

# CITY OF SHORELINE CURRENTS

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## SPECIAL BUDGET ISSUE

### Shoreline's 2009 Proposed Budget is balanced

By Robert Olander  
Shoreline City Manager

Shoreline's 2009 Proposed Budget is balanced in all funds and allocates \$104.1 million towards creating the community that Shoreline residents and businesses desire.

Despite a tight economy, rising costs and limited and reduced tax revenues, I am proud to report that the City of Shoreline's financial position is sound. The 2009 budget allows the City to maintain the same services it's been providing to the community.

Shoreline has maintained this sound and responsible financial condition since incorporation. We've done this by following the solid financial policies adopted by the City Council and managing within fiscally constrained budgets.

Because of this, Shoreline is one of only five Washington cities with Standard & Poor's highest financial management rating of "strong."

Shoreline's 2009 Proposed Budget

is 1% (\$1.1 million) above the current 2008 Budget. Some of the budget highlights include:

**Personnel:** The major changes in personnel costs include the cost increase of salaries and benefits totaling \$950,243.

**Police:** Overall, the City's cost for police services is projected to increase by \$700,000 (7.94%). This change is primarily related to the anticipated increases in wages and benefits for police and support service personnel. The union contract for deputies expired on December 31, 2007, and it's anticipated that the contract settlement will result in higher than anticipated wages and benefits for 2008, 2009 and 2010.

**Budgeted Contingency Expenditures:** The 2009 operating budget includes the required budget and insurance deductible contingencies. Per the City's financial policies, these contingencies total \$805,000 and are funded by allocating a portion of the existing General Fund fund balance.

**One Time Expenditures:** The 2009 General Fund budget includes \$178,750 in one-time resource allocations. A few examples of these include

#### Budget Summary

Operating Budget	\$35,142,738
Surface Water Utility	\$4,619,790
Capital Budget	\$62,173,398
Bond Debt Service	\$1,676,850

#### Council Meeting Schedule

**Monday, Nov. 17 at 6:30 p.m.**

Public Hearing on Revenue Sources and Property Tax Levy

**Monday, Nov. 24 at 7:30 p.m.**

Adoption of Budget and Property Tax Levy

Call the Agenda Line at (206) 801-2236 or check online for more details.

Senior Center support, Human and Youth Services Master Plan and the development of a design review process. Each of these items is crucial for the City to continue to provide an excellent level of service to our community.

Although Shoreline's 2009 Proposed Budget is balanced, funding programs at current service levels will be a serious challenge in coming years. Shoreline's long-term financial projections have indicated that by 2010-2011 the City's revenues would no longer be enough to support the services it provides to the community.

The primary cause of the gap is that while City property tax increases are

continues on page three



## Service efficiencies helped close earlier gaps

As City Councils have monitored the City's long-term financial condition it became evident that by 2008 the cost of providing daily services to the Shoreline community would be greater than the resources that were available to provide those services. In 2003 the City Council and staff began implementing a long-term strategic plan focusing on cost containment, expenditure reductions and service efficiencies. Some successes include:

- In 2003 an employee group developed an alternative health benefit policy that has averaged \$200,000 in annual savings.
- The City negotiated jail services contracts with Yakima County and the City of Issaquah, which provides lower rates than the King County contract. In 2007, the cost savings was \$247,000.
- The City now pays for Police Department canine services by purchasing it on a call-out basis rather than having a dedicated unit for an annual savings of \$100,000.
- In 2007 the City began providing its own street sweeping services as opposed to continuing to contract with King County.
- Departments absorbed \$167,000 in baseline budget reductions in 2005 and an additional \$262,000 in baseline reductions for 2007.



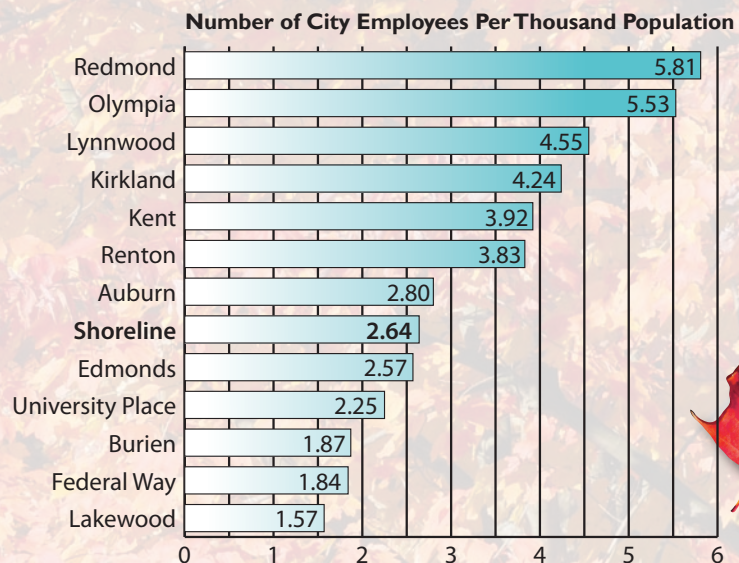
**Buying a street sweeper to provide services rather than contracting it out is one way Shoreline saves money.**

- The City's new telephone system installed this year will save \$106,000 in annual operating costs.

These efficiencies have not only controlled the cost of providing services to close the gap, but from 2000 to 2009 the City has increased the level of service in the areas of park maintenance, traffic patrol and street crime investigation, right-of-way maintenance, street lighting and human services.

### City Staffing

The 2009 budget provides funding for 141 regular full-time equivalent (FTE) positions, excluding City Council members. As the chart depicts, a comparison of staffing to population shows the City of Shoreline staffing levels significantly below comparable cities. These ratios **exclude** fire, police and special programs personnel from the comparable cities to provide a more accurate comparison with Shoreline.





# Committee explores long-range financial options

## ***The City's financial planning includes reviewing financial trends, community priorities and developing recommendations to the City Council on a long-term financial strategy to provide City services.***

As the City looks to the future it is apparent that it will not be able to continue to provide the current level of services with the projected revenue streams. The City's current financial forecast shows significant budget gaps starting in 2010 and continuing into the future. These forecasts are developed using information from regional economists, State forecasts, historical trends and analysis of retail sales and development activity within Shoreline. Although assumptions can change, the City believes the forecasts are a fair indication of what the future may bring.

## **Revenues growing slower than expenditures**

- ◆ Nearly 25% of the City's operating revenues (property tax) are limited to 1% annual growth. This is far below inflation and lower than the cost increases the City experiences from year to year for utilities, fuel, contracted services and employee compensation.
- ◆ The City has seen a significant drop in gambling tax revenues since 2004 when they totaled \$3.3 million. In 2009 these revenues will total just over \$2 million.
- ◆ Investment interest on the City's reserves is used to help supplement tax resources in providing the funds necessary to pay for services. We have seen rates fall by over 3% since 2007, resulting in a \$300,000 drop in annual revenue.

- ◆ Inflation averaged 2.8% until 2007, but inflation is more than twice that in 2008. The cost of fuel and other materials the City uses to maintain roads and parks have gone up significantly.
- ◆ The economy has been tough on all levels of government. As a result, the City has seen impacts from program reductions at the County level in areas such as criminal justice and human services. Consequently, human service providers ask the City for more money to replace the County's cutback. In addition, the City anticipates an additional \$72,000 in jail costs because of changes that King County is making to reduce its prosecution costs.

Just as individuals do with personal budgets, the City has had to find ways to cut costs to keep the budget in balance. Although the City has been successful at finding cost savings and efficiencies over the last several years, it will soon reach the point where it is no longer possible to make expenditure cuts without reducing services.

Because of this the City Council appointed an 18-member citizen advisory committee to help make a recommendation on how the City should fund its services for the long-term. This committee began meeting in March 2008 and plans on making final recommendations to the City Council in April 2009. In September 2008 the Committee presented an interim report to the City Council.

## **Committee's key recommendations**

- ◆ They believe that the Shoreline community would like to maintain its current service levels. In some

areas such as transportation, economic development, senior services and human services the community may even want enhanced services.

- ◆ The City must always look for opportunities to become more efficient and take advantage of cost saving measures. However, the committee does not anticipate that efficiencies can close the projected budget gaps.
- ◆ When looking at possible revenue options the City must evaluate the impact to residents and businesses and link the revenue sources to the priorities of the community.

For more information about the committee visit the Finance Department page on Shoreline's website.

## **Budget**

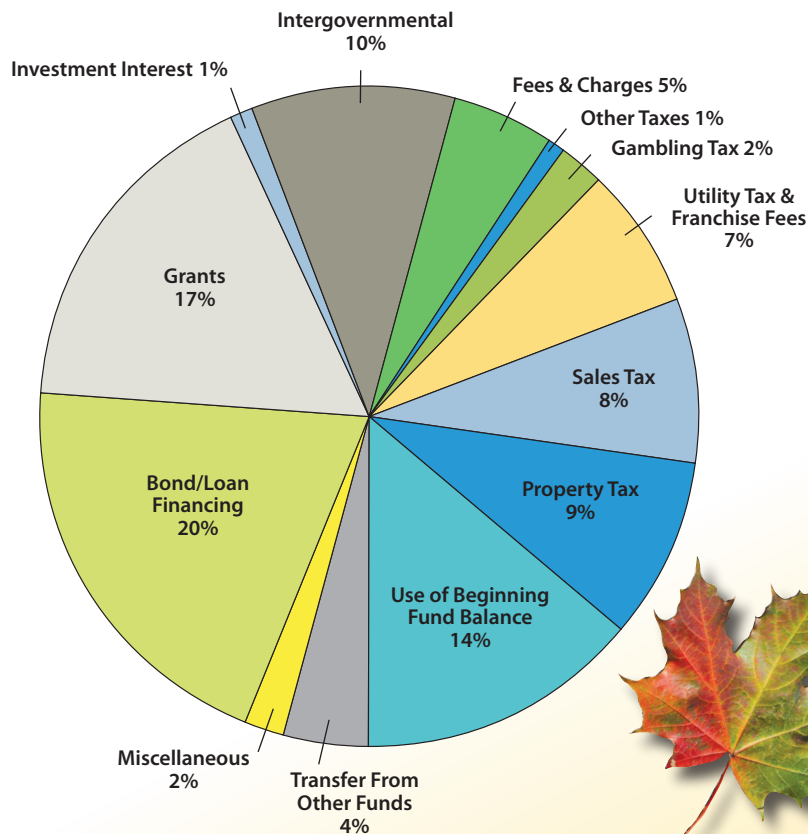
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limited to 1% a year, the costs of fuel, asphalt, police services and labor costs are rising at a much faster rate.

Shoreline began a long-term strategic plan in 2003 focusing on service and budget efficiencies. Every year the City looks for more efficient ways to provide services and we've been very successful at doing that. (See story on page 2.)

But by 2010 we will reach a point where efficiencies alone will not be able to close the gap between rising costs and limited revenue growth. The long-range financial planning story above explains in more detail how Shoreline is preparing for this challenge.

## Where the City of Shoreline's revenue comes from



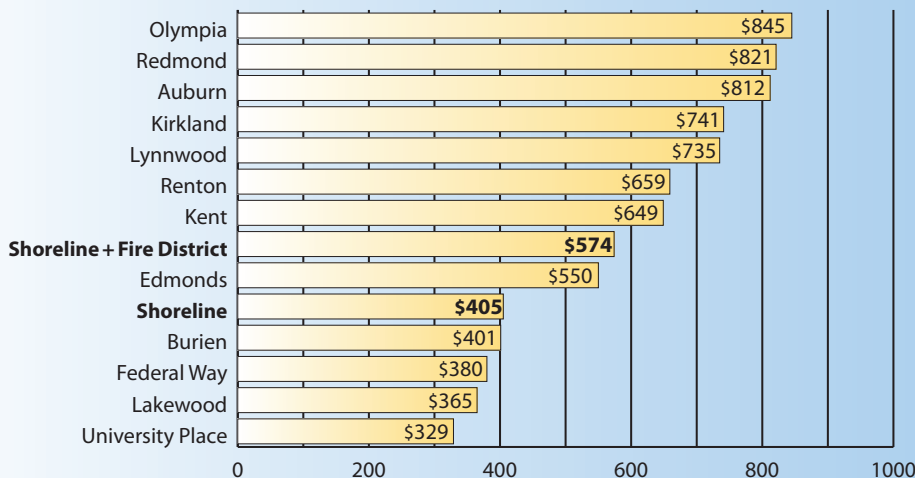
In 2009 the City of Shoreline projects it will receive \$85.7 million in revenue from a variety of sources. Approximately 33% of that comes from taxes. The largest sources are property, sales and utility taxes. The 2009 Budget includes the use of fund balance (reserves carried from one year to the next) totaling \$14.2 million. This primarily represents money that has been saved for specific capital projects.

## Comparing Shoreline tax collections

### Per Capita Revenue Collection Comparison

Property, Sales, B&O\*, Utility and Gambling Taxes, Franchise Fees

\*The City of Shoreline does not collect B&O taxes.



One way to compare cities is by the amount of tax collected per capita. To determine this figure, the total tax collected is divided by the number of residents. The most recent available comparable data for all cities is from 2006. During that year, the City of Shoreline collected \$405 per capita from property, sales, gambling and utility taxes, and franchise fees.



## Estimated Impact of the City's Property Tax on a Typical Homeowner

2008	Change	2009
Home Value \$372,500	\$14,900 = 4%	Home Value \$387,400
Regular Tax Levy Rate \$1.02	(\$0.04) = -4%	Regular Tax Levy Rate \$0.98
Total Regular Levy Paid to City \$379.95	(\$0.30) = 0%	Total Regular Levy Paid to City \$379.65
Voted Bond Tax Levy Rate \$0.25	(\$0.03) = -12%	Voted Bond Tax Levy Rate \$0.22
Total Voted Levy Paid to City \$93.13	(\$7.90) = -8%	Total Voted Levy Paid to City \$85.23
Total Tax Paid to City \$473.08	\$8.20 = -2%	Total Tax Paid to City \$464.88

# Property Tax in Shoreline

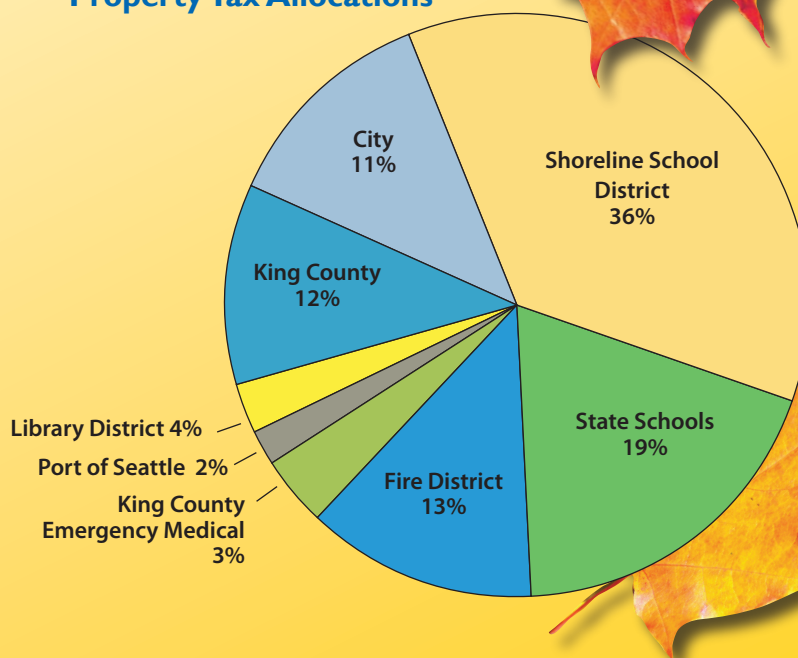
Property tax revenue for 2009 is projected at \$7,236,228 and represents 23% of the City's operating revenues.

The estimated property tax levy rate proposed for 2009 is \$0.98 per \$1,000 of assessed value, a reduction from this year's rate of \$1.02 per \$1,000 of assessed value. The primary reason for the decrease in the property tax rate is that the assessed value of property in the City has increased, while collections are limited to a 1% increase due to the passage of Initiative 747.

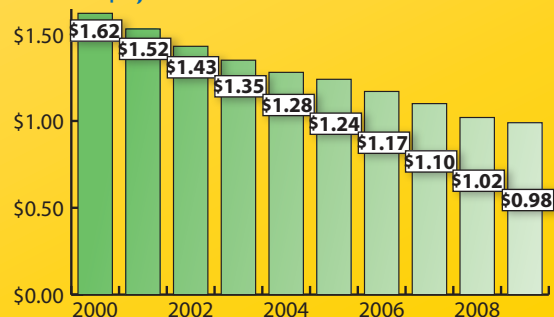
This property tax levy rate information is for the City's general levy. In May 2006, Shoreline voters approved \$18.795 million in general obligation bonds to fund park projects and open space acquisition. Property owners are assessed a separate levy rate for the repayment of these bonds, which is estimated to be \$0.22 per \$1,000 of assessed value or \$87 per year for an average valued home.

The charts on these pages provide a historical perspective of the City's property tax rate and a breakdown of City of Shoreline property taxes.

## Shoreline Residents' 2008 Property Tax Allocations



## City of Shoreline Property Tax Rate Per \$1,000 Valuation 2000-2008





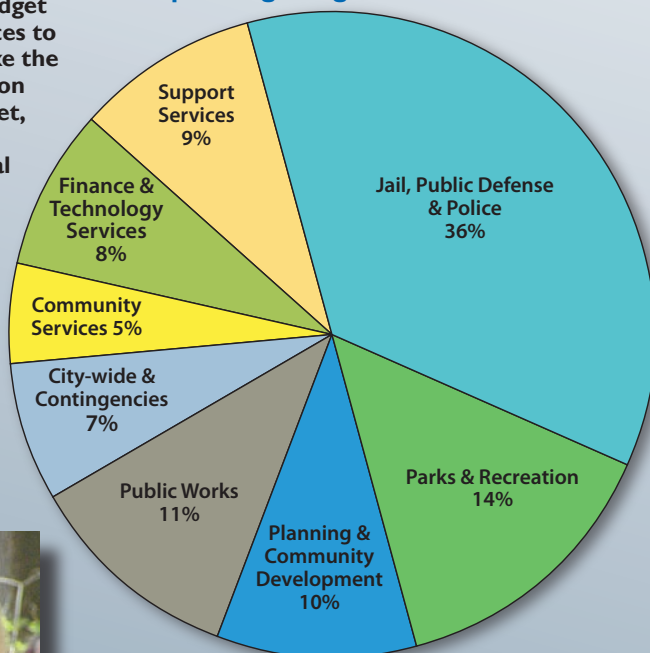


**Environmental Stewardship**

## How the City Spends Its Money

The graph illustrates how the City divides its operating budget to provide a variety of services to the Shoreline community like the ones pictured here. In addition to the City's operating budget, the 2009 budget includes a \$62.2 million capital budget. Examples of projects include street pavement maintenance and trails.

**Operating Budget \$35 million**



**Customer Response Team, Emergency Response**



**Recreation**



**Parks, Trails**



**Patrol, Crime Prevention, Investigations**



**Street Maintenance**



**Park Maintenance**



## City Council Goals 2008-2009

Annually at the City Council's Goal Setting Retreat in April the Council develops goals; some are new and some carry over multiple years. Following the drafting of the goals, the Council conducts community workshops in June to gather feedback from the public. In July the goals are formally adopted, and subsequently, City staff prepares a budget and capital improvement plan that reflects the Council and community's priorities. Below are the goals that were developed for 2008-09:

### Goal No. 1

Develop a shared community vision that integrates the Environmental Sustainability, Housing and Economic Development Strategies into the Comprehensive Plan and community development initiatives

### Goal No. 2

Implement the Economic Development Strategic Plan

### Goal No. 3

Create an "environmentally sustainable community"

### Goal No. 4

Complete the projects approved with the 2006 Parks Bond

### Goal No. 5

Construct the Civic Center/City Hall Project

### Goal No. 6

Construct the Aurora Improvements from 165th to 205th Streets

### Goal No. 7

Develop a Fircrest Master Plan in partnership with the State

### Goal No. 8

Develop a "healthy city" strategy to ensure the community's access to needed human services

### Goal No. 9

Provide enhanced opportunities for effective citizen communication and engagement

### Goal No. 10

Provide safe, efficient, and effective infrastructure to support our land use, transportation and surface water plans



# Who, what, where in the City of Shoreline



Shoreline City Hall  
17544 Midvale Ave. N, Suite 100  
(206) 801-2700 Fax (206) 546-7868  
www.shorelinewa.gov

City Hall Annex - Highland Plaza  
1110 N 175<sup>th</sup> St., Suite 105

Spartan Recreation Center  
18560 1<sup>st</sup> Avenue NE, Shoreline 98155  
(206) 801-2600 Fax (206) 801-2600

Shoreline Pool  
19030 1<sup>st</sup> Ave. NE, Shoreline 98155  
(206) 801-2650 Fax (206) 801-2650

Kruckeberg Botanic Garden  
20312 15<sup>th</sup> Avenue NW, Shoreline 98177  
(206) 542-4777

## Departments & Programs

City Manager's Office	(206) 801-2213
Code Violations	(206) 801-2700
General Info (CRT)	(206) 801-2700
Human Services	(206) 801-2251
Jobs	(206) 801-2243
Neighborhoods & Volunteers	(206) 801-2253
Parks and Recreation	(206) 801-2600
Permits, Zoning & Land Use	(206) 801-2500
Public Works	(206) 801-2400
Projects & Engineering	(206) 801-2470
Recycling	(206) 801-2450
Street Maintenance	(206) 801-2440
Traffic Services	(206) 801-2430

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## Shoreline City Council

For all Councilmembers	(206) 801-2200	council@ci.shoreline.wa.us
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Deputy Mayor Terry Scott	(206) 801-2202	tscott@ci.shoreline.wa.us
Chris Eggen	(206) 801-2206	ceggen@ci.shoreline.wa.us
Ron Hansen	(206) 801-2205	rhansen@ci.shoreline.wa.us
Doris McConnell	(206) 801-2204	dmccConnell@ci.shoreline.wa.us
Keith McGlashan	(206) 801-2203	kmcglashan@ci.shoreline.wa.us
Janet Way	(206) 801-2207	jway@ci.shoreline.wa.us

Meeting Location: Shoreline Conference Center  
18560 1<sup>st</sup> Ave. NE  
Agenda Line: (206) 801-2236

Study Sessions: Mt. Rainier Room, first and third Mondays 6:30 p.m.  
Business Meetings: Mt. Rainier Room, second and fourth Mondays 7:30 p.m.

Televised City Council Meetings on Cable Channel 21  
Tuesday noon and 8:00 p.m.,  
Wednesday through Sunday 6:00 a.m., noon and 8:00 p.m.  
Also on www.shorelinewa.gov



## Shoreline Police

### Emergency: 911

Shoreline Police Station  
Chief Dan Pingrey  
1206 N 185<sup>th</sup> St., Shoreline, WA 98133  
(206) 801-2712

Westside Neighborhood Police Center  
Officer Leona Obstler  
624 NW Richmond Beach Road  
Shoreline, WA 98177  
(206) 546-3636

Eastside Neighborhood Police Center  
Officer Greg McKinney  
521 NE 165<sup>th</sup> St., Shoreline, WA 98155  
(206) 363-8424

## Popular Numbers

Arts Council	(206) 417-4645
CleanScapes	(206) 763-4444
Comcast	(877) 824-2288
Historical Museum	(206) 542-7111
KC District Court	(206) 205-9200
KC Libraries	
Richmond Beach Shoreline	(206) 546-3522 (206) 362-7550
Puget Sound Energy	(888) 225-5773
Qwest	(800) 244-1111
Ronald Wastewater	(206) 546-2494
School District	(206) 367-6111
Seattle City Light	(206) 625-3000
Seattle Public Utilities	(206) 684-5900
Senior Center	(206) 365-1536
Shoreline Center	(206) 368-4122
Shoreline Fire	(206) 533-6500
Shoreline Water	(206) 362-8100
Transfer Station	(206) 296-4466
Verizon	(800) 483-4100



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