953
145TH AND I5 INTERCHANGE	179,916	4,320,084	1,320,084	2,800,000	2,200,000	8,000,000	9,999,999	2,200,000	-	25,199,999	26,699,999
160TH AND GREENWOOD/INNIS ARDEN INTERSECTION	-	105,000	105,000	-	-	-	-	-	-	-	105,000
185TH CORRIDOR STUDY	17,495	515,691	125,000	382,505	8,186	-	-	-	-	390,691	533,186
N 175TH ST - STONE AVE N TO I5	-	1,640,000	1,640,000	2,460,000	-	-	-	-	-	2,460,000	4,100,000
MERIDIAN AVE N & N 155TH ST SIGNAL IMPROV	105,050	498,270	57,870	481,085	-	-	-	-	-	481,085	644,005
TRAFFIC SAFETY IMPROVEMENTS	1,793,167	280,566	280,566	163,814	167,005	175,355	184,123	193,329	199,129	1,082,755	3,156,489
WESTMINSTER AND 155TH IMPROVEMENTS	26,565	482,017	502,017	200,000	5,040,000	-	-	-	-	5,240,000	5,768,582
PROJECTS TO BE COMPLETED IN CURRENT YEAR (2018)											
AURORA AVENUE NORTH 192ND - 205TH	41,370,291	-	-	-	-	-	-	-	-	-	41,370,291
BIKE SYSTEM IMPLEMENTATION	637,290	4,788	17,334	-	-	-	-	-	-	-	654,624
EINSTEIN SAFE ROUTE TO SCHOOL	668,607	-	-	-	-	-	-	-	-	-	668,607
CURB RAMP, GUTTER AND SIDEWALK MAINTENANCE PROGRAM	2,450,277	207,020	207,020	-	-	-	-	-	-	-	2,657,297
ECHO LAKE SAFE ROUTES TO SCHOOL	577,722	21,946	21,946	-	-	-	-	-	-	-	599,668
RICHMOND BEACH RE-CHANNELIZATION	29,270	330,000	332,666	-	-	-	-	-	-	-	361,936
RADAR SPEED SIGNS	19,426	127,716	137,716	-	-	-	-	-	-	-	157,142
INTERURBAN TRAIL/BURKE-GILMAN CONNECTORS	482,650	36,898	19,980	-	-	-	-	-	-	-	502,630
NON-PROJECT SPECIFIC											
ROADS CAPITAL ENGINEERING	2,456,632	454,053	454,053	385,000	395,000	405,000	415,000	415,000	415,000	2,430,000	5,340,685
TRANSPORTATION MASTER PLAN UPDATE	125,626	105,000	75,000	105,000	369,374	-	-	-	-	474,374	675,000
COST ALLOCATION CHARGES	-	57,194	57,194	55,000	50,000	50,000	50,000	50,000	50,000	305,000	362,194
TOTAL EXPENDITURES	68,134,443	18,011,029	8,106,148	12,311,540	11,556,092	19,683,066	20,047,821	16,210,508	13,080,873	92,889,899	169,130,490
REVENUES											
REAL ESTATE EXCISE TAX	-	1,368,768	1,497,870	1,164,953	1,168,119	1,222,681	1,276,164	1,351,129	1,432,939	7,615,984	-
INVESTMENT INTEREST	-	29,656	29,656	40,857	48,553	44,348	29,160	6,261	4,345	173,525	-
GENERAL FUND CONTRIBUTION	-	1,707,270	1,529,240	428,198	250,168	173,651	173,651	97,651	97,651	1,220,970	-
OTHER ONE-TIME TRANSFERS IN	-	441	441	-	-	-	-	-	-	-	-
CMAQ	-	-	-	-	-	-	-	-	-	-	-
CONNECTING WASHINGTON	-	-	-	1,000,000	1,000,000	9,000,000	11,000,000	2,300,000	700,000	25,000,000	-
FEDERAL - STP	-	9,767,287	3,384,677	5,298,900	1,470,500	2,000,000	2,499,999	260,000	-	11,529,399	-
FTA - RAPID RIDE	-	-	-	-	-	-	-	-	-	-	-
FUTURE FUNDING	-	-	-	200,000	2,920,000	3,142,000	2,618,000	8,698,377	9,240,000	26,818,377	-
GRANTS FROM PRIVATE SOURCES	-	-	-	-	-	2,000,000	-	2,000,000	-	4,000,000	-
HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP)	-	423,493	110,574	411,468	-	-	-	-	-	411,468	-
PRIVATE DONATIONS	-	-	-	-	2,120,000	-	-	-	-	2,120,000	-
SAFE ROUTES TO SCHOOL	-	35,582	35,582	-	-	-	-	-	-	-	-
TRANSPORTATION IMPROVEMENT BOARD	-	250,000	250,000	-	-	-	-	-	-	-	-
TRANSPORTATION BENEFIT DISTRICT	-	1,222,280	830,000	1,452,500	1,660,000	1,660,000	1,660,000	1,660,000	1,660,000	9,752,500	-
TRANSPORTATION IMPACT FEES	-	221,400	221,400	332,100	-	-	-	-	-	332,100	-
WSDOT - PEDESTRIAN & BICYCLE SAFETY PROGRAM	-	36,898	19,980	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	15,063,075	7,909,420	10,328,976	10,637,340	19,242,680	19,256,973	16,373,418	13,134,935	88,974,324	-
BEGINNING FUND BALANCE	-	5,421,170	5,107,151	3,034,588	2,015,836	1,325,450	284,603	197,513	5,107,151	-	-
TOTAL REVENUES	-	15,063,075	7,909,420	10,328,976	10,637,340	19,242,680	19,256,973	16,373,418	13,134,935	88,974,324	-
TOTAL EXPENDITURES	-	15,063,075	7,909,420	10,328,976	10,637,340	19,242,680	19,256,973	16,373,418	13,134,935	88,974,324	-
RESTRICTED AMOUNT FOR GRANT MATCHING	-	117,291	90,000	100,000	250,000	250,000	250,000	250,000	250,000	1,190,000	-
ENDING FUND BALANCE	5,421,170	5,107,151	3,034,588	2,015,836	1,325,450	284,603	197,513	1,576	1,576	-	-
IMPACT ON OPERATING BUDGET	-	-	2,510	2,510	2,510	2,510	2,510	2,510	2,510	-	-

