

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

<b>AGENDA TITLE:</b>	Public Hearing on the 2023-2024 Proposed Biennial Budget with Special Emphasis on 2023 Regular and Excess Property Tax Levies, to be Set by Ordinance No. 972, and Other Revenues
<b>DEPARTMENT:</b>	Administrative Services Department
<b>PRESENTED BY:</b>	Sara Lane, Administrative Services Director
<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 2023-2024 Proposed Biennial Budget to the City Council on October 10, 2022. Department budget presentations were provided on October 17 and October 24. A presentation of the proposed 2023-2028 Capital Improvement Plan (CIP) was also made on October 24. This is the first of three scheduled public hearings on the 2023-2024 Proposed Biennial Budget, two of which are required by statute. This first public hearing addresses revenue sources including the 2023 regular and excess property tax levies. The second and third public hearings on the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP are scheduled to be held after this hearing tonight and on November 14.

Proposed Ordinance No. 972 (Attachment A) will set the 2023 regular and excess property tax levies in Shoreline. Because adoption of proposed Ordinance No. 972 will occur before the November 8<sup>th</sup> General Election has been certified, which includes the City's Levy Lid Lift ballot measure, the proposed Ordinance is written to support either outcome of the election. Action on the 2023 regular and excess property tax levies (Ordinance No. 972) and the 2023-2024 Biennial Budget and Capital Improvement Program (Ordinance No. 973) are scheduled for action on November 21, 2022.

**FINANCIAL IMPACT:**

The City's 2023-2024 Proposed Biennial Budget appropriations as presented to the City Council on October 10 total \$358.186 million and resources totaling \$363.812 million. The General Fund's resources total \$117.898 million with general operating revenues totaling \$99.410 million without the renewal of the Levy Lid Lift. The 2023-2024 Proposed Operating Budget is balanced using \$358,000 of fund balance to address the short-term revenue impact if the Levy Lid Lift is not approved by voters.

**RECOMMENDATION**

Staff recommends that the City Council conduct the public hearing to take public comment on the 2023-2024 Proposed Biennial Budget, 2023 regular and excess property tax levies,

and other revenue sources for the 2023-2024 Proposed Biennial Budget as required by state statute.

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

## **BACKGROUND**

The City Manager presented the 2023-2024 Proposed Biennial Budget to the City Council on October 10, 2022. The 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan (CIP) book is available online at the following link:

<https://www.shorelinewa.gov/government/departments/administrative-services/budget-and-capital-improvement-plan>.

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## **DISCUSSION**

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, 2022.

The revenue sources used to fund the City's budget are explained in detail on pages 75 through 90 of the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book. Following is a detailed discussion of current revenue and expenditure assumptions.

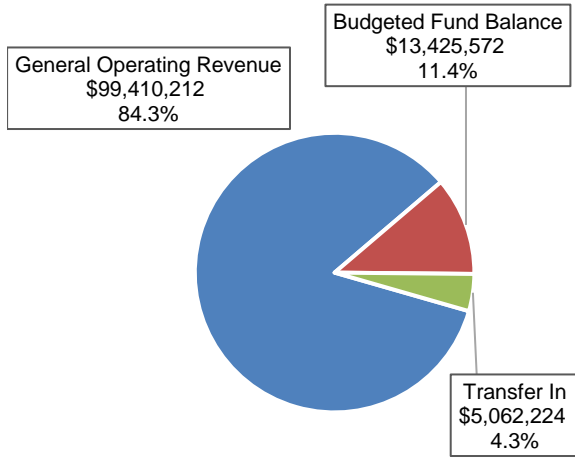
### **General Fund Revenues**

The General Fund resource base is \$117.898 million and is comprised of general operating revenues (\$99.410 million), the budgeted use of fund balance (\$ 13.426 million), and transfers-in from other funds (\$5.062 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 75 through 90 of the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book.

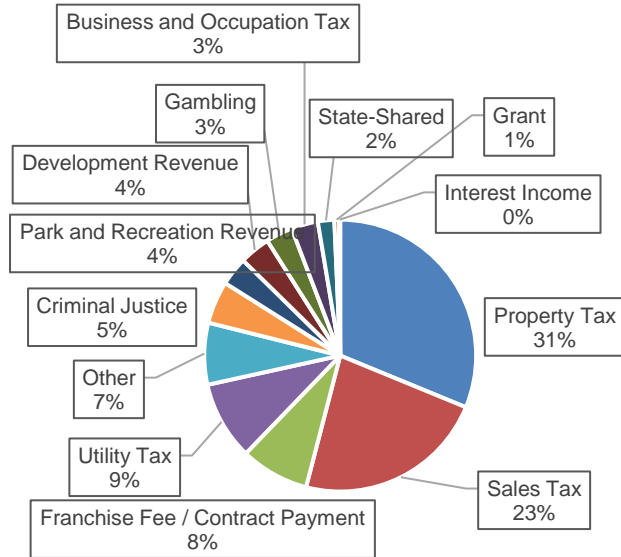
**General Fund Resources**

**\$117,898,008**

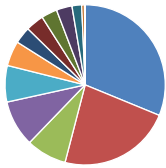


**General Fund Operating Revenues**

**\$99,410,212**



**2023 Regular Property Tax Levy**



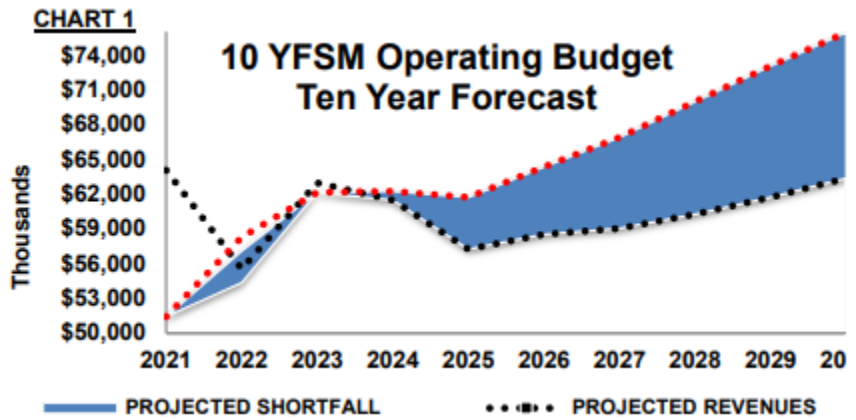
The Levy Lid Lift (LLL) approved by voters in 2016 will expire at the end of 2022. The City Council has placed a measure on the ballot to replace the LLL. The proposed budget has been prepared without the potential approval of the LLL by voters. The preliminary estimate for City property taxes that will be collected in 2023 if the LLL is not approved by voters totals \$15.288 million, assumes a 100% collection rate. This revenue is

discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on pages 76 and 77.

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). Given that the July IPD was 6.457%, without a voter approved LLL, the City is limited to the 1.0% increase from the 2022 levy plus new construction and refunds.

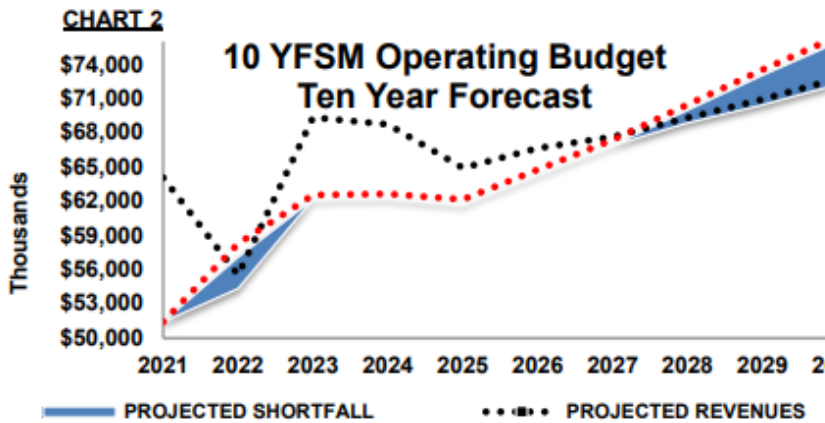
The levy will also be allowed to increase by the value of new construction determined by the King County Assessor. As of October 27<sup>th</sup>, new construction valuation is estimated at \$121,272 million (137,266) and re-levy for prior year refunds of \$88,522. Given that AV has increased at a greater percentage than the allowed percentage increase in the City's property tax levy, the City's property tax levy rate is estimated to decrease from the current rate of \$1.13188 to \$0.97413 per \$1,000 of AV. Final Citywide AV and new construction values from King County will determine the final levy rate.

Chart 1 reflects the City's 10 Year forecast if the LLL is not approved by voters, with additional revenue or reduced expenditures (services) required beginning in 2025 to balance the budget.



As is noted above, the City Council has placed a LLL on the November 8, 2022 ballot that would reset the City's levy rate to a maximum rate of \$1.39 and allow 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). The placement of the initial rate was chosen in order to achieve a balanced budget where revenues exceed expenditures for the 6-year term of the levy and provide resources to address critical emerging issues that had been discussed with Council. That rate is applied to the final Citywide AV excluding new construction values, which is not included in the first year of LLL.

When adopting the LLL Resolution, King County had estimated that the City's assessed valuation would increase by 17%. Based on this estimate, Council chose to ask voters to approve a maximum rate of \$1.39 that was anticipated to generate a levy of \$21.778 million and balance the forecast for the full 6- year levy period as reflected in Chart 2.

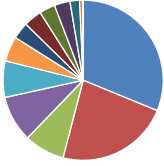


Based on current King County Projections, if the LLL is approved by voters and the levy rate is set at the maximum level of \$1.39, it results in a projected operating levy of \$22.120 million. Staff estimate that a levy rate of \$1.37 would be adequate to generate a levy of \$21.778 million and balance the forecast

as reflected in Chart 2. If approved by voters, Council is authorized to set the rate at any level up to \$1.39 per \$1000 AV.

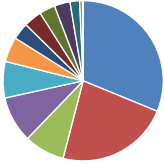
The year-over-year percentage change in the City's AV has an impact on the levy rate. The property owner of 2022 median valued single-family residence (\$625,000) paid \$706 in City property tax in 2022. Assuming that the AV increase for a single-family residence is 17% for 2023, the AV would grow to \$731,250 and this same property owner will pay \$714 in City property taxes, or \$8 more, in 2023 without the LLL. If the LLL is approved, and the City Council sets the levy rate at \$1.39 per \$1,000 AV for 2023, that same homeowner would pay \$1,016 in City property taxes, or \$302 more, in 2023 than if the LLL is not approved.

### **Sales Tax**



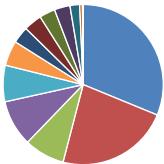
Staff is projecting slow growth for 2023 and moderate growth for 2024. Revenues from sales tax (\$22.702 million) reflects increases over the 2022 revised projection for the Current Biennium of \$1.337 million, or 5.6%. This revenue is discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 78.

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



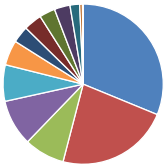
The City has entered into agreements with the many public utilities that provide services to Shoreline residents. Agreements are in place with Seattle City Light, Seattle Public Utilities (Water), and North City Water District. All these utilities pay either a contract fee or franchise fee to the City in an amount equal to six (6) percent of their revenues generated in Shoreline. The City also receives a five (5) percent franchise fee from the cable television providers in Shoreline. Projected revenues in 2023-2024 from franchise fees and contract payments total \$8.118 million. This revenue is discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 82.

### **Utility Tax**



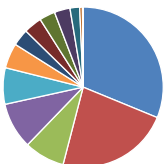
The City collects a six (6) percent utility tax on natural gas, telephone services, sanitation services, cable television, storm drainage and wastewater. Projected revenues in 2023-2024 from utility taxes total \$9.285 million. This revenue is discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 81.

### **Other**



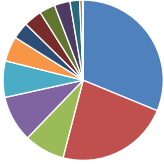
Revenues that do not fall into a general operating revenue category such as those discussed in detail in this staff report and the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book are combined into the “Other” category. Significant revenues included in this category are traffic infractions, rent from City utilities for their share of the North Maintenance Facility, cell tower lease revenue, contribution payment from the City’s 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 2023-2024 for criminal justice total \$5.016 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 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 88.

## **Park and Recreation Revenue**



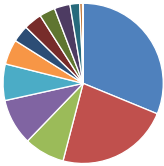
Fees are charged for participation in recreational classes and activities; athletic field, recreation center, picnic shelter and Spartan Gym rentals; indoor and summer playground programs; and teen trips and classes. In 2015, the City developed a Cost Recovery and Fee Setting Framework (available online 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 an individual. Fees for some programs and services have been reviewed using these guidelines and the outcome has been incorporated into the 2023-2024 Fee Schedule.

Projected revenues in 2023-2024 from recreation fees total \$3.365 million. Revenue projections for 2023-2024 are projected assuming that recreation programs are at regular levels for the whole biennium.

Fees that are not evaluated using the cost recovery framework each year are expected to increase by the June-to-June percentage change of the CPI-U. These revenues are discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 83.

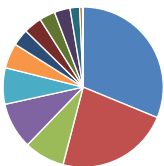
## **Development Revenue**



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. Staff is projecting growth from the budget for 2023 and 2024, however 2023 represents a 21% decline

from the 2022 Year End estimate in response to potential economic challenges. These revenues are discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 86.

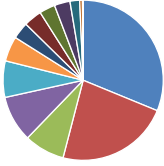
## **Gambling Tax**



Four gambling establishments that operated card rooms have ceased operations in the last 12 years. The remaining two are still in operation and the level of annual card room gross receipts appears to be holding somewhat steady. Like other industries, gambling establishments were significantly impacted by COVID-19 operating restrictions during 2020 and 2021. Revenue in 2022 returned to pre-pandemic levels with the 2021-

2022 biennial total projected to total \$2.6 million. A baseline of \$3.2 million and no growth is assumed throughout the 10-year forecast. These revenues are discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 80.

## **Business & Occupation Tax**

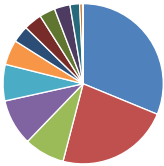


Effective January 1, 2019, Shoreline began imposition and collection of a Business & Occupation (B&O) Tax primarily measured on gross proceeds of sales or gross income. For purposes of calculating the B&O Tax, businesses may be divided into several classifications (e.g., retailing, manufacturing, services, 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 tax 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 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 79. Actual collections have exceeded staff forecasts since inception of the tax and given several years of consistent performance over forecast, staff feel comfortable increasing the forecast for this new revenue source. Staff is forecasting 2023 to be 7% more than the 2022-year end estimate and 2.3% more than 2023 for 2024 collections.

## **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 2023-2024 from liquor excise tax and liquor profits totals \$1.743 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 2023-2024 Proposed Biennial Budget and 2023-2028 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 the 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 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. 2020 and 2021 collections were impacted by COVID-19 restrictions but have almost returned to historic levels in 2022. The 2023 budget is 4.3% greater than the 2022 year-end estimate with minimal change in the rest of the forecast period. This source is discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 88.

## **General Obligation Bond Fund**

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

Shoreline voters approved an excess levy in 2022 to fund improvements to eight (8) City parks, acquire property for future parks and install public art throughout the City. The City repays the General Obligation Bond Fund (Parks Bonds) through an excess property tax levy. These bonds were issued in 2022 and will be fully repaid in 2041. The 2023 and 2024 bond debt service totals \$2,948,127, and \$2,944,377 respectively. The debt service for 2023 will be funded through an excess property tax levy in 2023. The final AV determined by the King County Department of Assessments and the scheduled debt service will determine the final levy rate for the special levy.

### **2020(2022) Limited Tax General Obligation (LTGO) Bond Fund**

The 2020 Parks Bond Anticipation Notes (BAN) were refinanced in 2022. The BAN is now due in mid-2025. Interest payments will continue to be supported by income from the properties until development of the facility is started. Revenues in excess of expenses, including interest on the earnings, will create fund balance that will be used to help retire the debt principal. Repayment of BAN will either be through future voter approved bond measure or the issuance of additional BAN.

### **Sidewalk LTGO 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 LTGO 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.

### **Vehicle License Fee Revenue Bond Fund**

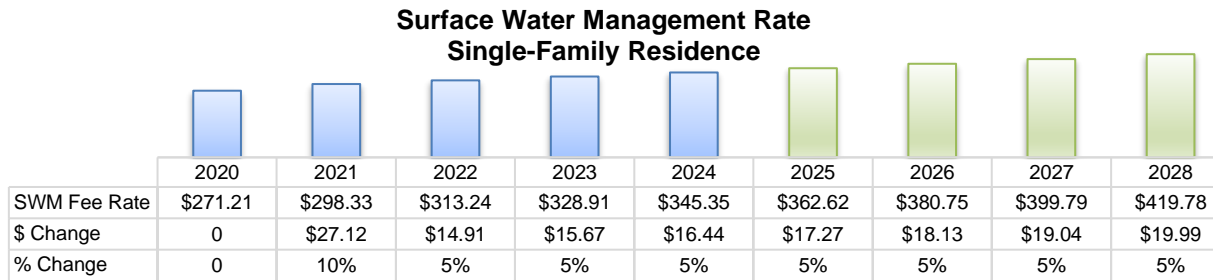
This fund is used to record Vehicle License Fees that are dedicated to supporting debt service on bonds issued to support sidewalk rehabilitation and annual road surface maintenance (ARSM) program. Revenue not needed to support debt service is available to support additional non-debt funded sidewalk rehabilitation and ARSM projects.

## Surface Water Utility Fund

The 2023-2024 Biennial 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 were increased by 10% in 2021 and will be increased 5% annually for 2022 through 2026. The chart below shows annual increases for a single-family residential home. This source is discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 89 and 273.



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 and RWD executed an Operating Services Agreement with the City to operate the utility on the behalf of RWD. The City took over operations of the wastewater utility on October 23, 2017 and the City completed full assumption of the utility in 2021.

Staff developed the 2023-2024 Biennial Budget based on the actual and projected wastewater expenses for 2021 and 2022. It includes capital and operating costs. Staff engaged FCS Group to complete a comprehensive rate study in 2022 that developed a long-term finance plan to support utility operations and implementation of the utility's master plan. Council has discussed the study on three occasions, most recently on [August 8, 2022](#). The 2023 rate schedule incorporates the outcome of that study and includes a \$4.10 proposed increase for 2023 (see wastewater utility rate chart below). It also includes expansion of the wastewater utility's low-income discount to renters and qualified customers of all ages, updated permitting, and GFC rates. The full report on the rate study is included as an attachment to the budget public hearing staff report, which is

also being discussed this evening. This source is discussed in more detail in the 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 89 and 274.

	2022	2023	2024	2025	2026	2027	2028
Local City Rate	\$17.48	\$21.58	\$25.68	\$29.78	\$33.88	\$36.13	\$38.38
\$ Increase		\$4.10	\$4.10	\$4.10	\$4.10	\$2.25	\$2.25
King County Rate	\$49.79	\$52.17	\$55.11	\$58.28	\$61.64	\$65.19	\$71.06
Edmonds Rate	\$30.35	\$32.12	\$33.95	\$35.90	\$37.97	\$40.16	\$43.77
Total Bill – King County	\$67.27	\$73.75	\$80.79	\$88.06	\$95.52	\$101.32	\$109.44
\$ Increase		\$6.48	\$7.10	\$7.27	\$7.46	\$5.80	\$8.12
Total Bill – Edmonds	\$47.83	\$53.70	\$59.63	\$65.68	\$71.85	\$76.29	\$82.15
\$ Increase		\$5.87	\$5.95	\$6.05	\$6.17	\$4.44	\$5.86

**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 the adoption of 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. That initiative was subsequently overturned by the State supreme court in 2020. The City issued debt supported by this revenue source in 2021 to fund rehabilitation of the City’s sidewalk system and the annual road surface maintenance program. The budget for this revenue source is projected at \$1.66 million per year.

**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 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on page 90.

### **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 2023-2024 Proposed Biennial Budget and 2023-2028 CIP book on pages 291 through 355.

### **FINANCIAL IMPACT**

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Staff recommends that the City Council conduct the public hearing to take public comment on the 2023-2024 Proposed Biennial Budget, 2023 regular and excess property tax levies, and other revenue sources for the 2023-2024 Proposed Biennial Budget as required by state statute.

### **ATTACHMENTS**

Attachment A: Proposed Ordinance No. 972 - Setting the 2023 Regular and Excess Property Tax Levies

**ORDINANCE NO. 972**

**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, 2023, THE FIRST YEAR OF THE CITY OF SHORELINE'S 2023-2024 FISCAL BIENNIUM, ON ALL PROPERTY BOTH REAL AND PERSONAL, IN SAID CITY, WHICH IS SUBJECT TO TAXATION FOR THE PURPOSE OF PROVIDING 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, 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 2023 and the amounts necessary and available to be raised by ad valorem taxes on real, personal, and utility property; and

WHEREAS, pursuant to RCW 84.55.120, a properly noticed public hearing was held on November 7, 2022 to consider the revenue sources including the 2023 regular property tax levy; and

WHEREAS, on July 18, 2022, the City Council passed Resolution No. 492 concerning a property tax levy for public safety and community services which will be put before the voters of the City of Shoreline as Proposition 1 at the November 8, 2022, regular election; and

WHEREAS, if the voters of the City of Shoreline approve Proposition 1, the 2023 regular property tax levy rate will be set at \$1.39 per \$1,000 of assessed valuation, otherwise the maximum change from the 2022 levy to be used for calculating the 2023 regular property tax levy rate, in addition to new construction, is based on the 1.00 percent levy limit factor, applied to the City's highest previous levy of \$15,136,139; and

WHEREAS, the November 8, 2022, regular election results will not be certified until after the adoption of this Ordinance, therefore, the City Council desires to provide for the property tax levy rate for both the passage of Proposition 1 or the failure of Proposition 1; and

WHEREAS, the voters of the City of Shoreline approved the issuance of \$38,500,000 in unlimited general obligation bonds on April 18, 2022; the City issued the bonds on May 26, 2022, and will begin making debt service payments on the bonds in December of 2022;

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

**Section 1. Regular Property Tax Levy.**

**A. Approval of Shoreline Proposition 1.** If the voters of the City of Shoreline approve Proposition 1 at the November 8, 2022, general election, then the regular property tax rate for 2023 shall be as follows:

The property tax rate for 2023 shall be \$1.39 per \$1,000 of assessed valuation.

**B. Rejection of Shoreline Proposition 1.** If the voters of the City of Shoreline reject Proposition 1 at the November 8, 2022, general election, then the regular property tax rate for 2023 shall be as follows:

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 2022 is fixed and established in the amount of \$15,626,022.00. This property tax levy, 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 represents a dollar increase of \$151,361.00 and a percentage increase of 1.00 percent from the levy amount of the previous year, as shown below:

	<b>Amount</b>
<b>2022 Regular Levy</b>	<b>\$15,626,022</b>
Less 2021 Levy	15,136,139
Less New Construction	250,000
Less Refunds	88,522
<b>Total Increase</b>	<b>151,361</b>
<b>Percent Increase</b>	<b>1.00%</b>

**Section 2. Re-levy for Prior Year Refunds.** The City shall re-levy for prior year refunds in the amount of \$88,522.00 as allowed under RCW 84.69.020.

**Section 3. Voter-Approved Excess Tax Levy for Unlimited General Obligation Bonds.** In addition to the above regular property tax levy for the ensuing fiscal year of 2023, a tax is hereby levied to raise revenue to provide for the interest and redemption, a further tax is hereby levied to raise revenue to provide for the interest and redemption of voter-approved general obligation bonds for the fiscal year of 2023 in the amount of \$2,948,127.09. 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 King 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. The Administrative Services Director shall ensure that King County is properly notified of the taxes levied based on the approval or rejection of Proposition 1 by the voters of the City of Shoreline.

**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 a summary of this Ordinance consisting of its title, in the official newspaper of the City, as provided by law, PROVIDED, Section 1(A) shall only become operative on the Effective Date if the voters of the City of Shoreline approve Shoreline Proposition 1, otherwise Section 2(B) shall become operative on the Effective Date.

**ADOPTED BY THE CITY COUNCIL ON NOVEMBER 21, 2022.**

\_\_\_\_\_  
Mayor Keith Scully

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Jessica Simulcik Smith  
City Clerk

\_\_\_\_\_  
Margaret King  
City Attorney

Date of Publication:           , 2022  
Effective Date:               , 2022