

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing on the 2021-2022 Proposed Biennial Budget with Special Emphasis on 2021 Regular and Excess Property Tax Levies, to be Set by Ordinance No. 902, and Other Revenues
DEPARTMENT:	City Manager's Office Administrative Services Department
PRESENTED BY:	Sara Lane, Administrative Services Director Rick Kirkwood, Budget and Tax Manager
ACTION:	<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 2021-2022 Proposed Biennial Budget to the City Council on October 12, 2020. Department budget presentations were provided on October 19 and October 26. A presentation of the proposed 2021-2026 Capital Improvement Plan (CIP) was also made on October 26. This is the first of three scheduled public hearings on the 2021-2022 Proposed Biennial Budget, two of which are required by statute. This first public hearing addresses revenue sources including the 2021 regular and excess property tax levies. The second and third public hearings on the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP are scheduled to be held after this hearing tonight and on November 9. Proposed Ordinance No. 902 (Attachment A) will set the 2021 regular and excess property tax levies in Shoreline. Adoption of the 2021 regular and excess property tax levies (Ordinance No. 902), budget and Capital Improvement Program (Ordinance No. 903) are scheduled for November 16.

FINANCIAL IMPACT:

The City's 2021-2022 Proposed Biennial Budget appropriations as presented to the City Council on October 12 total \$231.191 million and resources totaling \$245.022 million. The General Fund's resources total \$96.465 million with general operating revenues totaling \$86.052 million. The 2021-2022 Proposed Operating Budget is balanced using approximately \$1.4 million dollars of fund balance to address short-term revenue shortfalls as allowed by the City's financial policies.

RECOMMENDATION

Staff recommends that the City Council conduct the public hearing to take public comment on the 2021-2022 Proposed Biennial Budget, 2021 regular and excess property tax levies, and other revenue sources for the 2021-2022 Proposed Biennial Budget as required by state statute. Staff further recommends that Council direct staff to prepare a resolution of "substantial need" allowing it to increase the levy up to the full one percent (1.0%) as allowed by state statute.

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

DISCUSSION

General Fund Projections

Budget and Tax Office staff formally began the base budget development process with departments in early June. Through this process, base budget projections for 2021 and 2022 were updated to reflect current information, including:

- An estimation of ongoing salaries and wages, including cost of living adjustments, step increases, health insurance premiums 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 departments in July and August.

This updated financial projection provided the basis for budget meetings with the City Manager. The City Council's last full briefing on the City's financial outlook was at its September 14, 2020 meeting.

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, 2020.

The revenue sources used to fund the City's budget are explained in detail on pages 79 through 94 of the 2021-2022 Proposed Biennial Budget and 2021-2026 Capital Improvement Plan (CIP) book (available here:

<https://www.shorelinewa.gov/government/departments/administrative-services/budget-and-capital-improvement-plan>). Following is a more detailed discussion of current revenue and expenditure assumptions.

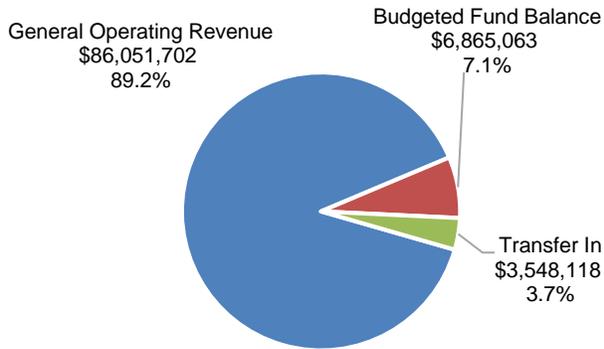
General Fund Revenues

The General Fund resource base is \$96.465 million and is comprised of general operating revenues (\$86.052 million), the budgeted use of fund balance (\$6,865,063), and transfers-in from other funds (\$3.548 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 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book.

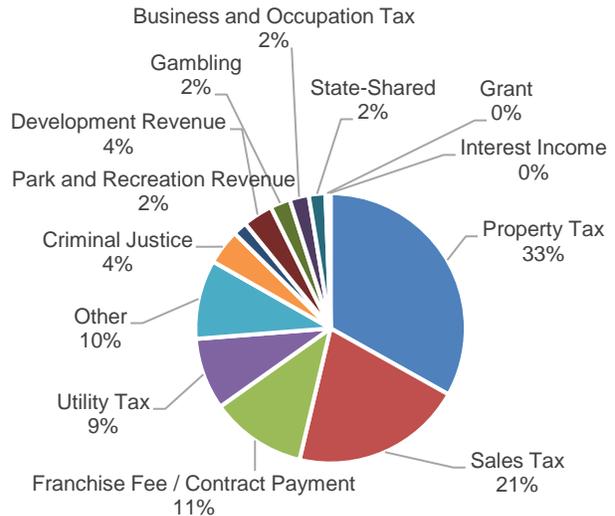
General Fund Resources

\$96,464,883

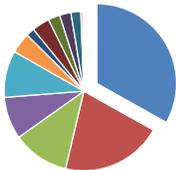


General Fund Operating Revenues

\$86,051,702



2021 Regular Property Tax Levy



The preliminary estimate for City property taxes that will be collected in 2021 totals \$14.106 million, assumes a 100% collection rate, and is \$190,000, or 1.4%, more than the projected 2020 tax collections. This revenue is discussed in more detail on pages 71, 80 and 81 in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book.

Property tax levy increases by local governments are limited to the lower of the Implicit Price Deflator (IPD) or 101% without voter approval. The Revised Code of Washington (RCW) Chapter 84.55.005 and Washington Administrative Code (WAC) Section 458-19-005 provide limit factors and processes 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. State law also limits the levy rate to \$1.60 per \$1,000 of assessed valuation (AV). The July IPD was 0.60%. Therefore, if Shoreline Proposition 1 was not approved by voters, the City Council would be required to adopt a resolution of substantial need in order to increase the levy by 1.0% from the 2020 levy plus new construction and refunds.

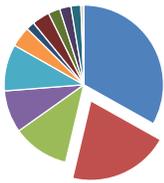
However, City of Shoreline Proposition 1, which was approved by voters in 2016, allows the City to increase its property tax levy annually by the June-to-June percentage change in the Consumer Price Index for All Urban Consumers for the Seattle/Tacoma/Bellevue Area (CPI-U). When this CPI-U is applied for 2021, it results in an increase of 0.87%. Since inflation is less than 1.0%, Council may adopt a resolution of “substantial need” allowing it to increase the levy up to the full one percent (1.0%) as allowed by statute.

Staff recommends that Council direct staff to draft a resolution of “substantial need”. The impact of using the 1.0% instead of the 0.87% is \$18,059 for 2021 prior to the adding the value of new construction and relevely for prior year refunds to the levy. As was mentioned, this would become part of the levy basis grown in future years.

It is projected that CPI-U for 2022 will be 1.73%, and therefore the delta added to the 2022 levy would be \$18,371. The total delta for the biennium would be \$36,430. Assuming the Levy Lid Lift is not approved in 2023 and the limit factor returns to 1% annually, the total delta for the ten-year forecast period of 2021-2030 would be approximately \$190,000.

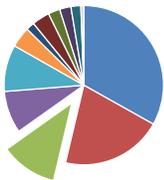
In either case, the levy is allowed to also increase by the actual value of new construction determined by the King County Assessor as of October 19 to be \$179.179 million, and re-levy for prior year refunds of \$15,771. As a result, the total levy may increase \$326,000, or 2.3%. Given that AV has 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 \$1.19583 to \$1.19259 per \$1,000 of AV.

Sales Tax



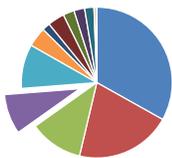
Sales tax collections in 2020 have been significantly impacted by the economic impacts of COVID-19. Staff's year-end estimates reflect a conservative estimate and do not consider one-time revenues associated with construction that may buoy the overall actual results. Staff is projecting slow growth for 2021 and 2022 with a return to pre-COVID levels in 2023. Revenues from sales tax (\$17.694 million) reflects decreases over the 2020 revised projection for the Current Biennium of \$1.431 million, or 7.5%. This revenue is discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 82.

Franchise Fee/Contract Payments



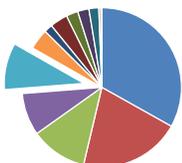
The City has entered into agreements with the many public utilities that provide services to Shoreline residents. Agreements are in place with Seattle City Light, Seattle Public Utilities (Water), the North City Water District, and the Ronald Wastewater District. All these utilities pay either a contract 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 2021-2022 from franchise fees and contract payments total \$9.906 million. This revenue is discussed in more detail on page 86 in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book.

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 2021-2022 from utility taxes total \$7.370 million. This revenue is discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 85.

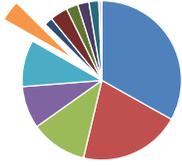
Other



Revenues that do not fall into a general operating revenue category such as those discussed in detail in this staff report and the 2021-2022 Proposed Biennial Budget and 2021-2026 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, traffic infraction refund, Surface Water Utility for North Maintenance Facility rent, cell tower lease revenue, contribution from the solid waste provider, and

reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement.

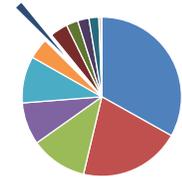
Criminal Justice Funding



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 2021-2022 for criminal justice total \$3.591 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 is discussed in more detail in the

2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 88.

Park and Recreation Revenue



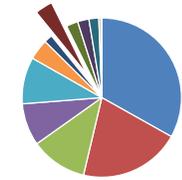
Fees are charged for participation in recreational classes and activities; athletic field, recreation center, picnic shelter and Spartan Recreation Center rentals; indoor and summer playground programs; and teen trips and classes. In 2015, the Parks, Recreation and Cultural Services department developed 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 2021-2022 Fee Schedule (Shoreline Municipal Code 3.01.300 Parks, Recreation and Cultural Services).

Projected revenues for 2020 are estimated at \$582,000. The reduction of \$660,000 from 2019 results from the program closures associated with the impacts of COVID-19 mandated closures. Projected revenues in 2021-2022 from recreation fees total \$1.467 million. Revenue projections for 2021-2022 are projected excluding pool revenues and assuming that recreation programs are resumed at regular levels for the whole biennium. Staff recognizes that the level of operations will be dictated by state mandates and the COVID-19 operating phase as determined by the Governor. Staff will be monitoring closely and programs and expenditures will be adjusted accordingly as was done in 2020.

In the future, the fees are expected to increase by the June-to-June percentage change of the CPI-U. These revenues are discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 87.

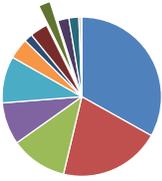
Development Revenue



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. In spite of the economic impacts of COVID-19, staff is projecting some growth for 2021 and 2022. These

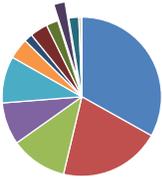
revenues are discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 90.

Gambling Tax



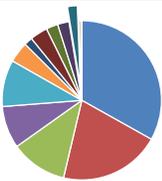
Four gambling establishments that operated card rooms in Shoreline have ceased operations in the last ten years. The remaining two are still in operation and the level of annual card room gross receipts appeared to be holding somewhat steady. Like other industries gambling establishments were significantly impacted by COVID-19 operating restrictions and 2020 and 2021 estimated and budgeted revenues are adjusted accordingly. In 2021-2022, collections are projected to total \$2.1 million. A baseline of \$2.8 million and no growth is assumed throughout the ten-year forecast. These revenues are discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 84.

Business & Occupation Tax



Effective January 1, 2019, Shoreline began imposition and collection of 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. 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, are 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 is discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 83. While first year collections significantly exceeded budget, the budget and forecast follow the projections for sales tax using the 2020 budget as the base. Staff will wait to adjust the base and projections until more collection history is available as a basis for such a forecast.

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 2021-2022 from liquor excise tax and liquor profits totals \$1.548 million. Projected revenues from marijuana excise tax total \$130,000. The forecast is based on state-provided per capita estimates. Liquor excise tax and liquor profits are discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 89.

Shoreline Secure Storage Fund

This fund is a managerial fund used to pay the expenses and liabilities of the operation of Shoreline Secure Storage. The primary source of revenue is rental income from the operation of the Shoreline Secure Storage facility. This revenue source will also be transferred to the 2020 Limited Tax General Obligation Bond Fund to make principal and debt service payments related to the 2020 bond anticipation notes issued to acquire properties for the Parks, Recreation and Open Space Plan.

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 \$1.681 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, which resulted in 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. The year-end estimate for 2020 includes the impact of COVID-19 restrictions. Given the uncertainty and likelihood of continued increased telecommuting, staff tempered estimates for 2021 and 2022, which totals \$2.415 million. This source is discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 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 City repays the General Obligation Bond Fund (Parks Bonds) through an excess property tax levy. These bonds were refunded in 2016 and will be fully repaid in 2021. The 2021 bond debt service totals \$1,135,144. The final AV determined by the King County Department of Assessments will determine the final levy rate.

The 2020 Parks Bond Anticipation Notes (BAN) are due to be repaid at the end of 2022. Interest payments will be supported by income from the properties until development of the facility is started. Revenues in excess of expenses, including interest payments from those properties will create fund balance that will be used to help retire the debt principal. Repayment of BAN may also be supported by a potential Parks Bond Levy or issuance of a new BAN.

Sidewalk Limited Tax General Obligation Bond Fund

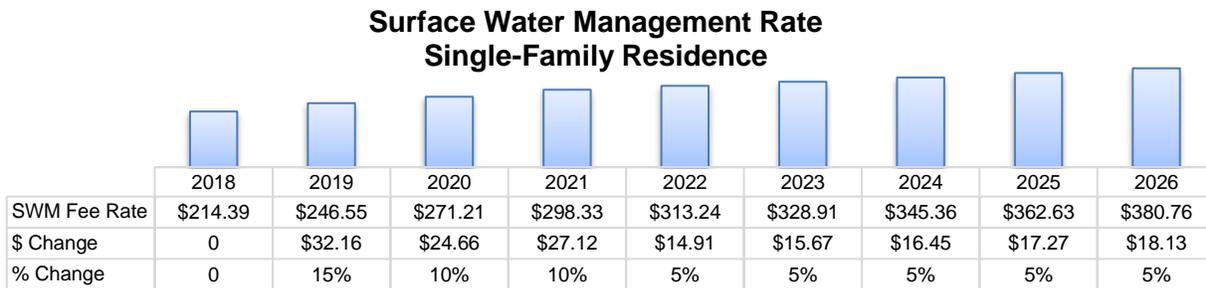
RCW 36.73.040(3)(a) gives Transportation Benefit Districts the authority to impose a Sales Tax up to 0.2% for a period exceeding ten years if the moneys received are dedicated to the repayment of indebtedness incurred in accordance with the requirements of RCW 36.73. Council passed Resolution No. 430 placing a ballot measure for a 0.2% Sales Tax dedicated to sidewalk expansion and/or repair, which voters approved. The Sales Tax went into effect in April 2019. The Sidewalk Limited Tax General Obligation Bond Fund will be used to record the Sales Tax receipts and principal and debt service payments related to the bonds issued for the purpose specified in the ballot measure. Project expenditures are tracked in the Sidewalk Expansion Fund.

Surface Water Utility Fund

The 2021-2022 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 are necessary to support the proactive strategy. Rates will be increased by 10% in 2021 and 5% in 2022 through 2026. The chart below shows annual increases for a single family residential home. This source is discussed in more detail in the 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on page 93.



Source: City of Shoreline

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 (the staff report is available at the following link: <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 2021-2022 wastewater budget based on the experience of operating the utility, including personnel, maintenance and operations costs necessary to operate the utility. The budget also includes some shifting of funding and a 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 subsequently assumed by the City of Shoreline through City Council action (Ordinance No. 726). This revenue was accounted for within the Roads Capital Fund and provided funding for the Annual Road Surface Maintenance Program.

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. Collections for this source began March 1, 2019. This revenue was accounted for within the Roads Capital Fund to provide funding for the Sidewalk Rehabilitation Program.

In 2019, Washington voters passed Initiative 976 (I-976), repealing City imposed vehicle license fees. In response to the initiative, the City created a plan to address funding for street and sidewalk maintenance supported by the VLF pending court challenges as to the constitutionality of the Initiative. The proposed budget implements that plan, funding road and sidewalk maintenance at an overall lower level but allocating previously unspent reserves to fully fund planned projects through the biennium.

The Washington State Supreme Court issued their decision regarding the constitutionality of I-976 on October 15th of this year. The Supreme Court found that the Initiative was unconstitutional on two points: the title of the initiative was misleading, and that the initiative contained more than one subject. While this decision does not impact what is being proposed in the budget for Road and Sidewalk Maintenance projects for the 2021-2022 biennium, the decision does provide the City with additional “one-time” revenue since the fees collected since the election have been placed in reserve pending the resolution of the court case. Staff will be evaluating how to program that revenue into the two programs as well as strategies for maintaining this revenue sources in the face of other potential future challenges. Staff recommendations will be included in the mid-biennium budget update or through a budget amendment if funds are required sooner.

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 2021-2022 Proposed Biennial Budget and 2021-2026 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 2021-2022 Proposed Biennial Budget and 2021-2026 CIP book on pages 299 through 414.

FINANCIAL IMPACT

The City's 2021-2022 Proposed Biennial Budget appropriations as presented to the City Council on October 12 total \$231.191 million and resources totaling \$245.022 million. The General Fund's resources total \$96.465 million with general operating revenues totaling \$86.052 million. The 2021-2022 Proposed Operating Budget is balanced using approximately \$1.4 million dollars of fund balance to address short-term revenue shortfalls as allowed by the City's financial policies.

RECOMMENDATION

Staff recommends that the City Council conduct the public hearing to take public comment on the 2021-2022 Proposed Biennial Budget, 2021 regular and excess property tax levies, and other revenue sources for the 2021-2022 Proposed Biennial Budget as required by state statute. Staff further recommends that Council direct staff to prepare a resolution of "substantial need" allowing it to increase the levy up to the full one percent (1.0%) as allowed by state statute.

ATTACHMENTS

Attachment A: Proposed Ordinance No. 902 - Setting the 2021 Regular and Excess Property Tax Levies

ORDINANCE NO. 902

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, 2021, THE FIRST YEAR OF THE CITY OF SHORELINE'S 2021-2022 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 2021 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 2, 2020 to consider the revenue sources for the City's current expense budget for the 2021-2022 Biennial Budget, including the consideration of possible increases in property tax revenues; 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 2020 levy to be used for calculating the 2021 regular levy, in addition to new construction, is based on the CPI-U index change from June 2019 to June 2020 which is 0.87 percent, applied to the City's highest previous levy of \$13,891,601.00; and

WHEREAS, application of this methodology will set the estimated 2021 regular property tax levy rate at \$1.19259 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 2021 is fixed and established in the amount of \$14,242,496.00. This property tax levy represents a dollar increase of \$120,857.00 and a percentage increase of 0.87

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:

	Amount
2021 Regular Levy	\$14,242,496
Less 2020 Levy	13,891,601
Less New Construction	214,267
Less Refunds	15,771
Total Increase	\$120,857
Percent Increase	0.87%

Section 2. 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 2021 in the amount of \$1,135,144.00. This tax is applicable to all taxable property within the City of Shoreline.

Section 3. 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 4. 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 5. 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 6. 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 16, 2020.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret King
City Attorney

Date of Publication: , 2020
Effective Date: , 2021