

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

<b>AGENDA TITLE:</b>	Public Hearing on the 2019-2020 Proposed Biennial Budget with Special Emphasis on 2019 Regular and Excess Property Tax Levies, to be Set by Ordinance No. 842, and Other Revenues
<b>DEPARTMENT:</b>	City Manager's Office Administrative Services Division
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director Rick Kirkwood, Budget Supervisor
<b>ACTION:</b>	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input checked="" type="checkbox"/> Public Hearing

**PROBLEM/ISSUE STATEMENT:**

The City Manager presented the 2019-2020 Proposed Biennial Budget to the City Council on October 15, 2018. Department budget presentations were provided on October 22 and October 29. A presentation of the proposed 2019-2024 Capital Improvement Plan (CIP) was also made on October 29. This is the first of three scheduled public hearings on the 2019-2020 Proposed Biennial Budget, two of which are required by statute. This first public hearing addresses revenue sources including the 2019 regular and excess property tax levies. The second and third public hearings on the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP are scheduled to be held after this hearing tonight and on November 19.

Proposed Ordinance No. 842 (Attachment A) will set the 2019 regular and excess property tax levies in Shoreline. Adoption of the 2019 regular and excess property tax levies (Ordinance No. 842), budget and Capital Improvement Program (Ordinance No. 841) are scheduled for November 19.

**FINANCIAL IMPACT:**

The City's 2019-2020 Proposed Biennial Budget as presented to the City Council on October 15 is balanced in all funds with appropriations totaling \$171.155 million and resources totaling \$174.737 million. The General Fund's resources total \$98.050 million with general operating revenues totaling \$88.711 million.

**RECOMMENDATION**

Staff recommends that the City Council conduct the public hearing to take public comment on the 2019-2020 Proposed Biennial Budget, 2019 regular and excess property tax levies, and other revenue sources for the 2019-2020 Proposed Biennial Budget as required by state statute.

Approved By:            City Manager **DT**    City Attorney **MK**

## **DISCUSSION**

The City Council's last full briefing on the City's financial outlook was at its September 17, 2018 meeting. At that time, the forecast projected \$2.445 million more in ongoing revenues than expenditures in 2019-20. Budget and Tax Office staff formally began the base budget development process with departments on June 12. Through this process, base budget projections for 2019 and 2020 were updated to reflect current information, including:

- An estimation of ongoing Salaries and Wages budget reflected cost of living adjustments, step increases, and health premium and state retirement changes;
- An assessment of revenue collections under current economic conditions, based on departmental input;
- New information on contractually and/or statutorily derived rates; and,
- Basic budget information supporting current service levels as submitted by City departments in July and August 2018.

This updated financial projection provided the basis for budget meetings with the City Manager. The City collects a variety of revenues to support ongoing City services. State law requires the City Council to hold a public hearing on revenue sources for the upcoming budget. The hearing must include consideration of property tax revenues and must be held before the ordinance setting the regular and excess property tax levies is adopted and submitted to King County. The City of Shoreline is required to adopt that ordinance and certify the amount to the County Assessor by November 30, 2018.

The revenue sources used to fund the City's budget are explained in detail on pages 79 through 94 of the 2019-2020 Proposed Biennial Budget and 2019-2024 Capital Improvement Plan (CIP) book (available here: <http://www.shorelinewa.gov/home/showdocument?id=41089>). The following section provides a more detailed discussion of current revenue and expenditure assumptions.

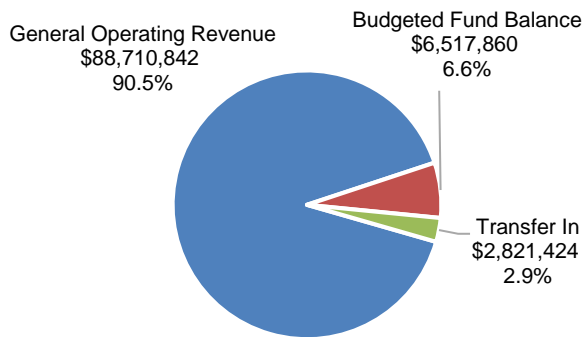
### **General Fund Revenues**

The General Fund resource base is \$98.050 million and is comprised of general operating revenues (\$88.711 million), the budgeted use of fund balance (\$ 6,517,860 million), and transfers-in from other funds (\$2.821 million) as reflected in the General Fund Resources chart on the left below.

For the purposes of this discussion, general operating revenues will be discussed by category as shown in the chart on the right below. Some of these categories are further discussed on pages 79 through 91 of the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book.

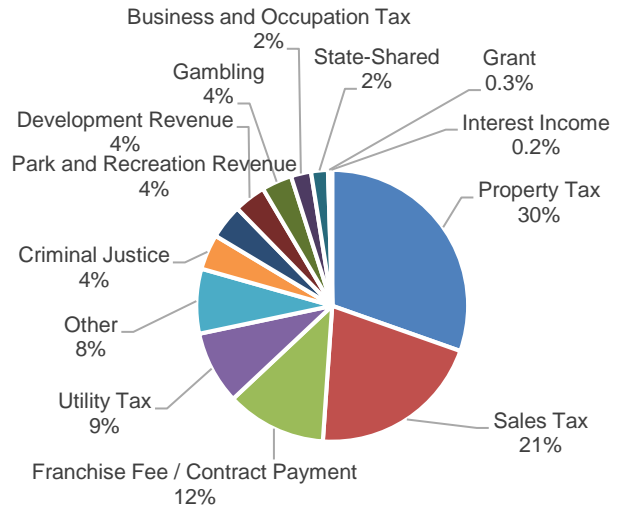
## General Fund Resources

**\$98,050,126**

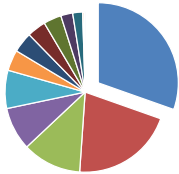


## General Fund Operating Revenues

**\$88,710,842**



### 2019 Regular Property Tax Levy



The preliminary estimate for City property taxes that will be collected in 2019 totals \$13.302 million, assumes a 100% collection rate, and is \$457,000, or 3.6%, more than the projected 2018 tax collections. This revenue for the 2019-2020 biennium accounts for 30.4% of General Fund operating revenues and is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on pages 67, 80 and

81.

Property tax levy increases by local governments are limited to the lower of the Implicit Price Deflator (IPD) or 101% without voter approval. State law also limits the levy rate to \$1.60 per \$1,000 of assessed valuation (AV). The Revised Code of Washington (RCW) Chapter 84.55.005 and Washington Administrative Code (WAC) Section 458-19-005 provide the limit factors and process which the City must follow in adopting its property tax levy. For cities with a population of 10,000 or greater, the limit factor is the lesser of 100% plus inflation, as measured by the IPD, or 101% of the previous year's levy. For a city with a population of 10,000 or greater having made a finding of substantial need; the limit factor is the lesser of 101% or the limit factor contained in the ordinance of substantial need. The July IPD was 2.169%. Therefore, if Shoreline Proposition 1 was not approved by voters in 2016, the City Council would be required to adopt a 2019 property tax levy limited to an increase of 1.0% from the 2018 levy plus new construction and refunds.

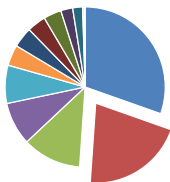
However, as City of Shoreline Proposition 1 was approved by voters in 2016, the City is allowed to increase its property tax levy annually by the June-to-June percentage change in the Consumer Price Index for All Urban Consumers for the Seattle/Tacoma/Bellevue Area (CPI-U). When this CPI-U is applied for 2019, it results in an increase of 3.28%. In addition, the levy is allowed to increase 0.5% due to the value of new construction, which is estimated at \$48.107 million, and re-levy for prior year refunds. As a result, the total levy will increase 5.3%. For 2019, the City's AV of existing construction is projected to

increase 4.8% and new construction adding 0.5% for a total growth of 5.3%. Given that AV has increased more than the increase allowed in the City's property tax levy, the City's property tax levy rate is estimated to decrease from the current rate of \$1.26752 to \$1.24694 per \$1,000 of AV. Final Citywide AV and new construction values from King County will determine the final levy rate.

Attachment B to this staff report illustrates how the City's total levy and property tax rate are calculated and the impact of the new levy rate on how much of the Regular Property Tax Levy a property owner will pay to the City. First, as was noted above, the year-over-year percentage change in the City's AV has an impact on the levy rate. Assuming there will be no year-over-year change in the AV for a single-family residence with a median value of \$444,000, the homeowner that paid \$563 to the City in 2018 will pay \$553, or \$10 less, in 2019. From that point the year-over-year percentage change in property tax paid on a property with an AV that has grown more than the City's total AV, which in this example is assumed to be 5.27%, will pay more than the City's levy growth, which in this example is assumed to be 5.27%. Conversely, a property with an AV that has grown less than the City's total AV will pay less than the City's levy growth. Here are three examples that illustrate these factors at work when the AV of the home, depending on that determined by the King County Assessor's Office, grows the same as, less than, or more than the City's total AV:

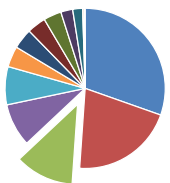
- Growing 5.3% (the same as the City's total AV) to \$467,532, the homeowner would pay \$20, or 3.6%, more, which is the same percentage growth as the City's levy.
- Growing 2.0% (less than the City's total AV) to \$452,880, the homeowner would pay \$2, or 0.4%, more, which is less than the percentage growth of the City's levy.
- Growing 15.0% (more than the City's total AV) to \$510,600, the homeowner would pay \$74, or 13.1%, more, which is more than the percentage growth of the City's levy.

### **Sales Tax**



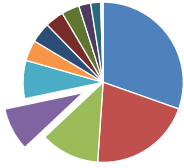
Revenues from sales tax (\$18.347 million) reflects increases over the 2018 revised projection for the Current Biennium of \$1.932, or 1.932. This revenue accounts for 20.7% of General Fund operating revenues and is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 82.

### **Franchise Fee/Contract Payments**



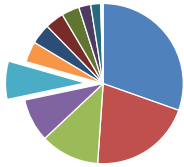
The City has entered into agreements with the many public utilities that provide services to Shoreline residents. Agreements are in place with Seattle City Light, Seattle Public Utilities (Water), the North City Water District, and the Ronald Wastewater District. All these utilities pay either a contract fee or franchise fee to the City in an amount equal to six percent of their revenues generated in Shoreline. The City also receives a five percent franchise fee from the cable television providers in Shoreline. Projected revenues in 2019-2020 from franchise fees and contract payments total \$10.549 million. This revenue accounts for 11.9% of General Fund operating revenues and is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 86.

### **Utility Tax**



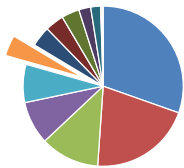
The City collects a six percent utility tax on natural gas, telephone services, sanitation services, cable television, and storm drainage. Projected revenues in 2019-2020 from utility taxes total \$7.707 million. This revenue accounts for 8.7% of General Fund operating revenues and is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 85.

### **Other**



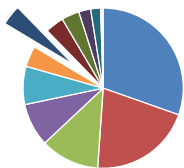
Revenues that do not fall into a general operating revenue category such as those discussed in detail in this staff report and the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book are combined into the “Other” category. Significant revenues included in this category are those from the: Shoreline School District’s share of the School Resource Officer, DUI car impound fees, traffic infraction refunds, Highland Park Center lease, Surface Water Utility for North Maintenance Facility rent, cell tower lease revenue, contributions from the solid waste provider, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement approved by the City Council on July 25, 2016. These revenues account for 7.7% of General Fund operating revenues.

### **Criminal Justice Funding**



There are two sources of dedicated funding for local criminal justice programs: an optional County sales tax of 0.1% and state shared funding. Projected revenues in 2019-2020 for criminal justice total \$3.668 million. The largest revenue source in this category is the Criminal Justice Retail Sales tax. This tax is collected at the county level and distributed to the cities on a per capita basis. This revenue accounts for 4.2% of General Fund operating revenues and is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 88.

### **Park and Recreation Revenue**



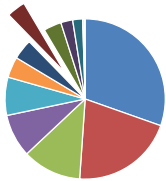
Fees are charged for participation in recreational classes and activities; swimming lessons and pool admissions; athletic field, recreation center, picnic shelter and Spartan Gym rentals; indoor and summer playground programs; and, teen trips and classes. In 2015, the Parks, Recreation and Cultural Services department developed a Cost Recovery and Fee Setting Framework (available online at:

<http://shorelinewa.gov/government/departments/parks-recreation-cultural-services/boards/parks-recreation-and-cultural-services-tree-board>).

A key element of the Framework is assigning programs and service categories to a cost recovery guideline range based on how much it benefits general community goals versus benefits to an individual. Fees for some programs and services have been reviewed using these guidelines and the outcome has been incorporated into the 2019-2020 Fee Schedule (Shoreline Municipal Code 3.01.300 Parks, Recreation and Cultural Services). An additional review of fees was performed in early 2018 to incorporate the impacts of the extra-help salary changes necessary to address State minimum wage changes in our cost recovery fee model.

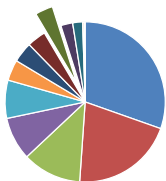
Projected revenues in 2019-2020 from recreation fees total \$3.668 million. Revenue projections are conservative since pool usage is currently at full capacity. Revenue from the general recreation activities were projected to decrease largely due to the Shoreline School District's earlier start for the 2018-2019 school year, which may have directly impacted the summer camps. Revenue from facility rentals is expected to return to the 2016 level as Twin Ponds soccer fields return to a full year of operation. In the future the fees are expected to increase by the June-to-June percentage change of the CPI-U. These revenues account for 4.1% of General Fund operating revenues and are discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 87.

### **Development Revenue**



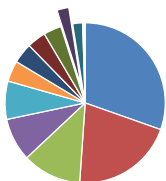
Fees are charged for a variety of development permits, inspections and reviews obtained through the City's Planning and Community Development department. These include building, structure, plumbing, electrical, and mechanical permits; land use permits; permit inspection fees; plan check fees; and fees for environmental reviews. 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. Baes 2020 development revenues are expected to increase 8.4% over 2019 amounts. The City expects to receive one-time revenue from the Shoreline School District's projects related to its recent bond measure in the amount of \$464,000 in 2019. These revenues account for 3.8% of General Fund operating revenues and are discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on pages 90 through 91.

### **Gambling Tax**



Three gambling establishments that operated card rooms in Shoreline have ceased operations in the last seven years. The remaining three are still in operation and the level of annual card room gross receipts appear to be holding somewhat steady, which is taxed at a rate of 10%. For this reason, a baseline of \$3.175 million in gambling tax revenue is included in the budget and no growth is assumed. These revenues account for 3.6% of General Fund operating revenues and are discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 84.

### **Business & Occupation Tax**

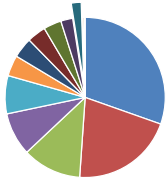


Effective January 1, 2019, Shoreline will begin imposing a B&O Tax primarily measured on gross proceeds of sales or gross income. For purposes of calculating the B&O Tax, businesses may be divided into several classifications (e.g., retailing, manufacturing, services, or wholesale) and those conducting multiple activities will report in more than one classification. The implementation of a B&O Tax, up to a rate of 0.002 did not require a public vote; however, Ordinance No. 808 imposing the tax included a provision for a referendum procedure. All businesses operating in Shoreline that have gross receipts in excess of \$500,000 per year (or \$125,000 per quarter), except 501(C)(3) non-profits, will be subject to the tax. A rate of 0.001 will be applied to all gross receipts for all business classifications except services which will be taxed at a rate of 0.002. More information regarding tax and licensing in the City of Shoreline may be found at the following link: <http://www.shorelinewa.gov/government/departments/administrative->



[services/taxes-in-shoreline](#). This revenue accounts for 2.4% of General Fund operating revenues and is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 83.

### **State-Shared: Liquor Excise Tax, Liquor Profits and Marijuana Excise Tax**



Revenue sources in this category are comprised of a state shared distribution from the liquor revolving account for licensing fees, commonly referred to as “liquor profits”, a distribution from the liquor excise tax account that represents a portion of the excise tax collected on liquor sales, and a distribution from a portion of the marijuana excise tax. Projected revenues in 2019-2020 from liquor excise tax and liquor profits totals

\$1.484. Projected revenues from marijuana excise tax total \$130,000. The forecast is based on state-provided per capita estimates. This revenue accounts for 2.0% of General Fund operating revenues. Liquor excise tax and liquor profits are discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 89.

### **Street Fund Revenues**

The major source of revenue for the City’s Street Fund is fuel tax. State collected gasoline and diesel fuel tax is shared with cities and towns on a per capita basis. These revenues are used for street repairs and maintenance but do not provide sufficient funding for the City’s needs. As a result, the General Fund will provide a \$1.212 million subsidy to this fund.

### **Fuel Tax**

Fuel taxes are assessed as cents per gallon; therefore, fuel tax revenue depends on the number of gallons sold, not the dollar value of the sales. The 2015 legislative session produced a transportation package that was adopted in 2<sup>nd</sup> ESSB 5987, laws of 2015, 3<sup>rd</sup> sp. Session. The result of this legislation is an increase in the motor vehicle fuel tax of 11.9 cents with the first increase in place as of August 1, 2015 and the second as of July 1, 2016. Projected revenues in 2019-2020 from this source totals \$2.570 million. This source is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 92.

### **General Obligation Bond Fund**

#### **Excess Property Tax (Bond) Levy**

Shoreline voters approved an excess levy in 2006 to fund parks improvements and the purchase of open space. The 2019 bond debt service totals \$1,695,100. The final AV determined by the King County Department of Assessments will determine the final levy rate.

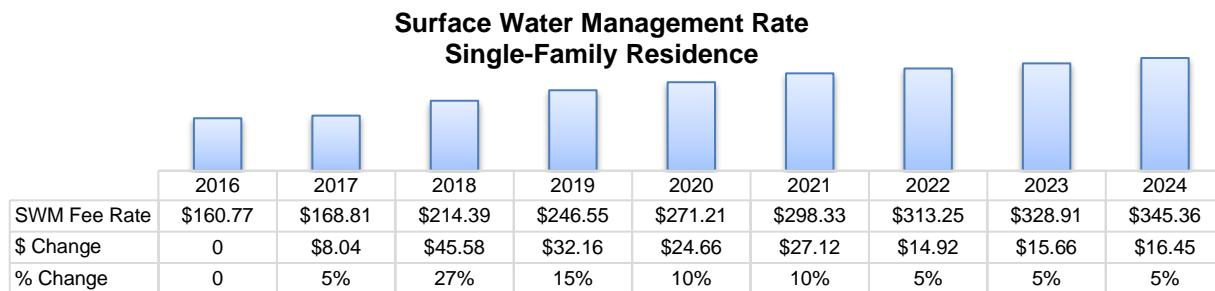
### **Surface Water Utility Fund**

The 2019-2020 budget accounts for the surface water utility operations in a Surface Water Utility Fund. This complex utility fund includes revenue from storm drainage utility fees, debt financing, grants, and investment interest. It serves in both an operating and capital capacity and operates much like a private business. In 2016, the City began the update of the 2011 Surface Water Master Plan (SWMP). The 2018 SWMP provides a long-range plan for the Surface Water Utility to ensure the viability of the surface water management

program in the future. The City Council considered three levels of service, minimal, proactive, and optimal and directed staff to implement a plan and rates that support a proactive strategy for the utility.

### **Surface Water Utility Fee and Other Revenues**

The City contracts with King County to collect the Surface Water Utility fees via the annual property tax assessments. The proposed rate increases for 2019 and 2020 of 15.0 and 10.0%, respectively, are necessary to support the proactive strategy. Rates will be increased by 15% in 2019, 10% in 2020 and 2021, and 5% in 2022 through 2024. The chart below shows annual increases for a single family residential home are \$45 in 2018, \$33 in 2019, \$24 in 2020, \$27 in 2021, \$15 in 2022, and \$16 in 2023. Cumulatively, this represents increases of \$45 in 2018, \$78 by 2019, \$102 by 2020, \$129 by 2021, \$144 by 2022, and \$160 by 2023.



Source: City of Shoreline

This source is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on pages 69 and 93.

### **Wastewater Utility Fund**

In 2002, the City and Ronald Wastewater District (RWD) entered into an agreement to unify sewer services with City operations through assumption of the RWD by the City of Shoreline effective October 23, 2017. In mid-2017 the RWD Board of Commissioners and the City mutually agreed to extend the assumption date. Although this is the case, RWD executed an Operating Services Agreement with the City to operate the utility on the behalf of RWD (staff report available here:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport100217-7b.pdf>).

The City took over operations of the wastewater utility on October 23, 2017. Staff developed the 2019-2020 budget based on the experience of operating the utility for a full year in 2018. This includes personnel, maintenance and operations costs necessary to operate the utility, and some shifting of budget and reallocation of staff between the various wastewater functions. RWD has retained all revenue and costs associated with interlocal agreements and certain operating contracts. The Operating Service Agreement provides that RWD will reimburse the City based on annual budgeted costs with quarterly reconciliation of direct costs.



## **Capital Improvement Plan (CIP) Revenues**

Capital projects are funded from a variety of revenue sources including: real estate excise tax, grants, debt financing, investment earnings and funds that the City has set aside for capital projects.

### **Vehicle License Fee**

On July 13, 2009 a \$20 vehicle license fee was established by the Shoreline Transportation Benefit District (TBD) Board of Directors. The TBD was assumed by the City of Shoreline through City Council action (Ordinance No. 726). This revenue is accounted for within the Roads Capital Fund and provides funding for the Annual Road Surface Maintenance Program discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 351.

On June 4, 2018, the City Council adopted Ordinance No. 822 authorizing an additional vehicle license fee of \$20 to preserve, maintain and operate the transportation infrastructure of the City including funding for sidewalk repairs and retrofits. The staff report is available here:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2018/staffreport060418-8a.pdf>.

Collections for this revenue source will begin March 1, 2019. This revenue is also accounted for within the Roads Capital Fund and provides funding for the Sidewalk Rehabilitation Program discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 350.

### **Real Estate Excise Tax (REET)**

All real estate property sales in the county are taxed at a rate of 1.28%. A portion of these revenues, equal to a 0.5% tax rate, is distributed to the cities by King County monthly. The use of REET funds is restricted by State law. The first 0.25% of the REET tax rate must be spent on capital projects listed in the City's Comprehensive Plan. These projects could include local capital improvements, including streets, parks, pools, municipal buildings, etc. The second 0.25% of the REET tax rate must be spent on public works projects for planning, acquisition, construction, reconstruction, repair, replacement, or improvement of streets, roads, highways, sidewalks, street lighting, etc. This source is discussed in more detail in the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on page 94.

### **Capital Grants**

Grants are applied for and received for specific capital improvements. The amount of capital grants received in any given year can vary greatly depending on the number of projects, their cost, and the amount of grant funding available. In many cases Shoreline competes with other cities for these revenues and grant awards may go to other cities. For more details, see the Capital Improvement Plan section of the 2019-2020 Proposed Biennial Budget and 2019-2024 CIP book on pages 292 through 415.

## **FINANCIAL IMPACT**

The City's 2019-2020 Proposed Biennial Budget as presented to the City Council on October 15 is balanced in all funds with appropriations totaling \$171.155 million and

resources totaling \$174.737 million. The General Fund's resources total \$98.050 million with general operating revenues totaling \$88.711 million.

### **RECOMMENDATION**

Staff recommends that the City Council conduct the public hearing to take public comment on the 2019-2020 Proposed Biennial Budget, 2019 regular and excess property tax levies, and other revenue sources for the 2019-2020 Proposed Biennial Budget as required by state statute.

### **ATTACHMENTS**

- Attachment A: Proposed Ordinance No. 842 - Setting the 2019 Regular and Excess Property Tax Levies
- Attachment B: How Levy Limits and Changes in Assessed Valuation and Levy Rates Affect Property Tax

**ORDINANCE NO. 842**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON LEVYING THE GENERAL TAXES FOR THE CITY OF SHORELINE IN KING COUNTY FOR THE FISCAL YEAR COMMENCING JANUARY 1, 2019, THE FIRST YEAR OF THE CITY OF SHORELINE'S 2019-2020 FISCAL BIENNIUM, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY, WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PAYING SUFFICIENT REVENUE TO CONDUCT CITY BUSINESS FOR THE SAID FISCAL YEAR AS REQUIRED BY LAW, AND LEVYING AN EXCESS LEVY FOR THE REPAYMENT OF UNLIMITED GENERAL OBLIGATION BONDS.**

WHEREAS, as required pursuant to RCW 35A.33.135, the City Council for the City of Shoreline and the City Manager have considered the City's anticipated financial requirements for 2019 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and

WHEREAS, as required pursuant to RCW 84.55.120, a public hearing was held on November 5, 2018 to consider the revenue sources for the City's current expense budget for the 2019-2020 Biennial Budget, including the consideration of possible increases in property tax revenue; and

WHEREAS, on November 8, 2016, Shoreline Proposition No. 1 (Basic Public Safety, Parks & Recreation, and Community Services Maintenance and Operations Levy) limiting annual levy increases for the years 2018 to 2022 to the June-to-June percentage change in the Seattle/Tacoma/Bellevue CPI-U was approved by the voters; and

WHEREAS, the maximum change from the 2018 levy to be used for calculating the 2018 regular levy, in addition to new construction, is based on the CPI-U index change from June 2017 to June 2018 which is 3.28 percent, applied to the City's highest previous levy of \$12,820,999.00.

WHEREAS, application of this methodology will set the estimated 2019 regular property tax levy rate at \$1.24694 per \$1,000.00 of assessed valuation; and

WHEREAS, on May 16, 2006, Shoreline Proposition No. 1 (Parks and Open Space General Obligations Bonds) for the issuance of \$18,795,000.00 in unlimited general obligation bonds was approved by the voters;

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

**Section 1. Regular Property Tax Levy.** Based on the voter-approved limitation on annual levy increases, the City Council of the City of Shoreline has determined that the property tax levy for the year 2019 is fixed and established in the amount of \$13,301,684.00. This property tax levy represents a dollar increase of \$420,529.00 and a percentage increase of 3.28

percent from the levy amount of the previous year, excluding the addition of new construction, improvements to property, any increase in the value of state assessed property, any annexations that have occurred, and administrative refunds made as shown below:

	<b>Amount</b>
<b>2019 Regular Levy</b>	<b>\$13,301,684</b>
Less 2018 Levy	12,820,999
Less New Construction	60,156
Less Refunds	0
<b>Total Increase</b>	<b>420,529</b>
<b>Percent Increase</b>	<b>3.28%</b>

**Section 3. Voter-Approved Excess Tax Levy for Unlimited General Obligation Bonds.** In addition, a further tax is hereby levied to raise revenue to provide for the interest and redemption of the 2006 voter-approved unlimited general obligation bonds for the fiscal year of 2019 in the amount of \$1,695,100.00. This tax is applicable to all taxable property within the City of Shoreline.

**Section 4. Notice to King County.** This ordinance shall be certified to the proper County officials, as provided by law, and taxes herein levied shall be collected to pay to the Administrative Services Department of the City of Shoreline at the time and in the manner provided by the laws of the State of Washington for the collection of taxes for non-charter code cities.

**Section 5. Corrections by City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

**Section 6. Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by State or Federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

**Section 7. Effective Date.** This ordinance shall be in full force five days after publication of this ordinance, or a summary consisting of its title, in the official newspaper of the City, as provided by law.

**ADOPTED BY THE CITY COUNCIL ON NOVEMBER 19, 2018.**

**ATTEST:**

Mayor Will Hall  
**APPROVED AS TO FORM:**

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Jessica Simulcik-Smith  
City Clerk

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Margaret King  
City Attorney






Date of Publication: , 2018  
Effective Date: , 2019

## How Levy Limits and Changes in Assessed Valuation and Levy Rates Affect Property Tax






### A Simplified Example for Five Houses in Shoreline

How the City's Total Levy and Property Tax Rate are Calculated				
	2017	2018	2019	2018-2019 % Change
(A) Levy Basis [A=Prior Year's N Less I]:	\$10,879,657	\$12,299,501	\$12,820,999	4.2%
(B) Prior Year's June CPI-U:	251.622	256.098	263.756	3.0%
(C) Current Year's June CPI-U:	256.098	263.756	272.395	3.3%
(D) Levy Growth Factor (% Change in CPI-U):	N/A (Rate set @ \$1.39)	2.99%	3.28%	N/A
(E) Levy Base [E=A*(1+D)]:	\$10,879,657	\$12,667,293	\$13,240,934	4.5%
(F) Value of New Construction:	N/A	\$110,579,527	\$47,927,449	-56.7%
(G) Levy Rate [G= Prior Year's M]:	\$1.39000	\$1.39000	\$1.26752	-8.8%
(H) New Construction Levy [H=(F/1,000)*G]:	N/A	\$153,706	\$60,749	-60.5%
(I) Relevy for Prior Year Refunds:	\$0	\$23,868	\$0	-100.0%
(J) Levy Ceiling [J=E+H+I]:	\$10,879,657	\$12,844,867	\$13,301,684	3.6%
(K) City's Assessed Valuation:	8,848,561,852	10,133,836,997	10,667,451,642	5.3%
(L) Levy Rate [L=J/(K/1,000); Max is \$1.60]:	\$1.39000	\$1.26752	\$1.24694	-1.6%
(M) Actual Levy Rate (Cannot exceed \$1.60):	\$1.39000	\$1.26752	\$1.24694	-1.6%
(N) Maximum Statutory Levy [N=(K/1,000)*M]:	\$12,299,501	\$12,844,867	\$13,301,684	3.6%

#### 2018 Tax Year

City Regular Levy Rate:	\$1.26752				
City Excess Levy Rate:	\$0.16932				
Other Levy Rates:	\$10.21012				
Total Levy Rate:	\$11.64696				
					
Property Type:	2 BR 1.5 Bath Townhouse	2 BR 1 Bath Single-Family	4 BR 1.75 Bath Single-Family	5 BR 2.25 Bath Single-Family	4 BR 3.5 Bath Single-Family
Neighborhood:	North City	Echo Lake	Ridgecrest	Innis Arden	The Highlands
Assessed Value:	\$359,000	\$393,000	\$404,000	\$1,118,000	\$2,189,000
City Regular Levy Tax Paid:	\$455	\$498	\$512	\$1,417	\$2,775
City Excess Levy Tax Paid:	\$61	\$67	\$68	\$189	\$371
Others Receive:	\$3,665	\$4,013	\$4,125	\$11,415	\$22,350
Total Property Tax Paid:	\$4,181	\$4,577	\$4,705	\$13,021	\$25,495

#### 2018 Tax Year

City Levy Rate:	\$1.24694				
City Excess Levy Rate:	\$0.17362				
Other Levy Rates:	\$10.21012				
Total Levy Rate:	\$11.63068				
					
Property Type:	2 BR 1.5 Bath Townhouse	2 BR 1 Bath Single-Family	4 BR 1.75 Bath Single-Family	5 BR 2.25 Bath Single-Family	4 BR 3.5 Bath Single-Family
Neighborhood:	North City	Echo Lake	Meridian Park	Innis Arden	The Highlands
Assessed Value:	\$368,231	\$429,025	\$439,935	\$1,173,900	\$2,305,017
AV % Change:	2.6%	9.2%	8.9%	5.0%	5.3%
City Regular Levy Tax Paid:	\$459	\$535	\$549	\$1,464	\$2,874
2017 vs. 2018 \$ Change:	\$4	\$37	\$36	\$47	\$100
2017 vs. 2018 % Change:	0.9%	7.4%	7.1%	3.3%	3.6%
City Excess Levy Tax Paid:	\$64	\$74	\$76	\$204	\$400
Others Receive:	\$3,760	\$4,380	\$4,492	\$11,986	\$23,535
Total Property Tax Paid:	\$4,283	\$4,990	\$5,117	\$13,653	\$26,809
2017 vs. 2018 \$ Change:	\$102	\$413	\$411	\$632	\$1,314
2017 vs. 2018 % Change:	2.4%	9.0%	8.7%	4.9%	5.2%

#### Data Sources:

CPI-U for Seattle-Tacoma-Bellevue	<a href="http://www.bls.gov/regions/west/data/consumerpriceindex_seattle_table.pdf">http://www.bls.gov/regions/west/data/consumerpriceindex_seattle_table.pdf</a>
Townhouse 2 BR 1.5 Bath	<a href="http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=1445200110">http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=1445200110</a>
SFR 2 BR 1 Bath	<a href="http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=1643500045">http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=1643500045</a>
SFR 4 BR 1.75 Bath	<a href="http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=2610700075">http://blue.kingcounty.com/Assessor/eRealProperty/Dashboard.aspx?ParcelNbr=2610700075</a>
Innis Arden 5 BR 2.25 Bath	Year-over-year change in assessed valuation modified to be less than citywide total change of 5.3%.
The Highlands 6 BR 5.75 Bath	Year-over-year change in assessed valuation modified to match citywide total change of 5.3%.