DRAFT

CITY OF SHORELINE

SHORELINE CITY COUNCIL
SUMMARY MINUTES OF DINNER MEETING

Monday, October 11, 1999
6:00 p.m.

Shoreline Conference Center
Highlander Room

PRESENT: Mayor Jepsen, Deputy Mayor Montgomery, Councilmembers Gustafson, Hansen, King, Lee and Ransom

ABSENT: None

STAFF: Robert Deis, City Manager; Larry Bauman, Assistant City Manager; Tim Stewart, Planning and Development Services Director

The meeting convened at 6:05 p.m. All Councilmembers were present.

Councilmembers discussed the comments they have heard from community members regarding Initiative 695.

Robert Deis, City Manager, explained that he invited Planning and Development Services Director Tim Stewart to the dinner meeting to discuss planning and permit issues related to various properties and projects of Harley O'Neill. Mr. Stewart went on to discuss issues regarding clearing and grading at a vacant property that Mr. O'Neill owns in Richmond Beach.

Mayor Jepsen said he and other Councilmembers received letters at home regarding the rechannelization of 185th Street adjacent to Mr. O'Neill's Gateway Center property.

Mr. Deis reported that Public Works Director Bill Conner and City Engineer Mike Gillespie met with Mr. O'Neill to discuss his concerns and that they developed a plan during the meeting to close two driveways to the property on 185th Street and to create a new driveway on Midvale Avenue. Mr. Deis said Mr. O'Neill agreed to this plan at the time; however, in the letter, which was sent after the meeting, he appears to object to it.

Mr. Stewart discussed issues concerning Mr. O'Neill's plans for a building addition at his Spin Alley property. He noted inconsistencies between the plans that Mr. O'Neill submitted and what staff has been told.

Mr. Deis mentioned activity regarding proposed development of the former U&I property.

In response to Councilmember Ransom, Mr. Stewart said the City cannot provide a "one-stop shop" for permit applications because utility services are provided by other entities (the Shoreline Water District, the Shoreline Wastewater District and the City of Seattle).

Mayor Jepsen requested information from staff regarding blight regulations and block grants for redevelopment.

The meeting adjourned at 7:25 p.m.

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Larry Bauman, Assistant City Manager

Council Meeting Date: October 25, 1999 **Agenda Item: 7(b)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Expenses and Payroll as of October 12, 1999
DEPARTMENT:	Finance
PRESENTED BY:	Al Juarez, Financial Operations Supervisor

EXECUTIVE / COUNCIL SUMMARY

It is necessary for the Council to approve expenses formally at the meeting. The following claims expenses have been reviewed by C. Robert Morseburg, Auditor on contract to review all payment vouchers.

RECOMMENDATION

Motion: I move to approve Payroll and Claims in the amount of $882,705.21 specified in the following detail:

Payroll and benefits for September 19 through October 2, 1999 in the amount of $253,379.46 paid with ADP checks 2879, 3384-3427, vouchers 400001-400099, benefit checks 2102-2110.

the following claims examined by C. Robert Morseburg paid on October 14, 1999:

Expenses in the amount of $6,607.89 paid on Expense Register dated 9/30/99 with the following claims check: 2100 and

Expenses in the amount of $469.23 paid on Expense Register dated 9/30/99 with the following claims check: 2101 and

Expenses in the amount of $477,153.84 paid on Expense Register dated 10/12/99 with the following claims checks: 2111-2139 and

Expenses in the amount of $12,729.11 paid on Expense Register dated 10/12/99 with the following claims checks: 2140-2154 and

Expenses in the amount of $120.38 paid on Expense Register dated 10/12/99 with the following claims checks: 2155-2162 and

Expenses in the amount of $58,022.22 paid on Expense Register dated 10/13/99 with the following claims checks: 2179-2205 and

Expenses in the amount of $74,223.08 paid on Expense Register dated 10/14/99 with the following claims checks: 2206-2231 and

Approved By: City Manager ____ City Attorney ___

Council Meeting Date: October 25, 1999 **Agenda Item: 7(c)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	**Motion To Accept The Lowest Responsive Construction Bid For Swimming Pool Additional Parking And Authorize The City Manager To Execute The Construction Contract Including Authority To Execute Change Orders Up To 10% Of The Contract Amount**
DEPARTMENT:	**Public Works**
PRESENTED BY:	**William L. Conner, Public Works Director** WLC

EXECUTIVE / COUNCIL SUMMARY

The 1999 Capital Improvement Program (CIP) includes the Swimming Pool Improvements project. Part of that project allocated funding for additional parking. On July 26, 1999, staff received your Council's consensus on the preferred alternative to provide additional parking at the Shoreline Pool.

This project will provide 41 new parking stalls consisting of 18 stalls adjacent to the tennis courts, 3 stalls along 1st Avenue next to the pool signed as 10-minute passenger loading, and 20 stalls adjacent to Shoreline Park. Including the 19 existing stalls in front of the pool, this project will bring the total number of pool parking stalls to 60. ADA accessible parking will increase from two to four stalls.

During the July 26 presentation of this project, your Council expressed interest in three issues related to the design. Your comments and staff's responses follow.

Comment: Will there be enough room for cars to make a U-turn from the angle parking to proceed south bound on 1st Avenue N.E.?
Response: There is not enough room from the angle parking to make a U-turn and from a safety standpoint this would not be a desirable function. Cars will have to execute a K-turn after backing out of the angle parking to proceed south on 1st Avenue.

Comment: How does angle parking directly across from a 3-leg intersection conform to traffic design and safety standards?
Response: The intersection is controlled with a stop sign on the side street and there are no safety concerns regarding the location of the angle parking.

Response: The recommended distance between the edge of the traveled lane and the end of the parking stall is 15 feet to provide enough space for the back-out operation of parked cars without impacting the flow of traffic on 1st Avenue. The Highway Research Board states in the publication "Parking Principals" that the back-out operation of angle-parked vehicles directly affects 12 to 15 feet of space additional to the parking space.

Staff was responsive to the interest in preserving as many park trees and as much green space as possible and took this into consideration during the final design by incorporating landscape islands within the parking area, rerouting the sidewalk, and eliminating a rockery wall. This reconfiguration will save 8 existing trees and preserve 10 % of the green space otherwise lost to parking. Staff has also identified 4 other trees near the project limits to be saved and will pay particular attention to these trees during construction to minimize impacts. Following construction, staff will hold a meeting with interested parties to discuss landscaping and amenity options to mitigate construction-related impacts to the park and develop a landscape plan that is conducive to wildlife habitat.

The project was advertised for construction bids on September 22, and September 27, 1999. Bids were opened on October 6, 1999. Fifteen (15) bids were received as follows:

	Bidder Name	Bid Amount
1.	Cascadia Civil Inc.	$212,746.40
2.	Kemper Const. Corp.	$220,925.47
3.	Laser Underground Inc.	$228,589.50
4.	Engberg Const.	$230,836.48
5.	Dennis R. Craig Const.	$234,759.35
6.	Shoreline Const. Co.	$234,898.10
7.	Precision Earthworks	$237,850.90
8.	Tydico, Inc.	$242,000.00
9.	West Coast Const. Co.	$248,172.60
10.	GMT Inc.	$261,822.00
11.	E.C.T.I.	$276,911.50
12.	Wilder Const. Co.	$293,219.80
13.	S.L. Larsen Const. Co.	$298,374.00
14.	PCT Const. Inc.	$328,861.16
15.	A-1 Landscaping & Const.	$356,293.75

The staff estimate for construction is $230,000 and the Council approved budget for construction is $280,000. Staff has reviewed the low bidder's qualifications, and staff recommends that Cascadia Civil Inc. be awarded the Swimming Pool Additional Parking contract. The project work will commence in November 1999, and is to be completed in January 2000, weather permitting.

RECOMMENDATION

Staff recommends that your Council accept the low bid and authorize the City Manager to execute a contract with Cascadia Civil Inc. in the amount of $212,746.40, and to execute change orders up to 10% of the original contract amount.

Approved By: City Manager LB City Attorney

ATTACHMENTS:

ATTACHMENT A: Swimming Pool Additional Parking 1999 Budget

Project Budget and Current Cost Estimate

Project:	Shoreline Pool Additional Parking
Project Manager:	Jon Jordan
Agreement Description:	Construction Contract
Original Contract Approved On:	NA
Change Order Number:	NA
Program and Object Code:	2821082-5410

Budget Line Items	Council Approved Budget	Original Contract Amount	Project Amendment / Change Order	Expenditure to Date	Total Contract / Project Estimate	Budget versus Project Estimate
Administration						
Study - Predesign						
Design	$55,000					$289
Master Plan		$24,957		$19,966	$24,957	
Additional Parking		$24,754		$24,754	$24,754	
R.O.W.						
Construction						
Additional Parking	$280,000				$230,000	$50,000
Construction Contingency						
Additional Parking	$28,000				$28,000	$0
Construction Admin						
Additional Parking	$30,000				$30,000	$0
Miscellaneous						$0
Tax						
TOTAL	$393,000	$49,711	$0	$44,720	$337,711	$50,289
Difference between Approved Budget and Total Contract / Project Estimate				$55,289		

Rev. 10/14/1999

Council Meeting Date: October 25, 1999 **Agenda Item: 7(d)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adoption of Ordinance No. 209 enacting a Comprehensive Plan Amendment and Zoning Designations for Three Parcels in the A-2 Annexation Area
DEPARTMENT:	Planning and Development Services
PRESENTED BY:	Tim Stewart, PADS Director AK for TS Allan Johnson, Planner II AJ

EXECUTIVE / COUNCIL SUMMARY

During the census of the A-2 annexation area, staff discovered a discrepancy between the legal description for the A-2 annexation and the map base used by the City to depict zoning and Comprehensive Plan land use designations for the area.

This discrepancy resulted in three parcels (located in the southwest portion of the annexation, just north of 195th Place), that were included in the legal description of the annexation, being excluded from graphic depictions including zoning and land use maps. As a result, the zoning designations, which were adopted by a graphic exhibit, were not adopted for these three parcels. In addition, these parcels were not depicted in the Comprehensive Plan land use map and do not have land use designations.

In order to establish zoning and land use designations for these parcels, the City must specifically establish these provisions. On August 23, 1999, your Council passed an emergency measure, Ordinance No. 205, which temporarily specified zoning and land use designations for these three parcels. This Ordinance specified that a public hearing would take place within 60 days and permanent action would occur within 6 months.

As a follow up to this action, the Planning Commission conducted a public hearing on this emergency action at their meeting of October 7, 1999. At that meeting, the Planning Commission recommended your Council formally adopt the Interim Comprehensive Plan Amendment and Zoning Designation for these parcels. Ordinance No. 209 (Attachment A) would enact the Planning Commission recommendation.

The Comprehensive Plan land use designations in Ordinance No. 209 correspond to designations used for neighboring properties with similar zoning (Attachment B). Zoning designations are the same as the King County designations (Attachment C). This consistency, including split zoning and land use designations on one parcel, is proposed in order to conform with previous environmental impact analysis. (Staff attempted to ascertain the reason for split zoning on the northern parcel, however, was

unable to receive any background information from King County explaining the split designations).

Ordinance No. 209 is consistent with the approach used to designate zoning for the other parcels within the A-2 annexation. Land use designations would be consistent with adjacent properties with similar zoning.

RECOMMENDATION

Staff recommends your Council adopt Ordinance No. 209 that amends the Comprehensive Plan and establishes Zoning designations previously identified in the temporary Ordinance No. 205, as the formal Comprehensive Plan and Zoning Designation for these parcels.

Approved By: City Manager LB City Attorney

BACKGROUND / ANALYSIS

The annexation of Area A-2 included all remaining unincorporated parcels located between the City of Shoreline and the City of Lake Forest Park and the legal description used to describe the annexation boundaries was guided by the municipal boundaries of each City. This description was included in Ordinance No. 198 that formally annexed Area A-2. In addition to the legal description outlining the A-2 annexation boundaries, Ordinance No. 198 included several graphics showing the annexation area. These graphics guided the designation of zoning for parcels within the annexation. Ordinance No. 198 went into effect on August 1, 1999.

During the census of the annexation, fieldwork revealed that there was a discrepancy between the maps and the legal description of the annexation used in Ordinance No. 198. This discrepancy was composed of three parcels located in the southwest portion of the annexation just north of 195th Place. (One parcel is addressed as 2010 N.E. 195th Place. The other two lots, located immediately to the north and west are not addressed).

In order to correct the discrepancy in Ordinance No. 198, your Council must establish zoning and land use designations for these parcels to guide any future development.

In order to provide immediate land use provisions, your Council adopted interim Comprehensive Plan and Zoning designations on August 23, 1999 through Ordinance No. 205. Ordinance No. 205 used a declaration of emergency clause to ensure that these measures would take effect immediately upon adoption in order to provide regulations for land use or development applications submitted to the City. The Ordinance specified that a public hearing would be held within 60 days of adoption of the measure and permanent action would be taken within 6 months.

In conformance with the provisions of Ordinance No. 205, the Planning Commission subsequently conducted a public hearing on this action at their meeting on October 7, 1999. At that meeting, the Commission recommended that the Interim Comprehensive Plan Amendment and Zoning Designations identified in Ordinance No. 205 be enacted as the permanent designations for these parcels.

Ordinance No. 209 (Attachment A) would formally adopt the Comprehensive Plan and Zoning Designations identified in Ordinance No. 205 and supported by the Planning Commission.

Comprehensive Plan land use designations (Attachment B) identified in Ordinance No. 209 correspond to designations used for similarly zoned neighboring parcels (These designations are also the same as those in Ordinance No 205). Low Density Residential corresponds to properties zoned R-6 (Residential – 6 units/acre). Medium Density Residential is used for properties zoned R-12 (Residential – 12 units/acre). High Density Residential is used for parcels with zoning of R-24 (Residential – 24 units/acre).

Ordinance No. 209 specifies that land use for parcel 2636900355 (2010 N.E. 195th Place) and parcel 2636900356 would be Low Density Residential. Parcel No. 2636900357, would have split land use designations with the northerly 140 feet of the property designated High Density Residential and the southerly portion evenly divided between Medium Density Residential in the southwest portion of the property and Low Density Residential in the southeast portion of the property. These split designations would correspond to existing King County zoning. Staff attempted to ascertain why King County had designated split zoning for this parcel but did not receive any reasons for this decision by the County. Ordinance No. 209 maintains the King County designations to keep consistency with previous environmental impact analysis.

Zoning designations for the three properties (Attachment C) use King County designations as the Shoreline zoning. This action is consistent with the approach used to designate zoning for the other parcels located within the A-2 annexation. Ordinance No. 209 designates zoning for parcel 2636900355 (2010 N.E. 195th Place) parcel 2636900356 as R-6 (Residential – 6 units per acre). The other parcel, 2636900357, would have split zoning with the northerly 140 feet of the property designated R-24 and the southerly portion evenly divided between R-12 in the southwest portion of the property and R-6 in the southeast portion of the property.

RECOMMENDATION

Staff recommends your Council adopt Ordinance No. 209 that amends the Comprehensive Plan and establishes Zoning designations previously identified in the temporary Ordinance No. 205, as the formal Comprehensive Plan and Zoning Designation for these parcels.

ATTACHMENTS

Attachment A – Ordinance No. 209
Attachment B - Comprehensive Plan Amendment (Exhibit A)
Attachment C – Zoning Designations (Exhibit B)

ORDINANCE NO. 209

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ADOPTING A COMPREHENSIVE PLAN AMENDMENT AND ZONING DESIGNATIONS FOR THREE PARCELS IN THE A-2 ANNEXATION AREA

WHEREAS, the City of Shoreline has annexed an area of unincorporated King County commonly referred to as Annexation Area A-2 through Ordinance No. 198 adopted June 28, 1999; and

WHEREAS, the legal description of Annexation Area A-2 contained in Ordinance No. 198 included parcels 2636900355, 2636900356 and 2636900357 as a part of the annexation; and

WHEREAS, Exhibit B of Ordinance No. 198 did not depict zoning for these parcels; and

WHEREAS, the Comprehensive Plan, adopted through Ordinance No. 178, did not depict land use designations for these parcels; and

WHEREAS, the City Council adopted interim zoning and Comprehensive Plan designations for these parcels through Ordinance No. 205; and

WHEREAS, the Planning Commission conducted a required public hearing on the zoning and Comprehensive Plan amendment on October 7, 1999; and

WHEREAS, zoning and comprehensive plan land use designations are needed on these parcels to provide regulations that guide land use and development and protect the public health, safety and welfare of citizens, and there exists an imminent threat of environmental degradation in the absence of these provisions;

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

Section 1. Comprehensive Plan Amendment. The land use map of the Comprehensive Plan adopted through Ordinance No. 178 is amended to include the parcels and land use designations depicted on Exhibit A. The Comprehensive Plan land use designation for parcels 2636900355 and 2636900356 shall be Low Density Residential. The Comprehensive Plan land use designation for parcel 2636900357 shall be High Density Residential for the northerly 140 feet of the property and evenly divided in the southerly portion between Medium Density Residential in the southwest portion of the property and Low Density Residential in the southeast portion of the property.

Section 2. Zoning. The zoning map adopted as Exhibit A to Ordinance 125 is amended to include the parcels and zoning designations depicted on Exhibit B. The zoning for parcels 2636900355 and 2636900356 shall be R-6. The zoning for parcel 2636900357 shall be R-24 for the northerly 140 feet of the property and evenly divided in the southerly portion

between R-12 in the southwest portion of the property and R-6 in the southeast portion of the property.

Section 3. Declaration of Emergency. Effective Date. This Ordinance is necessary for the immediate protection of the public health, public safety, public property or public peace and shall take effect and be in full force immediately upon its adoption.

PASSED BY THE CITY COUNCIL ON OCTOBER 25, 1999

_____
Mayor Scott Jepsen

ATTEST:

_____
Sharon Mattioli, CMC
City Clerk

APPROVED AS TO FORM:

_____
Ian Sievers,
City Attorney

Date of Publication: October 28, 1999
Effective Date: October 25, 1999

ORD209

EXHIBIT A

Comprehensive Plan Designation

City of Shoreline GIS Cadastral, Ortho Photo, building outlines, contour data copyrighted by City of Seattle, 1998. All rights reserved.

No warranties of any sort, including accuracy, fitness, or merchantability, accompany this product.

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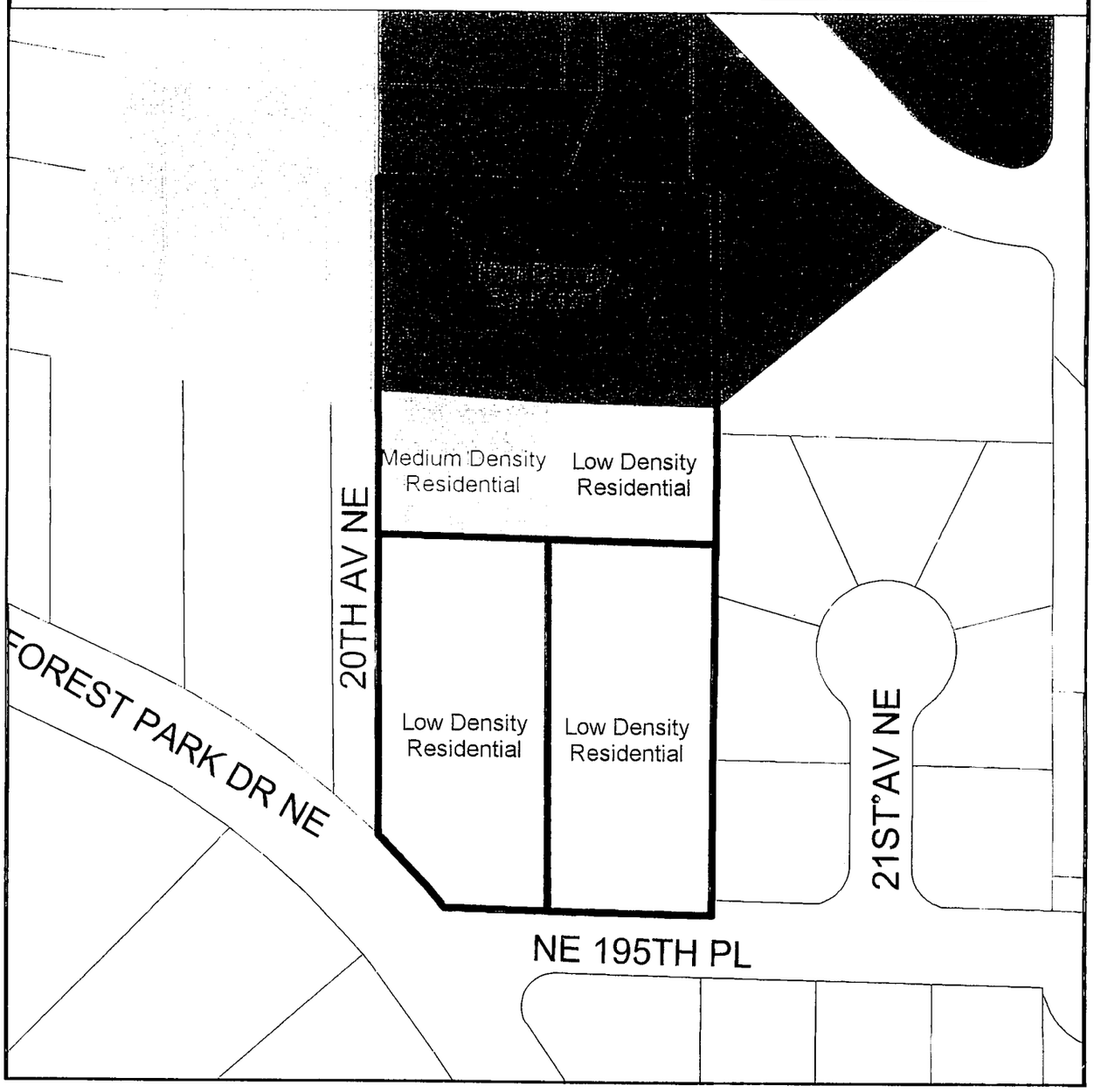
August 5, 1999

N

1 Inch = 100 Feet

0 50 100 150 *Feet*

Parcel Comprehensive Plan Information
Parcel Boundary
Comprehensive Plan Designation
High Density Residential
Medium Density Residential
Low Density Residential



SHORELINE

EXHIBIT B

City of Shoreline GIS Cadastral, Ortho Photo, building outlines, contour data copyrighted by City of Seattle, 1998. All rights reserved.

No warranties of any sort, including accuracy, fitness or merchantability, accompany this product.

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August 5, 1999

Zoning

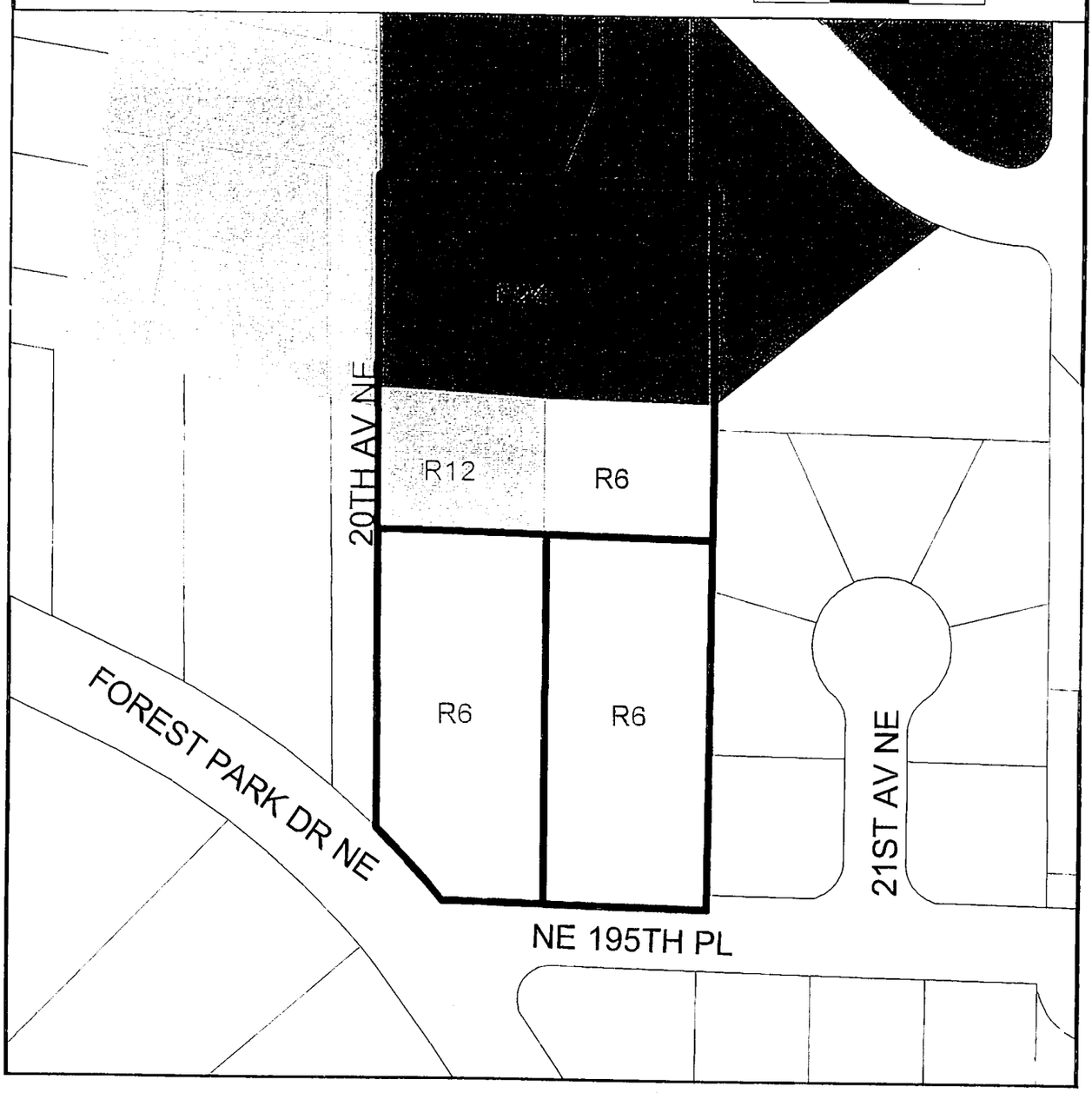
N

Zoning Designation
- R-6; Residential, 6 units/acre
- R-12; Residential, 12 units/acre
- R-18; Residential, 18 units/acre
- R-24; Residential, 24 units/acre

Parcel Zoning Information
Parcel Boundary

1 Inch = 100 Feet

0 50 100 150 Feet



Council Meeting Date: October 25, 1999 **Agenda Item: 7(e)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	**Approval of Ordinance No. 211 Creating a Budget Amendment to Continue Progress on the Aurora Corridor Multimodal Project, Authorize the City Manager to execute funding agreements with the Washington State Department of Transportation to secure federal grant money and execute a consultant Agreement with CH2MHill.**
DEPARTMENT:	**Public Works Department**
PRESENTED BY:	**William L. Conner, Director**

EXECUTIVE / COUNCIL SUMMARY

One of your Council's goals for 1999 is to pursue the implementation of the Aurora Corridor project. To achieve that goal, your Council adopted Council Resolution #156 on August 23, 1999 which:

- Accepted the recommendations of the Citizens Advisory Task Force,
- Found the Citizens Advisory Task Force recommendation in conformance and compliant with the Comprehensive Plan,
- Directed staff to proceed with amending the Capital Improvement Program (CIP), and to hold a public hearing on that amendment, and
- Directed staff to pursue environmental review of the recommended concept for the Aurora Corridor project.

In addition, on August 23, 1999, your Council authorized the City Manager to execute an Interlocal Agreement with the Washington State Department of Transportation (WSDOT) to receive funds ($25,000) to move ahead with detailed mapping and environmental analysis. The $25,000 will be utilized as the City's match (13.5%) to utilize federal grant funds of $160,185 from a TEA-21 grant ($1,500,000) received in March of this year.

Ordinance No. 211 will amend the budget by adding $185,185 into the 1999 budget for this CIP project so that the City can enter into an agreement with CH2MHill to initiate environmental analysis and to begin developing the detailed mapping. In January, staff will return to your council to ask you to authorize the City Manager to sign a contract with CH2MHill to complete the mapping/surveying, the environmental analysis and to undertake and complete preliminary engineering and right-of-way acquisition processes and services. The public hearing on the CIP amendment is scheduled for the November 4, 1999 Planning Commission meeting.

RECOMMENDATION

Staff recommends that your council adopt Ordinance No. 211 which amends the 1999 budget for this project by adding $185,185, authorize the City Manager to execute the funding agreements with the Washington State Department of Transportation (WSDOT) to secure the TEA-21 grant for $1,500,000, and authorize the City Manager to execute a consultant agreement with CH2MHill not to exceed $185,185, which will cover the work for the remainder of 1999.

ATTACHMENTS

Attachment A – Ordinance No. 211

Approved By: City Manager LB City Attorney

ORDINANCE NO. 211

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE NO. 184, AS AMENDED, BY INCREASING THE APPROPRIATION FROM THE ROADS CAPITAL FUND AND AUTHORIZING EXPENDITURES FOR A CAPITAL PROJECT TO DEVELOP THE AURORA CORRIDOR

WHEREAS, the 1999 Budget was adopted in Ordinance No. 184 and included appropriations for the 1999 capital improvement plan; and

WHEREAS, the City of Shoreline has been awarded two grants totaling $185,185 for development of the Aurora Corridor, including $25,000 from the Washington State Department of Transportation and $160,185, representing a portion of a larger $1.5 million grant, from the federal TEA-21 granting program; and

WHEREAS, the City needs to amend the 1999 budget and capital improvement program to include these new grant revenues and to authorize the expenditures to proceed with the Aurora Corridor project; and

WHEREAS, the City of Shoreline is required by RCW 35A.33.075 to include all revenues and expenditures for each fund in the adopted budget;

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

Section 1. Amending Section 2 of Ordinance No. 184. The City hereby amends Section 2. of Ordinance No. 184, the 1999 Annual Budget, by increasing the appropriation from the Roads Capital Fund by $185,185 to $8,682,830 and by increasing the Total Funds appropriation to $54,878,969 as follows:

General Fund	$22,516,106	
Development Services Fund	2,846,447	
Street Fund	3,991,121	
Arterial Street Fund	594,860	
Surface Water Mgmt. Fund	5,178,777	
General Capital Fund	7,248,574	
Roads Capital Fund	~~8,497,645~~	8,682,830
Surface Water Capital	1,092,850	
General Reserve Fund	1,583,084	
Asset Depreciation Fund	721,835	
Equipment Rental Fund	147,983	
Unemployment Fund	44,042	
Advance Travel Fund	5,460	
Agency Fund	225,000	
Total Funds	~~$ 54,693,784~~	$ 54,878,969

Section 2. Grant Revenues for Aurora Corridor Project. The City Manager is hereby authorized to receive $25,000 from the Washington State Department of Transportation and $160,815 from the federal TEA-21 grant program into the Roads Capital Fund to be used for the Aurora Corridor Project.

Section 3. Aurora Corridor Capital Project. The City Manager is hereby authorized to expend $185,185 for the Aurora Corridor Project from the Roads Capital Fund and to include this project on the 1999 Capital Improvement Project List.

Section 4. Net Impact on Roads Capital Fund. This ordinance increases the resources for the Roads Capital Fund by $185,185 and increases the expenditure authority for the Roads Capital Fund by $185,185. This has no net impact upon the Roads Capital Fund budgeted ending fund balance of $6,336,004.

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. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL ON OCTOBER _____, 1999

_____
Mayor Scott Jepsen

ATTEST:

_____
Sharon Mattioli
City Clerk

APPROVED AS TO FORM:

_____
Ian Sievers
City Attorney

Date of Publication: _____, 1999
Effective Date: _____, 1999

Council Meeting Date: October 25, 1999 **Agenda Item: 8(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Public Hearing and Adoption of Ordinance Implementing Utility Taxes Contingent Upon Passage of Initiative 695
DEPARTMENT:	City Manager's Office and Finance Department
PRESENTED BY:	Bob Deis, City Manager Joe Meneghini, Finance Director

EXECUTIVE / COUNCIL SUMMARY

On October 11, 1999, your Council discussed the impacts upon the City of Initiative 695, the 2000 budget process, and the City's options for dealing with I-695 if it passes.

If I-695 passes on November 2, 1999, the City of Shoreline may lose an estimated $2.1 million in 2000 (13% of General Fund revenue) and an additional $749,000 in 2001 of the City's General Fund. The total annualized loss is equal to $2,902,298 or 17% of the City's General Fund revenue.

As you will recall, the options for dealing with I-695 included; expenditure reductions, additional revenue sources, and a temporary use of the City's 1999 ending fund balance as a reserve fund to help phase in the new lower service levels over time as a result of I-695 revenue loss.

As we reviewed with your Council, the current City of Shoreline service levels are very modest when compared to most urban communities. The additional impact of a $2.9 million annual reduction on the current and future service levels and infrastructure preservation would be severe, leaving the City with a minimal ability to provide service and maintain the City's infrastructure over the long-term.

Based on the potential service impacts, we recommended that your Council consider directing staff to return with an Ordinance to adopt utility taxes and/or franchise fees contingent upon the passage of Initiative 695 and hold a public hearing on the utility taxes prior to their adoption.

Your Council concurred and directed staff to present enabling legislation to proceed with implementation of utility taxes on natural gas, telephone and cellular telephone services, and sanitation services at the rate of 6% and on cable television at the rate of 1% and to include, in the ordinance, a utility tax relief provision for low-income citizens for natural gas and sanitation services.

To this end, your Council also concurred with staff to pursue franchise fees on water or sewer services to help the City cover the full loss of revenue from I-695 that would occur by the 2001 budget year. We are discussing this option with the water and sewer service providers. We will come back to your Council at a later date and share the results of our negotiations.

The adoption of this recommendation (the utility tax only) is estimated to increase revenues by $2.3 million for 2000 (see table below). This would offset the year 2000 $2.1 million estimated loss from the potential passage of I-695 and would not require the City to reduce it's current service levels in 2000 but would still leave a revenue loss of $0.6 million for year 2001. During 2000, the City would work with the State on revenue replacement options and continue to resolve the issues surrounding the water and sewer utilities.

Annual Utility Tax and Franchise Fee Revenue and Impact per Household

Utility	Revenue	Household Impact
Natural Gas	$ 357,055	$ 18.79
Telephone/Cell Phone	1,574,958	82.89
Sanitation	366,510	19.29
Cable TV	44,000	2.32
Total	**$ 2,342,523**	**$ 123.29**
Water	$ 356,928	$ 18.79
Sewer	334,183	17.59
Grand Total	**$ 3,033,634**	**$ 159.67**

If I-695 is approved Shoreline households will, on average, save $270 a year on MVET fees. If the City were to implement the recommended utility taxes and franchise fees, Shoreline households would still save on average $110 annually.

We are recommending that Council adopt utility taxes to cover the loss of revenue from the potential passage of Initiative 695. There are two basic approaches regarding the adoption. Council could make it contingent upon passage of I-695 or based on substantial need (current parks service levels, infrastructure, etc.) could simply adopt regardless of I-695. Two ordinances have been prepared based on Council direction at the October 11th meeting.

RECOMMENDATION

Staff recommends that your Council hold a public hearing on I-695 and utility taxes and then adopt an ordinance establishing utility taxes. It would be up to your Council whether the utility tax is established contingent upon the passage of Initiative 695 or not. The utility taxes would be levied on natural gas, telephone and cellular telephone services, pager services, and sanitation services at the rate of 6% and on cable television at the rate of 1%. A utility tax of 6% would also be levied on water and sewer services to the extent that such tax is or may in the future be authorized by law.

Approved By: City Manager LB City Attorney

BACKGROUND / ANALYSIS

The City of Shoreline over the last few years has been establishing its service operations in such areas as public safety, parks, roads maintenance, surface water, etc. As discussed on a number of previous occasions with your Council, the service levels inherited from the County were often at a rural level (i.e., parks maintenance and development) and in many cases (i.e., roads and surface water maintenance) were below the level necessary to preserve the City's infrastructure assets (streets, storm drains, parks, buildings). The City has been working diligently within our current resources to develop and implement cost-effective programs to increase the level of service in the parks, roads, and surface water areas in an effort to preserve the City's infrastructure and to provide a better living environment for the community. Yet, our service levels at the current tax base are still modest in some areas and simply inadequate in others.

For example, our parks system for the most part lacks irrigation and safe fields. Our parks maintenance effort is only one-half of the area cities. We lack the Police resources to address traffic enforcement issues brought up by citizens. The average staffing for neighboring cities is twice what we have at Shoreline. When considering the Public Works transition plan, you heard about services such as shoulder maintenance and catch basin vactoring service levels that were a fraction of what is necessary for our inherited infrastructure.

It is also clear that our Capital Improvement Program (CIP) cannot be funded sufficiently with current revenues in order to address longstanding needs within the community. In order to fund basic infrastructure improvements for Surface Water Management and roads, for example, we are forced to greatly delay or indefinitely postpone upgrades and improvement to City parks and recreation facilities. As just one small example, you may recall the estimated costs to complete just one master plan for Paramount Park. The total costs were $1,250,000 and what was budgeted is $721,000. We need other master plans for other parks such as Cromwell Park, Twin Ponds, etc. The redevelopment of 175th between I-5 and Aurora isn't even planned in the next six years due to a lack of funding. Even with some cost cutting, it is clear that we will require additional resources to simply bring some of our inherited parks and roads to an acceptable level. Your Council has also expressed the desire to enhance support for human services and economic development but we simply do not have the funding. Yet, this is at current (pre I-695) funding levels. We have continued to maintain low operational costs in order to end our budget years with additional funds that are carried forward to the next year and transferred into our capital fund to help augment our relatively small capital resources

A long-term concern that has also been discussed with your Council, is the City's dependence on unstable revenue (gambling tax) or outside sources of revenue for a large portion of the City's General Fund revenue base. Revenue from the State is the General Fund's third largest source of revenue at 23.5%, just behind property tax (30.1%) and sales tax (24.2%). When State-shared revenue is combined with gambling taxes, it comprises 36% of the City's General Fund revenue or more than the entire police budget. The City needs to work towards diversifying it's revenue-base to become less dependent upon these revenue sources that it has little or no control over. For this reason, your Council has been prudent in setting aside resources in a General Reserve Fund to provide for temporary financing of unforeseen needs, emergencies, economic downturns, or due to other legal actions, such as Initiative 695.

Initiative 695 Impacts

The introduction of Initiative 695 on the November ballot has highlighted this dependence upon State-shared revenues. If Initiative 695 (I-695) passes on November 2, 1999, the City of Shoreline may lose an estimated $2.1 million in 2000 (13% of General Fund revenue) and an additional $749,000 in 2001 of the City's General Fund. The total annualized loss is equal to $2,902,298 or 17% of the City's General Fund revenue. Where the revenue reductions are projected to occur is shown in the table below.

Revenue Source	2000 Loss	2001 Loss
Sales Equalization	$ 1,103,357	$ 1,608,308
State Camper Excise	15,432	15,432
State-MVET	515,189	693,652
MVET- Criminal Justice (CJ) Per Capita	3,178	6,299
CJ At-Risk Children	10,015	17,942
CJ Domestic Violence	10,144	18,173
CJ Law Enforcement	52,281	93,659
CJ Innovative Law Enforce.	6,922	12,401
Local Option Vehicle License*	436,431	436,431
	$ 2,152,950	$ 2,902,298

*The local option vehicle license fee which four counties levy (including King), and which is shared with cities in those counties might also lose its authorization. RCW 82.80.020, the local option vehicle license fee statute, says that the fee may be imposed on all vehicles subject to license fees under RCW 46.15.060, and that latter statute would be repealed by I-695.

This initiative (I-695) also requires that any tax or fee increase imposed by the City would require voter approval. For the purposes of this initiative, a tax increase includes a new tax, an increase in an existing tax, a rate increase, and an extension of an expiring tax. Tax is also defined to include: fees, sales and use tax, property tax, business and occupation taxes, excise taxes, impact fees, license and permit fees, and any monetary charge by government. If adopted, I-695 would take effect on January 1, 2000. As a result, if we wish to simply update our recreation class fees, our photocopy fees, our development fees, etc., we need to schedule and pay for a citywide election.

City's Initiative 695 Budget Process

Due to the far reaching and huge impacts of this initiative, the City needs to be in a position to seriously and realistically react to the potential ramifications of this initiative while continuing to provide basic services for the City's essential functions.

For year 2000 and 2001 budget planning purposes, City staff is developing two budget scenarios, one assuming I-695 does not pass and a second that assumes that it will pass. The City Manager and the Finance Department have developed I-695 budget decision-making criteria for the I-695 budget. These criteria are intended to form the basis for decision-making for the 2000 budget process, assuming that I-695 passes at the November 2, 1999 statewide election and there is not a backfilling of revenue by the State or the City. You can find the criteria attached as Attachment B.

If I-695 passes, it will be important to methodically begin implementation of the I-695 budget plan over two years. Implementation is not however an immediate downsizing of service. It is unknown to date and most likely will be unknown in November what the State will do in response to passage. Based on the experience of major tax cutting initiatives in California and Oregon it is highly probable that the State will not make cities whole by entirely replacing the lost revenue with another source over the long term.

To be prepared for this potential impact, staff has been reviewing various scenarios that could combine:

1. expenditure reductions,
2. additional revenue sources and options, and
3. a temporary use of the City's 1999 ending fund balance as a reserve fund (from higher than anticipated gambling revenue in 1999) to help phase in the new adjusted service levels.

Staff has been working with the departments and your Council to evaluate and consider these scenarios. Each of the three options are briefly explained below.

Potential Expenditure Reductions

To the extent possible, across the board reductions in expenditures will be avoided. Reductions will be made on a case-by-case basis, focusing particularly (though not exclusively) on each program or service. Maintaining a highly professional and efficient service delivery system is our objective. Thus, if it becomes necessary to make significant service level reductions, the goal will be to reduce the quantity of a service provided or even an area of service rather than the quality of service (i.e., limit the number of recipients, rather than the quality of service provided to the remaining recipients).

The I-695 budget criteria requires defining the essential or base service delivery functions within each department. A need exists to separate these essential functions from other activities. Essential service delivery functions are public safety, basic preservation of the City's infrastructure (roads, surface water, parks, buildings, etc.), planning and development, and other services that we are legally mandated to provide.

It is understood that defining what is an essential service is a difficult task. Furthermore, there is discretion on the relative service level for each essential service. Thus, the Finance Department has asked each department to back into a base level of essential services by providing expenditure reduction packets that result in a General Fund subsidy reduction of 5%, 10%, 15%, and 20%.

For example, a base level of essential services may be reached with a 5% reduction in a department whose services are nearly entirely essential (e.g., Police), while another department may be able to reduce 20% or more before the base level of essential service is reached.

Therefore, reduction packages will begin with each department's most discretionary services and progress towards more essential service reductions. Reduction scenarios need to be realistic and assume that they may very well happen. Staff is developing an actual I-695 budget plan using these reduction scenarios that will be recommended to your Council if I-695 passes and there is not a backfilling of revenue by the State or your Council.

These potential reductions are included in Attachment C. These reductions total $2.9 million and would cover the full loss of revenue from I-695. These reductions would need to be made if additional resources are not provided either through the State or local revenue enhancements. The reductions would require the elimination of 20 staff positions of the 100 full-time staff positions. As you can see from the list, these reductions will require the City to adjust service levels downward in all program areas.

Additional Revenue Options

As recently discussed at the 2000 Annual Planning and Budget Retreat and at previous retreats/budget sessions, one potential element in the City's plan could be the review and implementation of additional sources of revenue that the City currently has at it's disposal but has not chosen to utilize. These sources of revenue and what the City could expect to receive from them is described below.

As you know, the City has the legal authority to charge either a utility tax or franchise fee on utilities that operate in our community. Utilities that can be taxed are electricity, natural gas, water, sewer, solid waste, telephone and cable TV. Franchise fees may also be charged as a percentage of gross utility revenue. The rational for adopting such a fee, is that the users of the utility services are reimbursing the general taxpayers for the use of the right-of-way. The utilization of utility services in certain segments of the community may disproportionately benefit one user over another. Utility taxes on electricity, gas, and telephones can be charged at rates from 1% to a maximum of 6%. There are no restrictions on the rates for water, sewer, and sanitation.

Utility taxes are currently levied to some extent in most of the state and regional cities as part of their core fiscal base. The table below provides an overview of the utility tax rates of regional cities that are similar in size or close in proximity to the City of Shoreline

City	Water	Sewer	Sanitation	Telephone	Natural Gas	Electricity
Bothell	5.0%	5.0%	5.0%	6.0%	6.0%	6.0%
Des Moines	5.0%	5.0%	12.0%	6.0%	6.0%	6.0%
Edmonds	5.75%	0.0%	0.0%	5.75%	5.75%	6.0%
Everett	6.0%	6.0%	0.0%	4.5%	4.5%	4.5%
Federal Way	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%
Issaquah	5.0%	0.0%	6.0%	6.0%	6.0%	6.0%
Kent	4.8%	4.8%	7.8%	4.8%	4.8%	4.8%
Kirkland	5.0%	5.0%	5.0%	6.0%	5.0%	5.0%
Mountlake Terrace	10.0%	10.0%	18.0%	6.0%	6.0%	6.0%
Redmond	0.0%	0.0%	6.0%	5.5%	5.5%	5.5%
Renton	0.0%	0.0%	0.0%	6.0%	6.0%	6.0%
Median	5.00%	4.80%	5.00%	6.00%	5.75%	6.00%

The tables in Attachment D provide an overview of the City of Shoreline and how it compares to other regional cities in terms of population, taxable assessed value per capita (property wealth), sales tax per capita (economic strength), and the number of utility taxes used. As you know, the City does receive a contract payment from Seattle City Light (SCL). This contract payment represents 6% of the "energy" portion (not "distribution") of the electrical utility. As can be seen from the charts in Attachment D, the City of Shoreline is the fifth largest regional city but is the fifth poorest regional city in terms of per capita property and economic strength. Therefore, the City of Shoreline, from its current revenue base, has fewer dollars per capita to pay for City services than other regional cities.

Among the 19 cities surveyed in Attachment D, Shoreline is one of only five cities that up until now has not exercised the option to use utility taxes to fund local services and capital programs. We surveyed these five cities and several other newer cities to determine their approach to dealing with the impacts of I-695. These results are shown in the table below. As you can see, the cities that are most impacted by the initiative are all implementing utility taxes at 6%.

Regional Cities That Have Not Previously Levied Utility Taxes

City	I-695 $ Loss & % of General Fund Budget	Which Utilities	Rate	Low-Income Exemption	Contingent On I-695
Burien	675,000 (6%)	Is still considering			
Kenmore	1,500,000 (25%)	Electricity, Natural Gas, Telephone, Cell Phone	6%	No	Yes
Lake Forest Park	1,383,000 (25%)	Electricity, Natural Gas, Telephone, Cell Phone	6%	No	Yes on Rate, No on Tax Structure
Lakewood	5,900,000 (27%)	Electricity, Natural Gas, Cable TV, Telephone, Cell Phone, Water, Sewer	6%	Yes	No
Lynnwood	545,000 (2%)	No Change in Tax Structure			
Newcastle	797,706 (18%)	Electricity, Natural Gas, Cable TV, Telephone, Cell Phone	6%	No	No
SeaTac	488,987 (2%)	No Change in Tax Structure			
Shoreline	2,902,298 (17%)	Is still considering			
University Place	3,000,000 (33%)	Electricity, Natural Gas, Cable TV, Telephone, Cell Phone	6%	No	Rate increase from 2% to 6% is contingent

If the City of Shoreline were to choose to levy utility taxes to minimize the potential loss from the impact of I-695, the City could expect to receive annual revenues in the approximate amounts shown in the table below. The table excludes the electrical utility due to our contract with SCL as previously mentioned. However, the City could add 6% ($500,000) on the distribution (not energy) portion to the current contract with SCL. A lead time of one year is required to implement this provision.

Revenue by Utility for Each Rate Percent

Utility	1% Rate	2% Rate	3% Rate	4% Rate	5% Rate	6% Rate
Water	$ 59,488	$ 118,976	$ 178,464	$ 237,464	$ 297,440	$ 356,928
Sewer	55,697	111,394	167,092	222,789	278,486	334,183
Sanitation	61,085	122,170	183,255	244,340	305,425	366,510
Telephone	262,493	524,986	787,479	1,049,972	1,312,465	1,574,958
Natural Gas	59,509	119,018	178,527	238,037	297,546	357,055
Cable TV	44,000	88,000	132,000	176,000	220,000	264,000
Total	**$ 542,272**	**$ 1,084,544**	**$ 1,626,817**	**$ 2,168,602**	**$ 2,711,362**	**$ 3,253,634**

The annual dollar impact per household is also shown in the table below for the various levy rates.

Annual Dollar Impact per Household

Utility	1% Rate	2% Rate	3% Rate	4% Rate	5% Rate	6% Rate
Water	$ 3.13	$ 6.26	$ 9.39	$ 12.52	$ 15.65	$ 18.79
Sewer	2.93	5.86	8.79	11.73	14.66	17.59
Sanitation	3.21	6.43	9.64	12.86	16.07	19.29
Telephone	13.82	27.63	41.45	55.26	69.08	82.89
Natural Gas	3.13	6.26	9.40	12.53	15.66	18.79
Cable TV	2.32	4.63	6.95	9.26	11.58	13.89
Total	**$ 28.54**	**$ 57.08**	**$ 85.62**	**$ 114.14**	**$ 142.70**	**$ 171.24**

As such, a utility tax at a 1% rate on these utilities would raise $542,272 to a 6% maximum which would raise $3,253,634 per year. The average impact of these rates per household would go from a low of $28.54 per year (1% rate) to $171.24 per year (6% rate).

For comparative purposes, if I-695 is approved Shoreline households will, on average, save $270 a year on MVET fees, according to the Washington Department of Licensing. Utility taxes or franchise fees are a possible source of revenue to make up the revenue shortfall I-695 would create. If the City were to implement utility taxes at a rate of 6% on all of the above utilities, the average Shoreline household would still save approximately $98 annually.

Staff is also pursuing franchise fees on water or sewer services at this time in lieu of a utility tax. Past court cases suggest we cannot levy a utility tax on other governmental agencies. The issues surrounding the levying of a franchise fee for these two service areas are complex and will require further explanation at your October 11 workshop.

Reserve Fund

The City could also use the 2000 Beginning Fund Balance (one-time), primarily from the increase in gambling revenue from 1999, as a reserve fund to help the City phase into the new I-695 levels of service. This would provide some time for the City to seek relief from the State and if unsuccessful phase in service reductions and adjust contracts over time. The City would be able to phase reductions and program changes in over a couple of years, if needed. It is important to note that if we utilize these funds for operations, we are foregoing the original plan of transferring these one-time funds to the CIP.

It is critical to note that the City's normal General Reserve Fund will be preserved so as to protect the City from rainy day problems and occurrences that these reserves are designed to handle.

We will recommend the use of the 2000 Beginning Fund Balance for this purpose, as part of the City's Initiative 695 years 2000 and 2001 budget plans, if additional resources are not provided by the State or your Council does not choose to adopt a utility tax.

Staff Recommendation Among Alternatives

We are recommending that Council adopt utility taxes to cover the loss of revenue from the potential passage of Initiative 695. There are two basic approaches regarding the adoption. Council could make it contingent upon passage of I-695 or based on substantial need (current parks service levels, infrastructure, etc.) could simply adopt regardless of I-695. Two ordinances have been prepared based on Council direction at the October 11th meeting.

Based on our earlier discussion on the modest levels of service that the City is currently able to provide with it's current revenue base, we are recommending that revenue from utility taxes be utilized to make up for the loss of revenue rather than reducing the current service levels as outlined in Attachment C. To reduce current services from our current modest levels would jeopardize the City's livability, and safety of its citizens. We are also convinced that money saved today due to expenditure reductions in planned maintenance will require a many fold increase in the future to replace failed infrastructure in roads and parks.

For these reasons, we are recommending that your Council adopt a 6% utility tax on natural gas, telephone, cellular telephone, and sanitation services. We are also recommending that adopt a 1% utility tax on cable TV. This rate when added to the current 5% franchise fee on cable TV would bring the rate up to 6%.

Staff will continue to pursue franchise fees on water or sewer services in lieu of a utility tax. Past court cases suggest we cannot levy a utility tax on other governmental agencies.

The adoption of this recommendation is estimated to increase revenues by $2.3 million for 2000 as shown in the table below. This would offset the year 2000 $2.1 million estimated loss from the potential passage of Initiative 695 and would not require the City to reduce it's current service levels. However, this additional revenue is not enough to cover the expected full $2.9 million loss that would occur by the year 2001 if I-695 passes. During 2000, the City would work with the State on revenue replacement options and continue to resolve the issues surrounding the water and sewer utilities.

Recommended Utility/Franchise Fee Revenue and Impact per Household

Utility	Revenue	Household Impact
Natural Gas	357,055	18.79
Telephone/Cell Phone	1,574,958	82.89
Sanitation	366,510	19.29
Cable TV	44,000	2.32
Total	**$ 2,342,523**	**$ 123.29**
Water	$ 356,928	$ 18.79
Sewer	334,183	17.59
Grand Total	**$ 3,033,634**	**$ 159.67**

As mentioned above, if I-695 is approved Shoreline households will, on average, save $270 a year on MVET fees. If the City were to implement the recommended utility taxes and franchise fees, Shoreline households would still save on average $110 annually.

As part of the utility tax recommendation, it is also recommended that staff pursue a utility tax exemption for low-income residents for natural gas and sanitation services. This program would be developed in conjunction with the implementation of the utility tax and be brought before your Council for review and adoption in early 2000. This does not include electrical because the City of Seattle levies that utility tax and control that tax and any related exemptions.

Timeline

According to RCW 35.21.865, an ordinance increasing taxes on electric, telephone, and natural gas utilities must be passed at least 60 days before the effective date of the ordinance. This would mean that the City would need to adopt utility taxes at the October 25, 1999, City Council meeting to have the taxes effective prior to January 1, 2000. If this date is not met and Initiative 695 passes, the implementation of any utility tax would require a vote of the citizens. Two scenarios for a utility tax election are outlined in Attachment E and summarized below.

If a vote is needed to implement the utility taxes, the earliest that the City could realistically be able to have the utility tax go into effect would be July 1, 2000. This would require the City to utilize approximately $1.2 million of the reserve fund to cover the revenue loss between January and July and to cover special election costs of $95,000. This scenario would not include a specific citizen involvement process. Time delays are due to the advance notice to the County for elections (45 days), the 60 day lead time for utility tax implementation as mentioned above, and the amount of time needed to have your Council schedule and adopt a utility tax ordinance.

If a specific citizen involvement process was implemented prior to an election, the City would not realistically be able to have the utility tax go into effect until December 1, 2000. This would require the City to utilize approximately $1.9 million of the reserve fund to cover the revenue loss between January and December and to cover regular election costs of $25,000.

As a result, if you wish to adopt a utility tax, rather than spend $1.2 to $1.9 million in reserves to carry us through an election cycle, we recommend that you adopt it now. The $1.2 to $1.9 million is money that could be utilized in our capital improvement program. Thus, if you wait until the year 2000 in order to hold a popular vote on the utility tax, the election costs would amount to $1.2 to $1.9 million not just $95,000. Furthermore, I am confident that upon further deliberation and community discussion, the voters would concur with the need as well.

RECOMMENDATION

Staff recommends that your Council hold a public hearing on I-695 and utility taxes and then adopt an ordinance establishing utility taxes. It would be up to your Council whether the utility tax is established contingent upon the passage of Initiative 695 or not. The utility taxes would be levied on natural gas, telephone and cellular telephone services, pager services, and sanitation services at the rate of 6% and on cable television at the rate of 1%. A utility tax of 6% would also be levied on water and sewer services to the extent that such tax is or may in the future be authorized by law.

ATTACHMENTS

A. Ordinance 210A
B. Ordinance 210B establishing a utility tax contingent upon the passage of I-695
C. Initiative 695 Budget Decision-Making Criteria
D. Potential I-695 Expenditure Reductions
E. Regional City Revenue Comparisons
F. Post I-695 Utility Tax Election Scenarios

ORDINANCE NO. 210A

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ESTABLISHING UTILITY TAXES, AND ESTABLISHING UTILITY TAX RELIEF FOR ELIGIBLE CITIZENS.

WHEREAS, the November 2, 1999 statewide ballot includes Initiative 695; and

WHEREAS, the adoption of Initiative 695 would eliminate $2.1 million in revenue from the City's 2000 Budget and $2.9 million in revenue from the City's 2001 Budget, representing 17% of the City's General Fund revenue; and

WHEREAS, the City Council has reviewed the City's current service levels and the currently unmet City needs in the areas of service delivery, infrastructure maintenance, and capital improvements; and

WHEREAS, the City Council has determined that the public interest is best served by the implementation of utility taxes, to provide revenue to offset a portion of the loss of revenue from the adoption of Initiative 695 to retain the current levels of City services, and to provide needed revenue to address unmet needs if Initiative 695 does not pass;

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

Section 1. Utility Tax Imposed. There is levied and shall be collected from every person a tax for the act or privilege of engaging in utility occupation activities as defined in Section 2. Such tax shall be measured by the application of rates against the gross proceeds of sales from customers within the City. The tax provided for in this ordinance shall be known as the "utility tax," and is levied upon the privilege of conducting the business of manufacturing or distributing natural gas, telephone, cellular telephone, cable television, or solid waste collection business within the City of Shoreline. This tax is also levied upon any public or private operator of any municipal domestic water distribution and supply system or municipal domestic sewer system as a public utility, to the extent that such tax is or may in the future be authorized by law. All revenues collected pursuant to this ordinance shall be deposited into the General Fund and shall be used for the funding of general City services or capital projects as the City Council shall direct through its annual budget process.

Section 2. Definitions. As used in this ordinance, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

A. "Cable television services" means the one-way transmission of video programming and associated nonvideo signals to subscribers together with subscriber interaction, if any, which is provided in connection with video programming.

B. "Cellular telephone service" means two-way voice and data telephone/ telecommunications system based in whole or substantially in part on wireless radio communications and which is not currently subject to regulation by the Washington Utilities and Transportation Commission (WUTC). Cellular telephone service includes cellular mobile service. The definition of cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS) and any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service.

C. "Gas distribution business" means the business of selling, furnishing, or transmitting gas, whether manufactured or natural.

D. "Gross proceeds of sale" or "Gross income of business" means the value proceeding or accruing from the sale of tangible personal property and/or for services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction for losses.

E. " Pager service" means service provided by means of an electronic device which has the ability to send or receive voice or digital messages transmitted through the local telephone network, via satellite or any other form of voice or data transmission.

F. "Person" means any person, firm, corporation, association, or entity of any type engaged in a business subject to taxation under this ordinance.

G. "Solid waste collection business" means every person who receives solid waste or recyclable materials, or both, as defined in this section, for transfer, storage, or disposal including but not limited to all collection services, public or private solid waste disposal sites, transfer stations, and similar operations.

"Solid waste" or "wastes" means all putrescible and nonputrescible solid and semisolid wastes including, but not limited to, garbage, rubbish, ashes, industrial wastes, swill, sewage sludge, demolition and construction wastes, abandoned vehicles or parts thereof, and recyclable materials.

"Recyclable materials" means those solid wastes that are separated for recycling or reuse, such as papers, metals, and glass, that are designated as recyclable materials pursuant to SMC 13.15.020.

H. "Telephone business" means the business of providing network telephone service or competitive telephone service, or both, as defined in this section. It includes cooperative or farmer line telephone companies or associations operating an exchange.

"Network telephone service" means the providing by any person of access to a local telephone network, local telephone network switching service, toll service, or coin telephone services, or the providing of telephonic, video, data, or similar communication or transmission for hire, via a local telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "Network telephone service" includes interstate service, including toll service, originating from or received on telecommunications equipment or apparatus in this state if the charge for the service is billed to a person in this state. "Network

telephone service" does not include the providing of competitive telephone service, the providing of cable television service, or the providing of broadcast services by radio or television stations.

"Competitive telephone service" means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made.

I. "Sewerage Operation" means operation of sanitary sewer facilities, including collection, treatment and disposal facilities, and combined sanitary and surface water drains and outfalls.

J. "Water Distribution Operation" means the business of operating a plant or system for the distribution of water for hire or sale.

Section 3. Utility Occupation Activities Subject to Taxation. Upon every person within the City in the following activities; as to such persons, the amount of the tax due with respect to such business in the City shall be equal to the gross income of the business, multiplied by the following applicable rates:

Activity	Tax Rate
A. Gas Distribution Business	6%
B. Telephone Business	6%
C. Cellular Telephone Service	6%
D. Cable Television Service	1%
E. Solid Waste Collection Business	6%
F. Water Distribution Operation	6%
G. Sewerage Operation	6%
H. Paging Service	6%

Section 4. Deductions. . The following items may be deducted from the total gross income upon which the tax is computed:

A. Credit losses actually sustained by taxpayers whose regular books are kept on an accrual basis.

B. That portion of gross income derived from charges to another telecommunications company for connecting fees, switching charges, or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services, or charges for telephone service which the purchaser buys for the purpose of resale.

C. Adjustments made to a billing or customer account in order to reverse a billing or charge that was not properly a debt of the customer.

D. Amounts derived from a business which the City is prohibited from taxing under the constitution of this state or the Constitution or laws of the United States.

E. Grants from governmental agencies.

F. For municipal sewer utilities, the amount paid to another municipal corporation or agency for sewer interception, treatment, or disposal.

G. For municipal water operations

Section 5. Administration. The administration and collection of the tax imposed by this Section 1 shall be by the City Manager or the Manager's designee. The Manager is instructed and authorized to adopt appropriate reporting requirements and to make such further rules and regulations for the purpose of carrying out the provisions of this ordinance.

Section 6. Due date-Delinquency.

A. The tax imposed under Section 1 shall be due and payable in quarterly installments, and remittance therefor shall accompany a return on a form approved by the Finance Director and be made on or before the thirtieth day of the month next succeeding the quarterly period in which the tax accrued. "Quarterly Period" shall mean a three-month period beginning the first day of the following months: January, April, July, and October.

B. If payment is not made by the fifteenth day following the due date there shall be a penalty of 10 percent. This penalty shall increase to 15 percent on the thirtieth day following the due date and 20 percent on the forty-fifth day following the due date if payment is not made.

Section 7. Unlawful acts. It is unlawful for any person liable for the tax imposed by this chapter to fail to pay the tax when due or for any person to make any false or fraudulent return or any false statement in connection with the return.

Section 8. Violation – Penalty. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to SMC 9.10.050.

Section 9. Utility Tax Relief. The City Manager will develop a utility tax relief program for consumers of natural gas and solid waste services to be submitted to the City Council for adoption during 2000. This utility tax relief program will provide exemptions from the utility tax provisions for low-income citizens as to be defined by the program guidelines.

Section 10. 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 11. Referendum. This ordinance shall be subject to the referendum procedure of RCW 35.21.706. A referendum petition may be filed within seven days of passage with the City Clerk to obtain a ballot title, final form and identification number in cooperation with the City Attorney and the petitioner. After issuance of the final petition by the Clerk, the petitioner shall have thirty days to secure signatures of not less than fifteen percent of the registered voters of the City of Shoreline as of the last municipal general election on the petition forms and file with the City Clerk. This procedure shall supersede SMC Ch. 1.12 and all statutes for referendum which might apply.

Section 12. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force 60 days from enactment.

PASSED BY THE CITY COUNCIL ON OCTOBER _____, 1999

_____
Mayor Scott Jepsen

ATTEST:

_____
Sharon Mattioli
City Clerk

APPROVED AS TO FORM:

_____
Ian Sievers
City Attorney

Date of Publication: _____, 1999
Effective Date: _____, 1999

ORDINANCE NO. 210B

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ESTABLISHING UTILITY TAXES CONTINGENT UPON THE PASSAGE OF INITIATIVE 695, AND ESTABLISHING UTILITY TAX RELIEF FOR ELIGIBLE CITIZENS.

WHEREAS, the November 2, 1999 statewide ballot includes Initiative 695; and

WHEREAS, the adoption of Initiative 695 would eliminate $2.1 million in revenue from the City's 2000 Budget and $2.9 million in revenue from the City's 2001 Budget, representing 17% of the City's General Fund revenue; and

WHEREAS, the City Council has reviewed the City's current service levels and the currently unmet City needs in the areas of service delivery, infrastructure maintenance, and capital improvements; and

WHEREAS, the City Council has reviewed the potential reductions that would need to be made to the City's current service levels and the City needs that would remain unmet if Initiative 695 is adopted and there is no source of replacement revenue from either the State or the City; and

WHEREAS, the City Council has determined that the public interest is best served by the implementation of utility taxes, to be contingent upon the adoption of Initiative 695, to provide revenue to offset a portion of the loss of revenue from the adoption of Initiative 695, and to retain the current levels of City services;

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

Section 1. Utility Tax Imposed. There is levied and shall be collected from every person a tax for the act or privilege of engaging in utility occupation activities as defined in Section 2. Such tax shall be measured by the application of rates against the gross proceeds of sales from customers within the City. The tax provided for in this ordinance shall be known as the "utility tax," and is levied upon the privilege of conducting the business of manufacturing or distributing natural gas, telephone, cellular telephone, cable television, or solid waste collection business within the City of Shoreline. This tax is also levied upon any public or private operator of any municipal domestic water distribution and supply system or municipal domestic sewer system as a public utility, to the extent that such tax is or may in the future be authorized by law. All revenues collected pursuant to this ordinance shall be deposited into the General Fund and shall be used for the funding of general City services or capital projects as the City Council shall direct through its annual budget process.

Section 2. Definitions. As used in this ordinance, unless the context or subject matter clearly requires otherwise, the words or phrases defined in this section shall have the indicated meanings.

A. "Cable television services" means the one-way transmission of video programming and associated nonvideo signals to subscribers together with subscriber interaction, if any, which is provided in connection with video programming.

B. "Cellular telephone service" means two-way voice and data telephone/ telecommunications system based in whole or substantially in part on wireless radio communications and which is not currently subject to regulation by the Washington Utilities and Transportation Commission (WUTC). Cellular telephone service includes cellular mobile service. The definition of cellular mobile service includes other wireless radio communications services such as specialized mobile radio (SMR), personal communications services (PCS) and any other evolving wireless radio communications technology which accomplishes the same purpose as cellular mobile service.

C. "Gas distribution business" means the business of selling, furnishing, or transmitting gas, whether manufactured or natural.

D. "Gross proceeds of sale" or "Gross income of business" means the value proceeding or accruing from the sale of tangible personal property and/or for services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction for losses.

E. " Pager service" means service provided by means of an electronic device which has the ability to send or receive voice or digital messages transmitted through the local telephone network, via satellite or any other form of voice or data transmission.

F. "Person" means any person, firm, corporation, association, or entity of any type engaged in a business subject to taxation under this ordinance.

G. "Solid waste collection business" means every person who receives solid waste or recyclable materials, or both, as defined in this section, for transfer, storage, or disposal including but not limited to all collection services, public or private solid waste disposal sites, transfer stations, and similar operations.

"Solid waste" or "wastes" means all putrescible and nonputrescible solid and semisolid wastes including, but not limited to, garbage, rubbish, ashes, industrial wastes, swill, sewage sludge, demolition and construction wastes, abandoned vehicles or parts thereof, and recyclable materials.

"Recyclable materials" means those solid wastes that are separated for recycling or reuse, such as papers, metals, and glass, that are designated as recyclable materials pursuant to SMC 13.15.020.

H. "Telephone business" means the business of providing network telephone service or competitive telephone service, or both, as defined in this section. It includes cooperative or farmer line telephone companies or associations operating an exchange.

"Network telephone service" means the providing by any person of access to a local telephone network, local telephone network switching service, toll service, or coin telephone

services, or the providing of telephonic, video, data, or similar communication or transmission for hire, via a local telephone network, toll line or channel, cable, microwave, or similar communication or transmission system. "Network telephone service" includes interstate service, including toll service, originating from or received on telecommunications equipment or apparatus in this state if the charge for the service is billed to a person in this state. "Network telephone service" does not include the providing of competitive telephone service, the providing of cable television service, or the providing of broadcast services by radio or television stations.

"Competitive telephone service" means the providing by any person of telecommunications equipment or apparatus, or service related to that equipment or apparatus such as repair or maintenance service, if the equipment or apparatus is of a type which can be provided by persons that are not subject to regulation as telephone companies under RCW Title 80 and for which a separate charge is made.

I. "Sewerage Operation" means operation of sanitary sewer facilities, including collection, treatment and disposal facilities, and combined sanitary and surface water drains and outfalls.

J. "Water Distribution Operation" means the business of operating a plant or system for the distribution of water for hire or sale.

Section 3. Utility Occupation Activities Subject to Taxation. Upon every person within the City in the following activities; as to such persons, the amount of the tax due with respect to such business in the City shall be equal to the gross income of the business, multiplied by the following applicable rates:

Activity	Tax Rate
A. Gas Distribution Business	6%
B. Telephone Business	6%
C. Cellular Telephone Service	6%
D. Cable Television Service	1%
E. Solid Waste Collection Business	6%
F. Water Distribution Operation	6%
G. Sewerage Operation	6%
H. Paging Service	6%

Section 4. Deductions. The following items may be deducted from the total gross income upon which the tax is computed:

A. Credit losses actually sustained by taxpayers whose regular books are kept on an accrual basis.

B. That portion of gross income derived from charges to another telecommunications company for connecting fees, switching charges, or carrier access charges relating to intrastate toll telephone services, or for access to, or charges for, interstate services, or charges for telephone service which the purchaser buys for the purpose of resale.

C. Adjustments made to a billing or customer account in order to reverse a billing or charge that was not properly a debt of the customer.

D. Amounts derived from a business which the City is prohibited from taxing under the constitution of this state or the Constitution or laws of the United States.

E. Grants from governmental agencies.

F. For municipal sewer utilities, the amount paid to another municipal corporation or agency for sewer interception, treatment, or disposal.

G. For municipal water operations

Section 5. Administration. The administration and collection of the tax imposed by this Section 1 shall be by the City Manager or the Manager's designee. The Manager is instructed and authorized to adopt appropriate reporting requirements and to make such further rules and regulations for the purpose of carrying out the provisions of this ordinance.

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B. If payment is not made by the fifteenth day following the due date there shall be a penalty of 10 percent. This penalty shall increase to 15 percent on the thirtieth day following the due date and 20 percent on the forty-fifth day following the due date if payment is not made.

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Section 10. 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 11. Referendum. This ordinance shall be subject to the referendum procedure of RCW 35.21.706. A referendum petition may be filed within seven days of passage with the City Clerk to obtain a ballot title, final form and identification number in cooperation with the City Attorney and the petitioner. After issuance of the final petition by the Clerk, the petitioner shall have thirty days to secure signatures of not less than fifteen percent of the registered voters of the City of Shoreline as of the last municipal general election on the petition forms and file with the City Clerk. This procedure shall supersede SMC Ch. 1.12 and all statutes for referendum which might apply.

Section 12. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force 60 days from enactment; provided, however, all provisions of this ordinance shall be null and void if Statewide Initiative 695 does not pass on November 2, 1999.

PASSED BY THE CITY COUNCIL ON OCTOBER _____, 1999

_____
Mayor Scott Jepsen

ATTEST:

_____
Sharon Mattioli
City Clerk

APPROVED AS TO FORM:

_____
Ian Sievers
City Attorney

Date of Publication: _____, 1999
Effective Date: _____, 1999

CITY OF SHORELINE

CRITERIA FOR YEAR 2000: INITIATIVE 695 BUDGET

Purpose: This criteria is intended to form the basis for decision-making for the 2000 budget process, assuming that Initiative 695 (I-695) passes at the November 2, 1999 statewide election and there is not a backfilling of revenue. If I-695 passes, the City of Shoreline will lose an estimated $2.9 million (17%) of the City's General Fund.

To the extent possible, across the board reductions in expenditures will be avoided. Reductions will be made on a case-by-case basis, focusing particularly (though not exclusively) on each program or service. Maintaining a highly professional and efficient service delivery system is of foremost importance. Thus, if it becomes necessary to make significant service level reductions, the goal will be to reduce the quantity of a service provided rather than the quality of service (i.e., limit the number of recipients, rather than the quality of service provided to the remaining recipients).

The I-695 budget criteria requires defining the essential or base service delivery functions within each department. A need exists to separate these essential functions from other activities.

Essential service delivery functions are public safety, basic preservation of the City's infrastructure (roads, surface water, parks, buildings, etc.), planning and development, and other services that we are legally mandated to provide. Many different levels of service can be provided within each of these essential service areas. The criteria below has been developed with this purpose in mind.

It is understood that defining what is an essential service is a difficult task. Furthermore, there is discretion on the relative service level for each essential service. Thus, the City departments have backed into a base level of essential services by providing expenditure reduction packets that result in a General Fund subsidy reduction of 5%, 10%, 15%, and 20%.

Public Safety Protection

The City needs to ensure public safety services for basic coverage, emergency response, and community policing.

Maintain the City's Current Physical Infrastructure (Roads, Surface Water, Parks, Swimming Pool, City buildings, etc.)

The City needs to maintain the City's physical infrastructure at a level that prevents the degradation of current infrastructure conditions. Maintenance activities above this level should be prioritized to prevent more expensive repair or replacements in the future, but recent or planned maintenance increases should be reduced or put on hold.

Fund the City's Essential Service Delivery Responsibilities

The City should maintain expenditures for it's essential or legally mandated service delivery responsibilities such as issuing building permits, developing and implementing a comprehensive plan, operating the City Council meetings and public records through a City Clerk, etc. These essential service delivery functions should be identified. The City should review the level of service issues surrounding each of it's essential service delivery functions. **This could include a review of the current staffing deployments and operations and an assessment of opportunities to make adjustments as appropriate.**

Revisit the City Council's Annual Workplan

The City Council will revisit it's Workplan in light of the potential large reductions to the City's discretionary revenue base. A review of each of the workplan projects, timelines, and outcomes should occur.

Reduce or Freeze Non-Essential Services

All expenditures that are not directly related to the delivery and support of the City's essential service delivery functions should be eliminated, reduced or frozen (i.e., City grants to outside agencies, etc.).

Forestall Adding Employees

No new employees should be added unless they are replacing vacant positions that fulfill the City's essential service delivery functions. Each position should be reviewed for necessity to see if other existing staff can fulfill the workload requirements.

Save Operational Expenses

Every effort and efficiency should be realized to save the City's operational revenue and expenses through the use of capital investments, technological improvements or other means.

Delay Future (Ongoing) Costs

One-time expenses will have priority over those that commit ongoing resources. All future expense increases should be delayed.

Economies of Scale

Potential economies of scale should be reviewed where the City can coordinate with other agencies in the City (i.e., joint City-school district programming, joint operations yards, capital projects, etc.) or departments can collaborate with other departments to save resources.

Review User Fees and Changes for Appropriateness

User fees should be reviewed citywide to optimize the balance between additional revenue and the users needs and demands for services. In some cases, the Council has a specific policy on user fee coverage ratios (e.g., Development Services fees must be at 80% of direct and indirect costs). We must ensure that we comply with these policies.

Encourage the Use of Volunteer's Where Appropriate

The City should utilize volunteers to the optimum extent possible where appropriate, efficient, and effective to help provide services while saving staff resources. One example could be to have neighborhoods adopt neighborhood parks and volunteer to perform a portion of the routine parks maintenance.

Review Capital Improvement Projects

The City should review the capital improvement projects to assess and minimize the impact of adding additional ongoing operating expenses (i.e., ballfield maintenance in Shoreview Park, Skate Park maintenance, etc.) or focusing on projects that are primarily grant funded.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

City Council

23,681 ◆ Reduce or eliminate national and State conferences

The City Council will be less informed and the City's voice will be reduced on national and state issues that may impact the City.

City Manager's Office

210,724 ◆ Reduce/eliminate professional services support for utility review, annexations, community projects, goal setting retreats, and other issues

Staff will need to use internal support where available instead of professional services thus reducing the number of projects that can be completed in any given year.

◆ Eliminate a professional staff position

This will reduce the ability to provide analysis on a wide-variety of issues (i.e., criminal justice, utilities, annexations, community projects, capital projects, etc.) causing the City to delay projects and/or make decisions with less professional analysis.

◆ Decrease two or more administrative support staff

This will reduce the ability of support staff to respond to needs of the organization and the residents in a timely manner causing delays in projects and citizen responses.

City Clerk's Office

57,163 ◆ Eliminate videotaping of City Council meetings

This excellent outreach and public education tool would no longer be available to the community making it difficult for some citizens to keep in touch with the Council process.

◆ Eliminate high school intern program

All other staff would spend more time doing routing clerical tasks with consequent slow downs in the delivery of service.

◆ Eliminate duplicate legal notices (Asian Weekly and Shoreline Enterprise)

The City outreach efforts of attempting to inform as many citizens as possible of legal notices would be curtailed.

◆ Elimination of administrative support staff

Elimination of a support staff would impact the timeliness and quality of service delivery in four areas: 1) the production of City Council minutes; 2) the distribution and organization of Hearing Examiner materials; 3) the implementation of our citywide records management program; and 4) same-day provision of various documents and information to internal and external customers. Minutes writing would probably be done under a professional services contract but not to the same level. The citywide records management program would be placed on hold to allow the Deputy City Clerk to resume duties as Hearing Examiner staff. There would be considerable stress on remaining staff to continue to provide a basic level of service.

Community & Government Relations

160,250 ◆ Eliminate Neighborhood Newsletters

Neighborhoods groups will need to get their information from the City's newsletter *Currents,* other sources, or will need to independently develop and mail their own newsletters.

◆ Eliminate Neilson-type feedback surveys as recommended by Citizen Involvement Committee

The City Council and staff will need to find alternative means for receiving feedback from the community on a variety of issues.

◆ Eliminate mini-grants as part of the Neighborhood Program

There will no longer be available City funds for small local neighborhood improvements through the Neighborhood Mini-Grants Program.

◆ Eliminate one professional position

The City would no longer be able to provide support for the Neighborhood Program. The Neighborhood groups would need to receive information and support through other City sources on a piecemeal basis.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Health & Human Services

160,548 ◆ Eliminate the General Fund portion of grants to outside agencies

Reductions of grants at this level will result in the elimination of 3 - 6 agency contracts and elimination of the Senior Center and the Center for Human Services contracts.

◆ Eliminate membership in the Human Services Roundtable

Leaving the Human Services Roundtable would eliminate an opportunity to partnership with King County to develop a regional strategy to address human service needs, reduce the City's voice in Olympia on human service issues, and would increase our reliance on other organizations to articulate regional human service priorities.

City Attorney's Office

25,000 ◆ Reduce the use of outside legal counsel on City issues (i.e., gambling moratorium, adult entertainment, etc.)

Essential litigation will be handled in-house with a commensurate reduction in support for the organization. It is likely that code enforcement litigation would be most affected.

Finance/Information Services

541,823 ◆ Eliminate projects and support services included in the City's Five-Year Technology Plan (i.e., training, hardware and software upgrades, maintenance management systems, and full GIS system development and implementation)

This will require the City to make smaller modifications to the planned direction for the Customer Response database being implemented citywide, slower development of the records management infrastructure and GIS program development, will slow down the rate of available technology training and program documentation, and would impact the City's ability to effectively manage its infrastructure. This would require a slowing of hardware replacements, slow evolution to web and electronic commerce applications and new ways of dealing with our customers.

◆ Decrease one professional staff in Information Services

This will result in less emphasis on technology and system improvements and development with a return to more of a maintenance mode for our current information systems.

◆ Decrease one professional staff in Finance

This will result in reducing the level of support for the remainder of the organization in terms of financial tracking assistance and analysis and will require the reprioritization of the work of the remaining staff.

◆ Reduce temporary help and overtime in Finance and Information Services.

This will require staff to perform more basic administrative duties, require reprioritization of projects, and/or delays of certain projects during some portions of the year when workload is heaviest. Computer repairs and network upgrades will need to take place during working hours rather than at night or on weekends inconveniencing other staff.

Citywide Services

100,320 ◆ Decrease the number of outside organizations that the City remains involved with to those that are required. This would eliminate membership in the Association of Washington Cities, the Puget Sound Regional Council, the Suburban Cities Association, National League of Cities, Economic Development Council, and the Sister Cities Association.

This would reduce the City Council's ability to receive information about what other cities are doing nationally and reduce the cities ability to influence regional transportation, planning, economic development, and other regional issues.

◆ Eliminate Clean Sweep Events

This would eliminate the annual community building events that help to clean-up neighborhoods and parks and bring the community together.

◆ Reduce some office and operating supplies (I.e., letterhead, fax machine, printer toner & supplies)

The City would need to develop an internal policy on the usage of paper, printers, and other basic office supplies.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Human Resources

56,325

- Eliminate administrative support

  This would require the remaining professional staff to handle all basic administrative duties including correspondence, scheduling candidates for interviews, scheduling and arranging staff training sessions, filing, copying, etc.

- Reduce advertising for recruitment of vacant staff positions

  With the City's diminished ability to hire new positions advertising would be reduced. The remaining funds for advertising would be used for recruiting vacant positions

Public Safety/Criminal Justice

448,849

- Eliminate the two storefront officers and close the City's two storefronts

  This would dramatically reduce the City's ability to provide community policing. This would result in less time available to communicate and work with citizens on their local public safety issues.

- Reduce one of the three traffic officers

  This would either reduce the level of traffic enforcement in the City or would require the pulling of a reactive patrol officer from their assigned patrol district to periodically spend more time on traffic enforcement

- Reduce one reactive patrol officer (new position for Area A-2)

  This would require the existing patrol officers to also provide coverage for this new area, thus increasing the size of the coverage areas with the potential decrease in response time or need for increased overtime.

- Decrease in administrative support staff

  This would require the remaining administrative support position to increase their workload and reprioritize some of the projects, thus causing the delay in certain projects or Reponses to citizen inquiries for information.

- To reach cut levels above this level would require the reduction of one or more of the proactive officers that focus on vice, drug houses, etc.
- Above this, the City would be looking at reductions of patrol officers and detectives which would affect response times and criminal case management.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Parks, Recreation & Cultural Services

444,801

- Eliminate Cultural Services Budget
  - All funding to outside organizations (Arts Council & Museum)
  - All City Events: Celebrate Shoreline, Swingin' Summer Eve, Halloween Haunt, Lunchtime Music Concerts, Christmas Ship, etc.

  This would eliminate the events that bring the community together. Elimination of support for the arts and museum would decrease their ability to leverage additional funding from other organizations.
- Eliminate two positions in recreation and reorganize department
  - Close pool on Sundays and reduce maintenance by aquatics staff
  - Increase swimming pool fees
  - Reduce the total number of recreation classes offered to the community
  - Eliminate *Shoreline Enterprise* advertising
  - Increase recreation class fees where the market will allow

  This would reduce the hours of swimming pool availability for the community and may require the staff to delay some basic maintenance activities.
- Reduce the Teen Program
  - Cancel 8 out of 27 trips and eliminate Einstein intramural program
  - Reduce contract with Center for Human Services for counselor on site at Recreation Center (REC)
  - Reduce number of days if operation from 6 days per week to 5 days per week during the school year and to 4 days per week during the summer
  - Change Kellogg Program to an open gym program
  - Eliminate outside performing, dance, and visual arts instructors
  - Eliminate writing classes and reduce food budget for all teen programs
  - Eliminate conference training and training for Teen Supervisor
  - Eliminate REC T-shirts as prizes.

  The program will run at the minimum, not offering arts or small group support programs.
- Eliminate training for PRCS Advisory Committee and Library Board
- Reduce Park Maintenance
  - Eliminate North Rehabilitation Facility contract to reclaim park land
  - 59% reduction in soccer game preparations
  - 22% reduction in baseball game preparations
  - No overseeding
  - Minimum irrigation to retain sports field turf; allow non-sports fields to brown out during summer
  - Tennis court cleaned 26 times rather than 52 times per year
  - Offer field renters the option to contract directly with Evergreen for field preparation or prepare the field themselves

  This would decrease the already "very basic" level of parks maintenance services that are currently provided, thus decreasing the condition of the parks overtime as fields are maintained on a priority basis.

  Reductions in game preparations would cause a reduction in play time for youth and adult soccer and baseball/softball groups.
- Transfer maintenance responsibility for Paramount Park to the school district

  This would require the school district to provide maintenance or decrease the already barebones maintenance for this park.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

Planning and Development Services

282,378 ◆ Eliminate 3 - 4 professional and/or administrative staff positions and professional services along with the following program impacts.

- Eliminate proactive (recruiting businesses, seeking new opportunities) economic development program. Staff would be available for limited help with interested businesses and to provide information.
- Eliminate support for regional transportation planning efforts leaving minimum participation in areas such as regional transit, METRO, Seashore Transportation Forum, and Interurban Trail.
- Eliminate support of regional planning programs such as Growth Management Planning Council, Suburban Cities Association, Thornton Creek Alliance, historic preservation efforts.
- Eliminate the North City Sub-Area Plan
- Reduce citizen/customer response for walk-in traffic for requests for file reviews, copying, project notifications, code interpretation, etc.
- Restrict the Walk-In Services Program to limited hours of operation
- Retain status quo for the Code Enforcement Program

Public Works

395,832 ◆ Reduce levels of customer response services (emergency versus non-emergency). Institute a 40 hour work week program, eliminate standby pay and intern support.
This would decrease the level of customer response services and timeliness in the community

◆ Reduce facility maintenance levels to cover basic health & safety issues
Maintenance would need to be made on a priority basis, many basic fixes to improve the working environment would need to be delayed.

◆ Eliminate planned office expansions for new and existing Public Works employees to meet established City space standards
Staff would need to be fit in where possible creating smaller and more uncomfortable working environments

◆ Reduce janitorial services by 50% in City facilities, except parks
This would decrease the litter and cleaning to every other day, potentially requiring staff to take out their own trash and recyclable materials to avoid a deteriorating work environment.

◆ Reduce/eliminate non-safety related traffic volume and speed studies
This would decrease the level of available traffic information for capital projects and the use of the Planning and Development Services Department to make long-term improvements to the City's traffic flow.

◆ Eliminate the North Rehabilitation Facility (NRF) contract for roadside vegetation control
This would eliminate the services provided by NRF, resulting in higher summer grasses and weeds in the right-of-way and more visible litter.

◆ Reduce tree and vegetation control by 30% (approximately equal to 1 full-time contract position)
The City's trees and vegetation would become more overgrown. Priority tree and vegetation control would be focused on eliminating traffic safety hazards and other high priority areas.

◆ Reduce the sidewalk repair program by 25%
This would decrease the ability for the City to repair the miles of existing sidewalks that have deteriorated over the years. The focus would be on the most severe damage.

◆ Slow down the Capital Improvement Program by eliminating one administrative support position.
This will slow down report writing, contracting, and decision-making as well as possible on-site project management by requiring engineers and project managers to perform administrative duties that would otherwise be accomplished by administrative staff.

Potential Expenditure Reductions if Initiative 695 Passes

Reduction Description / Impact of Reduction

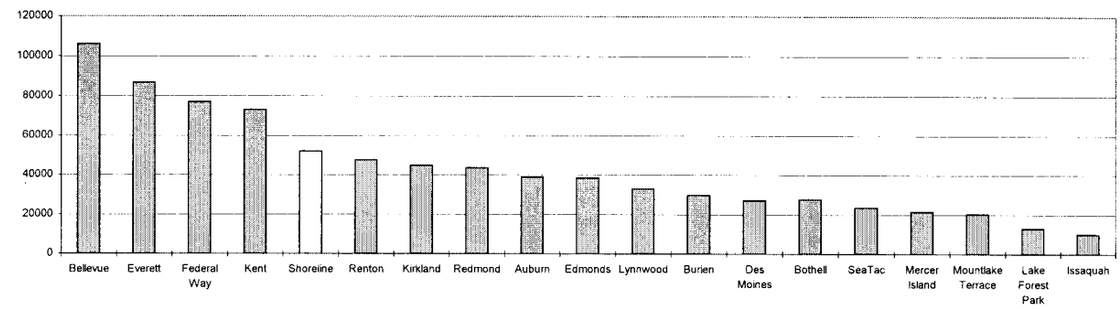
- Review Public Works Transition Plan to determine appropriate mix of current employees and new employees in the Plan to look for potential Plan savings, including potential elimination of a planned or existing position.

  This may require the City to decrease it's already inadequate service levels by using existing staff positions to fulfill the roles of new Transition Plan employees, thus implementing the Transition Plan but reducing the level of customer service in other areas.

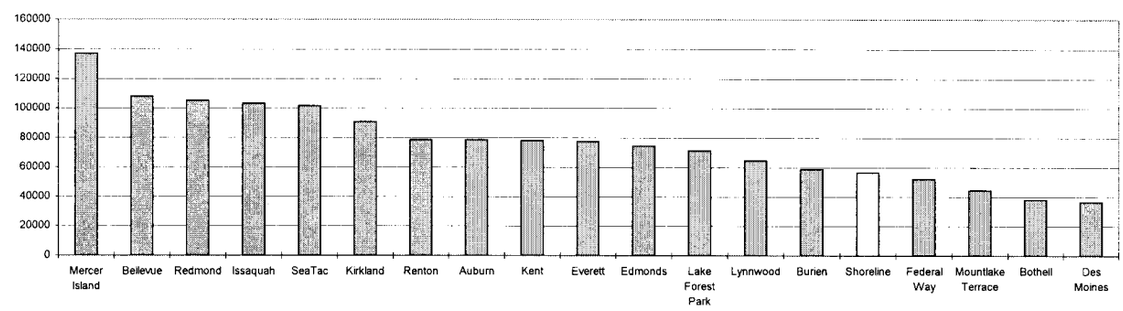
2,907,694 Total General Fund

Comparison of Regional Cities (Population, Assessed Value, Sales Tax, and Utility Taxes)

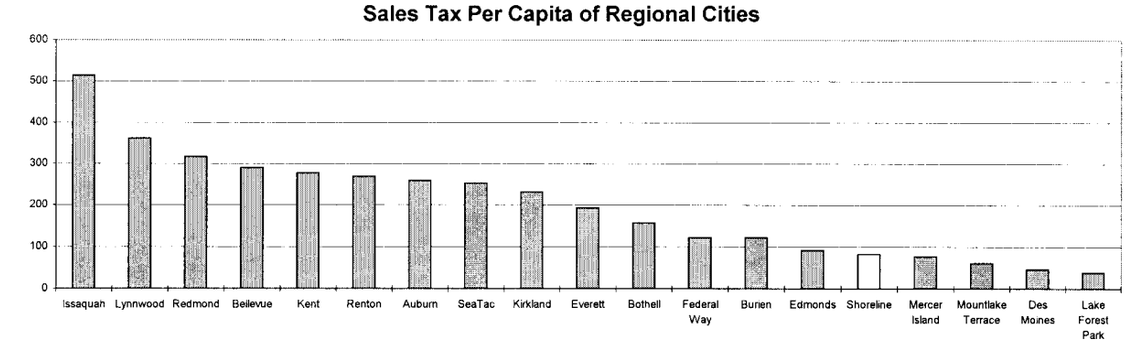
Population of Regional Cities



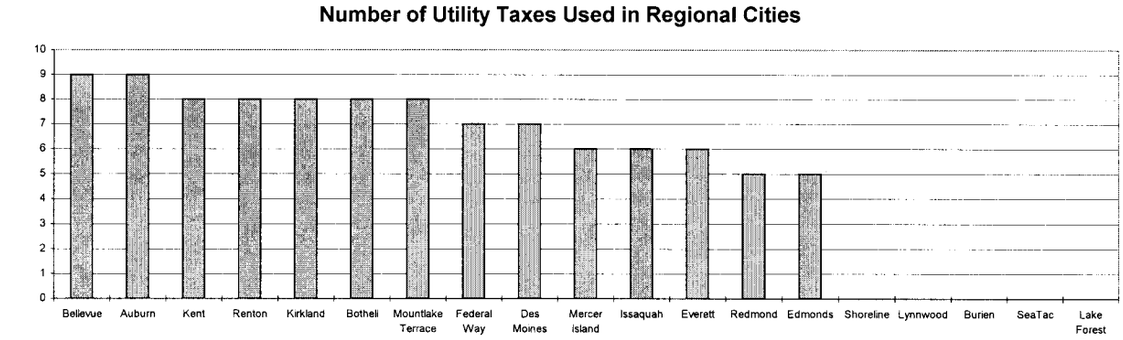
Taxable Assessed Value Per Capita of Regional Cities



Sales Tax Per Capita of Regional Cities



Number of Utility Taxes Used in Regional Cities



Post I-695 Utility Tax Election Scenarios

Option A—No specific citizen involvement process:

January 2000 – Council workshop for review of utility tax increases

February – Council adopts utility tax ordinance

February – City requests election date from the County (45 days in advance)*

April – special election date

May-June – If adopted by voters, Utilities Commission (UTC) needs 60 days to review and approve

July 1 (approximately) – first date the utility tax could go into effect

Cost: Use of reserves to cover loss of revenue (six months = $1,076,475)
Special Election costs, $95,000

Option B—Using a specific citizen involvement process:

January 2000 – Council appoints a Citizens Task Force to review utility tax issues

February-April – Citizens Task Force takes public comments, makes recommendation

May – Council reviews Task Force recommendations at a workshop

June – Council adopts utility tax ordinance

June – City requests scheduling of measure for primary election with King County* *

September – Primary election date

October-November – If adopted by voters, UTC needs 60 days to review and approve

December 1 (approximately) – first date the utility tax could go into effect

Cost: Use of reserves to cover loss of revenue (eleven months = $1,973,538)
Election costs, $25,000

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*King County special elections are available in only February, March, April and May.
**No election dates available between May and September

Council Meeting Date: October 25, 1999 **Agenda Item: 8(b)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	A Public Hearing to Consider Adoption of Resolution No. 158A or Resolution No. 158B to Either Support or Oppose Washington State "Initiative 695, an Act Relating to limiting taxation by: limiting excessive license tab fees; limiting tax increases by requiring voter approval; repealing existing licensing fees: RCW 46.16.060, 46.16.061, and 46.16.650; repealing existing excise taxes: 82.44.010, 82.44.015, 82.44.020, 82.44.022, 82.44.023, 82.44.025, 82.44.030, 82.44.041, 82.44.060, 82.44.065, 82.44.080, 82.44.090, 82.44.100, 82.44.110, 82.44.120, 82.44.130, 82.44.140, 82.44.150, 82.44.155, 82.44.157, 82.44.160, 82.44.170, 82.44.180, 82.44.900, 82.50.010, 82.50.060, 82.50.090, 82.50.170, 82.50.250, 82.50.400, 82.50.405, 82.50.410, 82.50.425, 82.50.435, 82.50.440, 82.50.460, 82.50.510, 82.50.520, 82.50.530, 82.50.540, and 82.50.901; adding a new section to chapter 46.16 RCW; adding a new section to chapter 43.135 RCW; creating a new section; and providing an effective date"
DEPARTMENT:	City Manager
PRESENTED BY:	Larry Bauman, Assistant City Manager LB

EXECUTIVE / COUNCIL SUMMARY

As your Council is aware, Initiative 695 (see Attachment A for text of I-695) has qualified for the November 2 general election. This is a ballot measure that could have significant impact on the City of Shoreline's revenues as well as for many other local governments and state programs. State law (RCW 42.17.130) generally prohibits public agencies from using their resources to oppose or support ballot measures. However, this code does allow an elected body to take positions for or against such measures under certain conditions. These conditions require that the notice that advertises the proposed action lists the number and full title of the ballot measure and that speakers be allotted approximately equal opportunity to state opinions on opposite sides of the issue.

Because state law provides your Council with this limited authority to take a position either for or against the measure, staff is presenting the alternate attached resolutions (Attachments B and C) for your consideration. These alternate resolutions provide your Council with the opportunity to take a position either in support (Attachment B--Resolution No 158A) or in opposition (Attachment C--Resolution No 158B) to I-695.

I-695 basically contains two sections: One would limit future motor vehicle license registration fees to $30 annually, regardless of the age, value, make or model of the vehicle. The second section would require voter approval of any increase in fees and taxes imposed at state or local

levels of government. Both sections of the measure would take effect January 1, 2000. The registration fee reduction would be applied equally to all motor vehicles including cars, motorcycles and motor homes.

The requirement for voter approval of all fees and taxes would apply to the full list of fees and taxes that are either currently used or could potentially be used in the future by our City. For example, this requirement would apply to user fees for recreation programs and classes (e.g. swimming pool fees, parks facility usage fees, sports program fees) and to all planning and development permit fees. If we wish to increase photocopy charges for public record requests, voter approval would also be required. This would require a confirming vote of the citizens at either a regular or special election each time the City Council would take action to raise a fee. Any decision by your Council to take a fee or tax increase measure to the voters could cost the City approximately $25,000 to $95,000 depending on the type of election (regular or special) and the size of the voter's pamphlet.

Because it would repeal the former state codes implementing the current Motor Vehicle Excise Tax (MVET), I-695 would eliminate all of the City's MVET revenues, the full impact of this loss would total $2.9 million in 2001. At the state level, the impact of this would be a loss of $1.1 billion in state revenues during year 2000 and up to $1.7 billion for the 2001-2003 biennium. In addition to $1.6 million in Sales Tax Equalization funds, the City's 2001 loss would also include Criminal Justice funding for the Per Capita program ($6,299), for At-Risk Children ($17,942), for Domestic Violence ($18,173), for Innovative Law Enforcement ($12,401) and for Law Enforcement ($436,431). The full description of the MVET funding losses may be found elsewhere in this agenda under the staff report discussing a public hearing and the possible adoption of a new utility tax.

At this point there is no plan or proposal in place or under public discussion within the legislature that would restore any of the MVET revenues to the City in the event that I-695 were to pass. For that reason the City is assuming at this point that no revenues would be provided at the state level to make up for any loss of MVET next year.

Many arguments are being made both for and against I-695. We have attempted to collect a sampling of these arguments to provide your Council with some background concerning the issues. The pro and con arguments below have been gathered from articles, editorials and letters to the editor in local newspapers, as well as Internet web sites that have been developed in support of or opposition to this ballot measure. These reflect the main arguments made on each side of the issue. However, they are included here without any assumption of their validity or independent analysis by staff. Due to the fact that potential impacts from I-695 have generated many concerns from state and local agencies, the arguments opposing the initiative are more numerous and more detailed than those arguments expressed in favor of this initiative. That is, arguments opposing the initiative tend to concern more specific impacts while the arguments in favor of it tend to follow broader, more general lines of thought.

<u>Arguments In Support of I-695</u>

- Proponents of the measure argue that current license registration fees are too high and not fairly indexed to the actual value of the vehicles. The current rate is 2.5 percent (in King, Snohomish and Pierce Counties as a result of voter approval of the Regional Transit Authority, 2.2 percent in the rest of the state) of the vehicle's Manufacturer's Suggested Retail Price (MSRP) with a set devaluation schedule irrespective of actual market values. The MSRP is used to create an equal basis for taxing, although virtually no one pays the full MSRP for a new vehicle. State law implementing MVET was modified in 1990 to change the formula for calculating the tax, and as a result the revenue it generated nearly doubled by 1998. Opponents point to inequities in the current formula that they say ignores the fact that

some vehicles depreciate much faster than others. As a result, the MVET formula may be taxing some vehicles at 75 percent of their original (MSRP) value while the market value for that type and year of vehicle may be only 50 percent.

- By reducing the license registration fee to $30, it will be an affordable cost to all vehicle owners, regardless of income. The average household in Shoreline would save approximately $270.
- Proponents assert that Washington residents live in one of the highest taxed states in the nation and in light of that fact reducing MVET fees to $30 would be appropriate in order to reduce that burden. The Taxpayers Foundation (an advocacy group) ranks Washington residents the 8th highest taxed in the nation while the Washington Research Council (a policy group focused on taxes and government) ranks the state as 13th in the nation.
- A tax reduction will stimulate the economy by allowing vehicle owners to spend their money on other goods and services, which in turn will generate more sales tax for both state and local levels of government.
- Sufficient local and state revenues or budget reserves are available to offset the impact on state and local government revenues and that the state has a $1 billion budget surplus.
- By modifying the 601 spending limits, the state legislature could cover the losses for both state and local governments.
- Local governments should not approve tax or fee increases without the explicit approval of the voters and this initiative would make that voter approval a legal requirement for every fee and tax increase.
- Giving voters the authority to approve all fee and tax increases is a more direct form of democracy and would ensure that these decisions made by local and state governments would be in accordance with the wishes of the citizens.

Arguments In Opposition to I-695

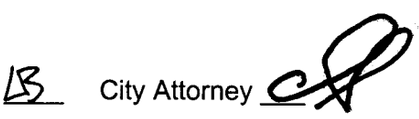
- Opponents argue that I-695 violates the State Constitution's limitation that no single initiative include more than one subject (assuming that the two sections of the initiative dealing with registration fees and requiring voter approval of any increased or new fee or tax to be two separate subjects). This is a potential area of legal challenge to I-695 if it were to be approved by voters.
- Local government revenues would be reduced, and funding for programs such as Sales Tax Equalization would be eliminated, further widening the inequities between wealthy communities with ample sales tax receipt and those who receive comparatively little sales tax. Obviously, the consumers who pay sales taxes are spread throughout incorporated and unincorporated jurisdictions in the state, while sales tax revenues are concentrated in those jurisdictions where shopping malls and other major sales tax generators are established.
- By requiring that all fee and tax increases receive voter approval, the measure would force governments to place ballot measures before the voters for every minor fee change. This would apply to a new or increased fee for a recreation program or class, an increased fee for copying materials at a library or increased fees for camping at a state park.
- By eliminating MVET revenues to local governments, I-695 would undermine the ability of local governments to either fund mandated programs or to support ongoing discretionary operations and capital improvements.
- State transportation funding will be reduced, placing in jeopardy many local street and highway improvement projects such as those that had been identified for funding through the process for implementing Referendum 49 (the bond payments for this transportation program were to be paid out of MVET revenues). R-49 authorized the spending of $2.4 billion in road construction over then next six years. Because the majority of the funding is to come from MVET revenue, the state has placed all R-49 construction plans on hold. If I-695 passes, it is very unlikely that the state will be able to fund the construction, and most if not all of the plans will be eliminated.

- Approximately one-third of the funding would be lost for Metro bus services serving King County residents, including Shoreline, whose services already are below expressed needs, especially for routes providing east-west service.
- The City had planned to transfer two year's worth of new and excess gambling tax revenue to the poorly funded Capital Improvement Program (CIP). If I-695 passes and you do not approve a new revenue source, this money, approximately $2 million, will be consumed in transitioning the organization into a 17 percent reduction in services and budget size.
- Access to state surplus funds is limited by the 601 spending limits, which would have to be modified by the legislature in order to permit use of those funds to replace revenues lost as a result of I-695. It is unclear whether there might be legislative action of this type, and even if there were, the state surplus is insufficient to replace lost revenues over the long term. Although the state currently has more than a $1 billion surplus, this is a result of almost a decade of savings. It could spend that surplus in one year to cover the loss of revenues, but this would only delay budget cuts until 2001. It would also eliminate any emergency funds in the case of a natural disaster or economic downturn, which is why the state has the $1 billion fund set aside in the first place.
- The provision of I-695 regarding voter approval for fee and tax increases is so broad that it would encompass user fees that are designed for the City to recover costs for services made to very narrow segments of the public (e.g. swimming pool users, participants in recreation classes, developers of residential and commercial projects, etc.). Also, it is clear that determining appropriate tax levels is one of the authorities specifically given to city councils in the representative system of local government established in the state. Putting every tax and fee increase before the voters could be an unwieldy and costly process and could hinder the ability of the City to recover fees for special users of services. At the same time it would add costs for elections.

Due to the fact that State law prohibits any public agency resources or public employee activities from being used to support or oppose of ballot measures, staff has not made a recommendation to your Council either in support or opposition of I-695. This action is essentially your recommendation to Shoreline voters reflecting Council's view of the ballot measure.

RECOMMENDATION

Staff recommends that your Council adopt either Resolution 158A to support Initiative 695 or Resolution No 158B to oppose Initiative 695.

Approved By: City Manager City Attorney 

ATTACHMENTS

A: Text of Initiative 695

B: Resolution No. 158A in support of Initiative 695

C: Resolution No. 158B in opposition to Initiative 695

TEXT OF INITIATIVE 695

AN ACT Relating to limiting taxation by: limiting excessive license tab fees; limiting tax increases by requiring voter approval; repealing existing licensing fees: RCW 46.16.060, 46.16.061, and 46.16.650; repealing existing excise taxes: 82.44.010, 82.44.015, 82.44.020, 82.44.022, 82.44.023, 82.44.025, 82.44.030, 82.44.041, 82.44.060, 82.44.065, 82.44.080, 82.44.090, 82.44.100, 82.44.110, 82.44.120, 82.44.130, 82.44.140, 82.44.150, 82.44.155, 82.44.157, 82.44.160, 82.44.170, 82.44.180, 82.44.900, 82.50.010, 82.50.060, 82.50.090, 82.50.170, 82.50.250, 82.50.400, 82.50.405, 82.50.410, 82.50.425, 82.50.435, 82.50.440, 82.50.460, 82.50.510, 82.50.520, 82.50.530, 82.50.540, and 82.50.901; adding a new section to chapter 46.16 RCW; adding a new section to chapter 43.135 RCW; creating a new section; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

{+ NEW SECTION. +} Sec. 1. A new section is added to chapter 46.16 RCW to read as follows:

(1) License tab fees shall be $30 per year for motor vehicles, regardless of year, value, make, or model, beginning January 1, 2000.

(2) For the purposes of this section, "license tab fees" are defined as the general fees paid annually for licensing motor vehicles, including cars, sport utility vehicles, motorcycles, and motor homes.

{+ NEW SECTION. +} Sec. 2. A new section is added to chapter 43.135 RCW to read as follows:

(1) Any tax increase imposed by the state shall require voter approval.

(2) For the purposes of this section, "tax" includes, but is not necessarily limited to, sales and use taxes, property taxes, business and occupation taxes, excise taxes, fuel taxes, impact fees, license fees, permit fees, and any monetary charge by government.

(3) For the purposes of this section, "tax" does not include:

(a) Higher education tuition, and

(b) Civil and criminal fines and other charges collected in cases of restitution or violation of law or contract.

(4) For the purposes of this section, "tax increase" includes, but is not necessarily limited to, a new tax, a monetary increase in an existing tax, a tax rate increase, an expansion in the legal definition of a tax base, and an extension of an expiring tax.

(5) For the purposes of this section, "state" includes, but is not necessarily limited to, the state itself and all its departments and agencies, any city, county, special district, and other political subdivision or governmental instrumentality of or within the state.

(6) This section does not apply to any specific emergency measure authorized by vote of two-thirds (2/3) of the members of each house of the legislature and expiring not later than twelve (12) months from the effective date of the emergency act.

(7) This section is intended to add to, and not replace, the requirements for tax increases set forth in Initiative 601, the Taxpayer Protection Act, RCW 43.135.035.

{+ NEW SECTION. +} Sec. 3. The following acts or parts of acts that impose taxes and fees on vehicles are each repealed:

(1) RCW 46.16.060 and 1992 c 216 s 4, 1987 1st ex.s. c 9 s 3, 1985 c 380 s 13, 1981 c 342 s 8, 1975 1st ex.s. c 118 s 3, 1969 ex.s. c 170 s 3, 1969 c 99 s 5, 1965 c 25 s 1, 1961 ex.s. c 7 s 9, & 1961 c 12 s46.16.060;

(2) RCW 46.16.061 and 1985 c 380 s 14, 1984 c 7 s 49, & 1963 ex.s.c 3 s 40;

(3) RCW 46.16.650 and 1997 c 291 s 12 & 1987 c 178 s 1;

(4) RCW 82.44.010 and 1990 c 42 s 301, 1979 c 107 s 10, 1971 ex.s. c 299 s 54, 1967 c 121 s 4, 1963 c 199 s 1, & 1961 c 15 s 82.44.010;

(5) RCW 82.44.015 and 1996 c 244 s 7, 1993 c 488 s 3, 1982 c 142 s 1, & 1980 c 166 s 3;

(6) RCW 82.44.020 and 1998 c 321 s 3, 1993 sp.s. c 23 s 61, 1993 c 123 s 2, 1991 c 199 s 220, 1990 c 42 s 302, & 1988 c 191 s 1;

(7) RCW 82.44.022 and 1998 c 321 s 2;

(8) RCW 82.44.023 and 1998 c 321 s 38, 1998 c 145 s 1, 1994 c 227 s 3, & 1992 c 194 s 8;

(9) RCW 82.44.025 and 1998 c 321 s 39, & 1996 c 139 s 3;

(10) RCW 82.44.030 and 1971 ex.s. c 299 s 51 & 1961 c 15 s82.44.030;

(11) RCW 82.44.041 and 1998 c 321 s 4 & 1990 c 42 s 303;

(12) RCW 82.44.060 and 1990 c 42 s 304, 1981 c 222 s 12, 1979 c 158 s 233, 1975-'76 2nd ex.s. c 54 s 2, 1975 1st ex.s. c 118 s 14, 1963 c

199 s 4, & 1961 c 15 s 82.44.060; (13) RCW 82.44.065 and 1990 c 42 s 305;
(14) RCW 82.44.080 and 1961 c 15 s 82.44.080;
(15) RCW 82.44.090 and 1961 c 15 s 82.44.090;
(16) RCW 82.44.100 and 1961 c 15 s 82.44.100;
(17) RCW 82.44.110 and 1998 c 321 s 5, 1997 c 338 s 68, & 1997 c149 s 911;
(18) RCW 82.44.120 and 1993 c 307 s 3, 1990 c 42 s 307, 1989 c 68
s 2, 1983 c 26 s 3, 1979 c 120 s 2, 1975 1st ex.s. c 278 s 95, 1974
ex.s. c 54 s 4, 1967 c 121 s 2, 1963 c 199 s 5, & 1961 c 15 s82.44.120;
(19) RCW 82.44.130 and 1961 c 15 s 82.44.130;
(20) RCW 82.44.140 and 1979 c 158 s 237, 1967 c 121 s 3, & 1961 c
15 s 82.44.140;
(21) RCW 82.44.150 and 1998 c 321 s 6, 1995 2nd sp.s. c 14 s 538,
1994 c 241 s 1, & 1993 c 491 s 2;
(22) RCW 82.44.155 and 1998 c 321 s 40, 1993 c 492 s 254, 1991 c
199 s 223, & 1990 c 42 s 309; (23) RCW 82.44.157 and 1994 c 266 s 14;
(24) RCW 82.44.160 and 1995 c 28 s 1;
(25) RCW 82.44.170 and 1990 c 42 s 311, 1987 c 244 s 56, & 1985 c380 s 22;
(26) RCW 82.44.180 and 1998 c 321 s 41 & 1995 c 269 s 2601;
(27) RCW 82.44.900 and 1961 c 15 s 82.44.900;
(28) RCW 82.50.010 and 1989 c 337 s 20, 1979 c 107 s 11, 1977 ex.s.
c 22 s 6, 1971 ex.s. c 299 s 35, 1967 ex.s. c 149 s 44, & 1961 c 15 s82.50.010;
(29) RCW 82.50.060 and 1961 c 15 s 82.50.060;
(30) RCW 82.50.090 and 1961 c 15 s 82.50.090;
(31) RCW 82.50.170 and 1992 c 154 s 6;
(32) RCW 82.50.250 and 1967 ex.s. c 149 s 59;
(33) RCW 82.50.400 and 1993 c 238 s 7, 1992 c 154 s 5, 1990 c 42 s
320, 1979 c 123 s 1, 1975 1st ex.s. c 118 s 15, & 1971 ex.s. c 299 s55;
(34) RCW 82.50.405 and 1991 c 199 s 226;
(35) RCW 82.50.410 and 1998 c 321 s 23, 1991 c 199 s 225, 1990 c 42
s 321, 1979 c 123 s 2, 1975 1st ex.s. c 118 s 16, 1972 ex.s. c 144 s 2,
& 1971 ex.s. c 299 s 56; (36) RCW 82.50.425 and 1990 c 42 s 323;
(37) RCW 82.50.435 and 1990 c 42 s 324;
(38) RCW 82.50.440 and 1979 c 158 s 242, 1975 1st ex.s. c 9 s 2, &
1971 ex.s. c 299 s 59;
(39) RCW 82.50.460 and 1979 c 123 s 3, 1975 1st ex.s. c 118 s 17,
& 1971 ex.s. c 299 s 61;

(40) RCW 82.50.510 and 1998 c 321 s 24, 1991 c 199 s 227, 1990 c 42 s 322, 1975-'76 2nd ex.s. c 75 s 1, & 1971 ex.s. c 299 s 66;

(41) RCW 82.50.520 and 1983 c 26 s 4, 1979 c 123 s 4, & 1971 ex.s. c 299 s 67; (42) RCW 82.50.530 and 1993 c 32 s 1, 1981 c 304 s 32, & 1971 ex.s. c 299 s 68; (43) RCW 82.50.540 and 1971 ex.s. c 299 s 69; and

(44) RCW 82.50.901 and 1971 ex.s. c 299 s 53.

{+ NEW SECTION. +} Sec. 4. The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

{+ NEW SECTION. +} Sec. 5. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

{+ NEW SECTION. +} Sec. 6. This act takes effect January 1, 2000.

--- END ---

RESOLUTION NO. 158A

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, EXPRESSING THE CITY COUNCIL'S SUPPORT FOR INITIATVE 695 ON THE NOVEMBER 2, 1999, BALLOT

WHEREAS, RCW 42.17.130 provides city councils in Washington state with the opportunity to take positions for or against ballot propositions; and

WHEREAS, Initiative 695 has been placed on the November 2, 1999, ballot to reduce the amount of Motor Vehicle Excise Taxes paid by vehicle owners $30.00 per vehicle; and

WHEREAS, in terms of total state and local taxes, Washington state residents are currently among the top 25 percent of the highest taxed states in the nation; and

WHEREAS, Initiative 695 would reduce the tax burden upon vehicle owners to $30 per vehicle thus providing taxpayers with additional income to spend that may stimulate the general economy of the state; and

WHEREAS, by reducing the Motor Vehicle Excise Tax, the average automobile owner would save approximately $142 per year; and

WHEREAS, Initiative 695 would require voters to approve any tax or fee increase initiated by a state or local government;

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

Section 1. Statement in Support. The City Council urges the citizens of Shoreline to vote "YES" on Initiative 695, an act relating to limiting taxation by: limiting excessive license tab fees; limiting tax increases by requiring voter approval; repealing existing licensing fees

ADOPTED BY THE CITY COUNCIL ON _____, 1999.

_____
Mayor Scott Jepsen

ATTEST:

_____
Sharon Mattioli, CMC
City Clerk

RESOLUTION NO. 158B

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON, EXPRESSING THE CITY COUNCIL'S OPPOSITION TO INITIATVE 695 ON THE NOVEMBER 2, 1999, BALLOT

WHEREAS, RCW 42.17.130 provides city councils in Washington state with the opportunity to take positions for or against ballot propositions; and

WHEREAS, Initiative 695 has been placed on the November 2, 1999, ballot to reduce the amount of Motor Vehicle Excise Taxes paid by vehicle owners $30.00 per vehicle; and

WHEREAS, the City of Shoreline stands to lose some $2.1 million in revenues in the year 2000 and $2.9 million in revenues in the year 2001 if Initiative 695 is approved; and

WHEREAS, Initiative 695 would also require a vote by the citizens to approve any future tax or fee increase after December 31, 1999 making it more difficult for the City to recoup costs generated by users of special services that have no benefit for the general public; and

WHEREAS, the costs to the City in lost revenues could substantially harm the City's ability to provide a basic level of services and capital improvements much needed in the community; and

WHEREAS, any future actions by the legislature to restore any potential revenue losses are unknown at this time;

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

Section 1. Statement in Opposition. The City Council urges the citizens of Shoreline to vote "NO" on Initiative 695, an act relating to limiting taxation by: limiting excessive license tab fees; limiting tax increases by requiring voter approval; repealing existing licensing fees

ADOPTED BY THE CITY COUNCIL ON _____, 1999.

_____
Mayor Scott Jepsen

ATTEST:

_____
Sharon Mattioli, CMC
City Clerk

Council Meeting Date: October 25, 1999 **Agenda Item: 9(a)**

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Transmittal of the 2000 City of Shoreline Proposed Budget
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Bob Deis, City Manager LB (for)

EXECUTIVE / COUNCIL SUMMARY

The Proposed City of Shoreline Year 2000 Budget is currently in the process of being developed. Work will be continuing through the week of October 22, with the actual Proposed Budget document being transmitted to your City Council on October 25.

The purpose of this presentation will be to introduce the budget document to your Council, provide policy background information concerning its development, explain its organization and structure, and to answer any questions you may have at this time.

As Council is aware, because of Initiative 695, two budget strategies have been prepared (one assuming voters rejection of I-695 and one if I-695 passes). Since I am legally obligated to produce a budget by the end of October and we do not have the benefit of November 2nd election results, the formal budget assumes the status quo funding mix and I-695 is not in effect. Yet, we have summarized a list of proposed expenditure cuts in the budget document to communicate the financial affects if I-695 passes and there is no backfilling of revenues. Additionally, your Council will be considering tonight the adoption of a utility tax contingent upon the passage of I-695.

The budget workshop schedule for your Council's review of the budget will be discussed at your October 18th workshop meeting.

RECOMMENDATION

Staff recommends that Council receive the Proposed Year 2000 City Budget on October 25, 1999.

Approved By: City Manager LB City Attorney N/A