

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing on 2004 Proposed Budget including the 2004 Proposed Property Tax Levy and Other Budget Resources
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director

PROBLEM/ISSUE STATEMENT:

Chapter 251, Laws of 1995, passed by the State Legislature, requires the City Council to hold a public hearing on revenue sources for the next year's budget. The hearing must include consideration of property tax revenues and must be held before the property tax levy ordinance is passed and submitted to King County. The City of Shoreline is required to adopt its 2004 levy ordinance and certify the amount to the County Assessor by November 15, 2003. The primary emphasis of this public hearing will be on the proposed 2004 property tax levy and the proposed 2004 fee changes. The 2004 Proposed Budget includes a recommended one percent property tax levy increase.

As prescribed in Ordinance No. 256, adopted by the City Council in 2000, the City's fees should be automatically updated annually by the July to July Seattle Consumer Price Index for all urban consumers (CPI-U). For 2004 this means that the City's fees would be increased by 1.2%. Applying the 1.2% CPI to the land-use and non-building permit base hourly rate results in a \$1 per hour increase from \$121 to \$122.

For 2004 the recreation fees were reviewed for both inflationary adjustments and market comparison. As a result of this review, the 2004 Proposed Budget recommends a market adjustment for some recreation fees and continuing the use of direct and indirect costs to establish recreational class rates.

Attachment A is the proposed 2004 fee schedule along with a comparison to the 2003 fees. The fee schedule will be adopted at the same time the Council adopts the 2004 budget, which is currently scheduled for November 24, 2003.

ALTERNATIVES ANALYZED:

Property Tax

Initiative 747 limits property tax levy increases to one percent, unless voter approval is received for a greater increase. The Council can choose to adopt a levy increase less than one percent. This would require making a corresponding reduction in the proposed 2004 expenditures to maintain a balanced budget. A one percent levy increase will generate approximately \$67,000 in General Fund revenues.

The City's property tax collections represent only 10.4% of the total property tax paid in 2003 by City of Shoreline property owners.

Fees

Ordinance No. 256, which provides for annual adjustments to City fees, allows the City Manager to have the option not to include annual CPI-U adjustments in the proposed budget or for the City Council to not include annual CPI-U adjustments in the Adopted Budget for select user fees. If the Council chooses not to include inflationary adjustments to the City's fees, then the City's cost recovery rates will decline requiring greater tax subsidy for these programs.

FINANCIAL IMPACT:

The total resources used in the Proposed 2004 Budget equal \$58,290,172. Property tax represents 12% of the overall City resources in the amount of \$6,686,088. Fees & Charges represent 8% of the City's overall resources and total \$4,732,054. The proposed fee increases are projected to generate less than \$5,000 in additional revenue.

RECOMMENDATION

Staff recommends that Council conduct the public hearing to take public comment on the proposed 2004 property tax levy and proposed 2004 fees. On November 24 the Council will have the opportunity to adopt the 2004 property tax levy and adopt the 2004 proposed fees as part of the 2004 budget adoption process.

Approved By:

City Manager  City Attorney 

INTRODUCTION

The City is required to hold a public hearing on the proposed 2004 revenue sources including the proposed property tax levy. The Council should hold this public hearing and then be prepared to adopt the 2004 property tax levy and 2004 proposed fees on November 24. The property tax levy will be adopted by ordinance and the City's fee schedule will be adopted as part of the 2004 budget adoption.

BACKGROUND

Property Tax

In 2001 voters approved Initiative 747 (I-747) in a statewide election. The provisions of I-747 limit property tax levy increases by local governments to the lower of the Implicit Price Deflator (IPD) or one percent without voter approval. This excludes any new property tax revenues generated as a result of new construction. The 2004 Proposed Budget includes the allowed one percent levy increase. The revenue generated from this proposed levy increase is approximately \$67,000. The King County Assessor's Office has not yet provided the estimated assessed valuation for 2003. We are projecting an average property valuation increase of 5.7% for Shoreline in 2003. This assessed valuation will be used for the 2004 property tax levy. As a result, the City's levy rate is projected to decrease by approximately 3.4% in 2004 from \$1.35 to \$1.30. A median priced home valued at \$262,000 in 2002 would increase to a value of \$276,934 in 2003 (5.7% increase). This homeowner could expect that the property tax that they pay to the City will increase from \$355 in 2003 to \$360 in 2004, a \$5 increase. The homeowner will pay additional taxes to other jurisdictions such as King County, Shoreline School District, local Fire District, and the State School levy. The City currently receives approximately 10.4% of a property owner's total property tax payments.

Fees

In 2000 the City Council adopted Ordinance No. 256 that provided for an annual inflationary increase of City fees. The inflationary increase is based on the Seattle Consumer Price Index for all urban consumers (CPI-U) for July through June. For 2004 the CPI-U is 1.2%. Because of the rounding provisions of Ordinance No. 256, in which some fees are rounded to the nearest dollar or the nearest quarter dollar, many fees did not change for 2004.

Land Use & Non-Building Permit Fees

The land use and non-building permit fees are based on an hourly rate. Applying the 1.2% CPI to the current rate raises the hourly rate from \$121 to \$122. Building permit fees are based on the Uniform Building Code (UBC). The UBC uses valuation to determine fees, and therefore inflationary increases in valuation are automatically taken into account within the fee calculation. Plan check fees are based on the building permit fee and therefore no adjustment is needed to these fees. Building permit and plan check fees represent approximately 68% of the total revenue collected by the Planning & Development Services permitting program.

Recreation Fees

Recreation class fees are based on the direct cost of providing the program plus an overhead allocation. There is no change proposed in how these fees are determined.

The 2004 proposed aquatic fees have been reviewed for inflationary increases and comparability to other local jurisdictions. Most of the public swim admission fees are proposed to increase by twenty-five to fifty cents. This means that child/senior/disabled admissions will increase from \$2.00 to \$2.25 and adult admission fees will increase from \$3.00 to \$3.25. Family admission will increase from \$8.00 to \$8.50. In addition to single admission fees, pass fees have been adjusted to reflect the proposed increase in admissions. Hourly pool rental fees vary depending on the size of attendance. The private hourly rental fee for a group of 1 to 25 people is proposed to go from \$55.50 to \$80.00, while the rate for a group of 121 to 150 people is proposed to go from \$137.00 down to \$80.00. Non-school district lane fees will increase from \$6.00 to \$7.00 per lane. Attachment B is a comparison of some the proposed aquatic rates and the rates charged by other local jurisdictions. The proposed fee adjustments are not expected to generate more than \$5,000 in additional revenue.

Senior/Youth practice and league field rental fee will remain the same for 2004. Adult practice rental will increase from \$10.00 per hour to \$11.00 and adult league rental will increase from \$20.00 to \$22.00 per hour.

For 2003 building rental fees (Spartan Gym & Richmond Highlands Recreation Center) were revised to have both an hourly rental fee of \$25.00 and a \$15.00 per hour building monitor charge for a total fee of \$40.00. There was also a two-hour minimum rental required. For 2004, the rental fee and building monitor charge have been combined along with a slight increase for a total hourly cost of \$45.00.

Surface Water and Public Record Fees

There are no proposed changes to the current fee schedule for surface water or public record fees. The residential rate for a single-family home will remain at \$102. Fees for all other categories will remain at the 2003 rate. Fees related to public records such as copies of publications, video or audio tapes, photos, maps, etc. will also remain at the 2003 rates.

ALTERNATIVES ANALYZED:

The City Council can choose to adopt a smaller property tax levy increase or no levy increase at all. The City Council can also choose not to adjust fees for inflation or any other recommended adjustment measures.

During the 2004 budget review process and during the public hearings the Council will have the opportunity to hear from stakeholders on any possible concerns that they would have with the proposed fee changes. The fee adoption will occur when the 2004 budget is adopted, currently scheduled for November 24, 2003.

RECOMMENDATION

Staff recommends that Council conduct the public hearing to take public comment on the proposed 2004 property tax levy and proposed 2004 fees. On November 24 the Council will have the opportunity to adopt the 2004 property tax levy and adopt the 2004 proposed fees as part of the 2004 budget adoption process.

ATTACHMENTS

Attachment A – Proposed 2004 Fee Schedule

Attachment B – Market Survey for Aquatics

Attachment A

Proposed Parks Fee Schedule for 2004

Outdoor Rental Fees:

	2004 Proposed Fee	2003 Fee
Picnic Shelters – (same for all groups)		
Weekends/Holidays	\$70.00/per day	\$63/pday
Weekdays	\$60.00/per day	\$53/pday

Athletic Fields (determined by customer type /event type)

Lights (determined by dusk schedule)	\$12.00/hour	\$11.50/hour
Senior/Youth Practice	\$ 1.00/hour	\$ 1.00/hour
Senior/Youth League	\$ 3.00/hour	\$ 3.00/hour
Adult Practice	\$11.00/hour	\$10.00/hour
Adult League	\$22.00/hour	\$20.00/hour

Indoor Rental Fees:

Richmond Highlands (same for all groups) – Maximum Attendance 214

Entire Building	\$45.00/hour	\$25.00/hour*
Gym Only	\$35.00/hour	\$15.00/hour*
Café/Game Room	\$35.00/hour	\$15.00/hour*
		*2hr min

Spartan Gym – (determined by customer type & facility time)

Spartan Gym Fees for Shoreline Community Youth Organizations:

Multi-Purpose Room 1	\$9.00/hour*	NA
Multi-Purpose Room 1 w/Kitchen	\$15.00/hour*	NA
Multi-Purpose Room 2	\$9.00/hour*	NA
Multi-Purpose Room 2 w/Kitchen	\$15.00/hour*	NA
Gymnastics Room	\$9.00/hour*	\$7.00/hour*
Dance Room	\$9.00/hour*	\$8.00/hour*
Gym-One Court	\$13.00/hour*	\$12.00/hour*
Entire Gym	\$26.00/hour*	\$24.00/hour*
Entire Facility	\$70.00/hour*	\$60.00/hour

Spartan Gym Fees for All Other Groups:

Multi-Purpose Room 1	\$18.00/hour*	NA
Multi-Purpose Room 1 w/Kitchen	\$23.00/hour*	NA
Multi-Purpose Room 2	\$18.00/hour*	NA
Multi-Purpose Room 2 w/Kitchen	\$23.00/hour*	NA
Gymnastics Room	\$18.00/hour*	\$14.00/hour*
Dance Room	\$18.00/hour*	\$16.00/hour*
Gym-One Court	\$22.00/hour*	\$20.00/hour*
Entire Gym	\$44.00/hour*	\$40.00/hour*
Entire Facility	\$95.00/hour*	\$85.00/hour*

***Rentals outside the normal operating hours of the Spartan Gym will require an additional supervision fee. (See Below)**

Other Indoor Rental Fees:

Damage Deposit: (refundable)	\$165.00
Supervision Fee (if applicable)	\$15.00/hour per supervisor

Concession / Admission / Sales During Facility Use:

- 20% of the gross revenue collected will be remitted to the City of Shoreline if concession sales are charged on-site by the individuals or organizations renting a City-owned facility.
- 20% of the gross revenue collected will be remitted to the City of Shoreline if spectator admissions are charged on-site by the individuals or organizations renting a City-owned facility.
- 20% of the gross amount will be remitted to the City of Shoreline if an individual or organization rents a City facility for a clinic, camp, or a class where the participants are charged a fee.
- Any individual or organization that is required to pay concession / admission fee must complete the appropriate permit application.
- Concession/Admission/Sales Fees may be modified at the discretion of the Director of Shoreline Parks and Recreation.

Drop-In Fees:

Showers Only	\$1.00/per visit	\$1.00/per visit
Youth Drop-In	\$1.00/per visit	\$1.00/per visit
Youth Drop-In Ten Punch Card	\$8.00	\$8.00
Youth Drop-In Three Month Pass	\$20.00	\$20.00
Adult Drop-In	\$2.50/per visit	\$2.00/per visit
Adult Drop-In Ten Punch Card	\$20.00	\$16.00
Adult Drop-In Three Month Pass	\$46.00	\$42.00

Shoreline Pool Drop-in Fees		
2004 Proposed Fee Schedule		
Drop in Fees	2004 Proposed	2003 Fee Schedule
Adult	\$3.25	\$3.00
Child/Senior/Disabled	\$2.25	\$2.00
Family	\$8.50	\$8.00
Adult - 10 punch	\$26.00	\$24.00
Child/Senior/Disabled - 10 Punch	\$18.00	\$16.00
Family - 10 Punch	\$68.00	\$60.00
Disabled - 10 punch		
Adult -3 month	\$117.00	\$96.00
Child/Senior/Disabled - 3 mo	\$78.00	\$64.00
Family -3 mo		\$186.00
Adult - 1 year	\$275.00	\$230.00
Child/Senior/Disabled - 1 year	\$175.00	\$140.00
Family		\$390.00
Senior/Disabled - 1 year		\$140.00
Rentals On-going per/hr	\$50.00	\$25.00
Swim Team Per/Lane pr/hr	\$7.00	\$6.00
Rentals 1 x time p/hr		
1 - 25 People	\$80.00	\$55.50
26-60	\$80.00	\$77.00
61-90	\$125.00	\$95.00
91-120	\$125.00	\$116.00
121-150	\$125.00	\$137.00

Proposed 2004			
Shoreline Aquatics Class Fee Schedule			
Program	Classes per Session	2004 Proposed Cost per Session	2003 Cost per Session
Parent & Tot	5	\$ 35.00	\$30.00
Preschool (1-5)	5	\$ 38.50	\$37.50
Youth (1&2)	5	\$ 38.50	\$37.50
Youth (3-7)	5	\$ 38.50	\$35.00
Adult	5	\$ 38.50	\$37.50
Aerobics/Fitness- Adults	1	\$ 4.00	NA
Water Fitness-10x Adults	10	\$ 32.00	NA
Aerobics/Fitness- Seniors	1	\$ 3.00	NA
Water Fitness10xSeniors	10	\$ 24.00	NA
Arthritis - Adults	1	\$ 3.00	NA
Arthritis - Adults 10x	10	\$ 30.00	NA
Arthritis-Seniors	1	\$ 3.00	NA
Arthritis - Adults 10x	10	\$ 30.00	NA
Other Programs			

Attachment B

Pool Fee Comparison with Other Area Facilities

	Shoreline	Mountlake Terrace	Lynnwood Pool	Seattle Madison Pool		Northshore Pool
Program	2004 Proposed Fee	Fee	Fee	Fee		Fee
Adult	\$3.25	\$3.50	\$2.75	\$3.25		\$3.00
Child/Senior/Disabled	\$2.25	\$2.50	\$2.00	\$2.25		\$2.70
Family	\$8.50	\$10.00	\$7.25	N/A		\$2.00
Adult - 10 punch	\$26.00	\$35.00	\$25.50	N/A		\$30.00
Child/Senior/Disabled - 10 Punch	\$18.00	\$25.00	\$16.50	N/A		\$27.00
Family - 10 Punch	\$68.00	N/A	N/A	N/A		N/A
Disabled - 10 punch						\$20.00
Adult -3 month	\$117.00	N/A	\$105.00	\$45.00	1 month	\$142.00
Child/Senior/Disabled - 3 mo	\$78.00	N/A	\$75.00	\$35.00	1 month	\$87.00
Family -3 mo		N/A	N/A	N/A		\$256.00
Adult - 1 year	\$275.00	N/A	N/A	N/A		\$365.00
Child/Senior/Disabled - 1 year	\$175.00	N/A	N/A	N/A		\$223.00
Family		N/A	N/A	N/A		\$582.00
Senior/Disabled - 1 year						\$191.00
Rentals On-going per/hr	\$50.00					
Swim Team Per/Lane pr/hr	\$7.00			\$7.00	\$ 7.00	
Rentals 1 x time p/hr						
1 - 25 People	\$80.00	\$90.00	\$94.00	\$50.00	2x Guards	\$80.00
26-60	\$80.00	\$90.00	\$94.00	\$50.00	3-4x	\$115.00
61-90	\$125.00	\$140.00	\$94.00	\$50.00	4-5x	\$150.00
91-120	\$125.00	\$140.00	\$94.00	\$50.00	5-6x	\$185.00
121-150	\$125.00	\$140.00	N/A	\$50.00	6-7x	N/A