

City of Shoreline
November 2014 Revenue Report

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All Sales Tax Sectors:

Total sales tax receipts for the month of November 2014, which reflects activity from September 2014, are higher than the budget projection by 7.6% and the revised projection by \$6,776, or 1.0%, and the year-ago level by \$21,316, or 3.4% (See Table 1). Year-to-date receipts are higher than the budget projection by \$650,697, or 11.5%, and the revised projection by \$262,009, or 4.3%, as well as the year-ago level by \$146,989, or 2.4%. Removing one-time construction activity from the calculation reveals receipts are higher than the original budget projection and revised projection by 9.3% and 2.3%, respectively (See Table 3), as well as the year-ago level by 9.2%.

Table 1: Sales Tax - Variance by Month							
Month of Activity	2014				2013		
	Budget Projection	Revised Projection	Actual	Actual v. Bud. Proj. % Var.	Actual v. Rev. Proj. % Var.	Actual	2014 v. 2013 % Change
December (Prior Yr)	\$657,988	\$703,000	\$712,174	↑ 8.2%	↑ 1.3%	\$695,645	↑ 2.4%
January	503,139	537,561	554,366	↑ 10.2%	↑ 3.1%	547,817	↑ 1.2%
February	471,111	506,773	533,674	↑ 13.3%	↑ 5.3%	561,895	↓ -5.0%
March	562,233	598,969	609,471	↑ 8.4%	↑ 1.8%	587,503	↑ 3.7%
April	522,370	560,056	587,117	↑ 12.4%	↑ 4.8%	596,554	↓ -1.6%
May	542,442	581,115	616,693	↑ 13.7%	↑ 6.1%	612,901	↑ 0.6%
June	590,734	629,575	674,044	↑ 14.1%	↑ 7.1%	620,742	↑ 8.6%
July	638,184	682,028	725,205	↑ 13.6%	↑ 6.3%	697,475	↑ 4.0%
August	564,508	602,871	644,437	↑ 14.2%	↑ 6.9%	610,976	↑ 5.5%
September	606,246	645,694	652,470	↑ 7.6%	↑ 1.0%	631,154	↑ 3.4%
Totals	\$5,658,955	\$6,047,643	\$6,309,652	↑ 11.5%	↑ 4.3%	\$6,162,663	↑ 2.4%

Totals may not foot due to rounding.

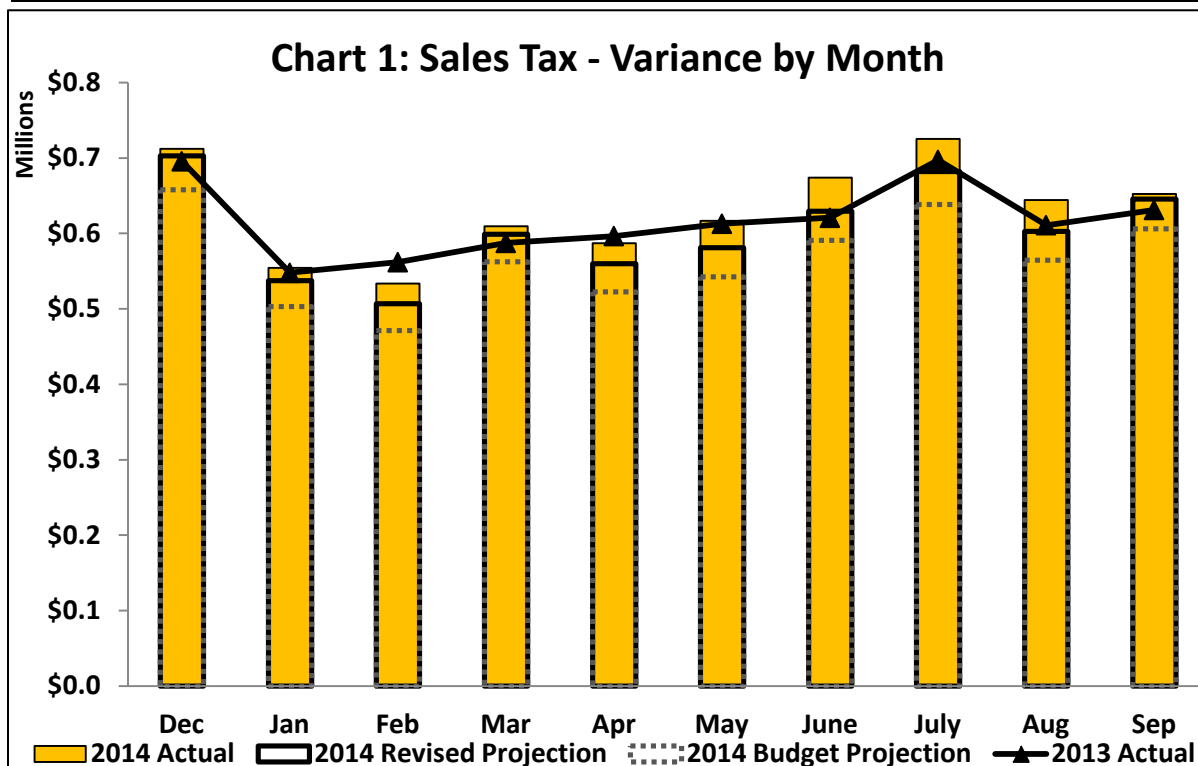


Table 2 and Chart 2 below illustrate that receipts in three of the primary categories are higher compared to their year-ago level; however, receipts in the Construction category are lower since large one-time projects are generating less sales tax than they did in prior years as they come to a close. It is important to note that staff was expecting that receipts from construction would be lower, which is why future reports may show total receipts near, or possibly ahead of, projections, but close to, or possibly lower than, the year-ago level (See Charts 6 and 7).

Table 2: Sales Tax - Primary Categories December - September					
Primary Category	2010	2011	2012	2013	2014
Construction	\$456,691	\$523,941	\$1,045,678	\$1,118,360	\$926,527
\$ Change	(\$288,722)	\$67,250	\$521,737	\$72,682	(\$191,833)
% Change	-38.7%	14.7%	99.6%	7.0%	-17.2%
Retail Trade	\$3,129,119	\$3,198,535	\$3,434,682	\$3,674,219	\$3,814,045
\$ Change	\$24,956	\$69,416	\$236,147	\$239,537	\$139,826
% Change	0.8%	2.2%	7.4%	7.0%	3.8%
Hotels / Restaurant	\$313,980	\$316,183	\$325,749	\$351,143	\$369,383
\$ Change	\$6,923	\$2,203	\$9,566	\$25,394	\$18,240
% Change	2.3%	0.7%	3.0%	7.8%	5.2%
All Others	\$923,371	\$982,699	\$932,150	\$1,018,941	\$1,199,696
\$ Change	\$27,344	\$59,328	(\$50,549)	\$86,791	\$180,756
% Change	3.1%	6.4%	-5.1%	9.3%	17.7%
Total Revenue	\$4,823,161	\$5,021,358	\$5,738,259	\$6,162,663	\$6,309,652
\$ Change	(\$229,499)	\$198,197	\$716,901	\$424,404	\$146,989
% Change	-4.5%	4.1%	14.3%	7.4%	2.4%

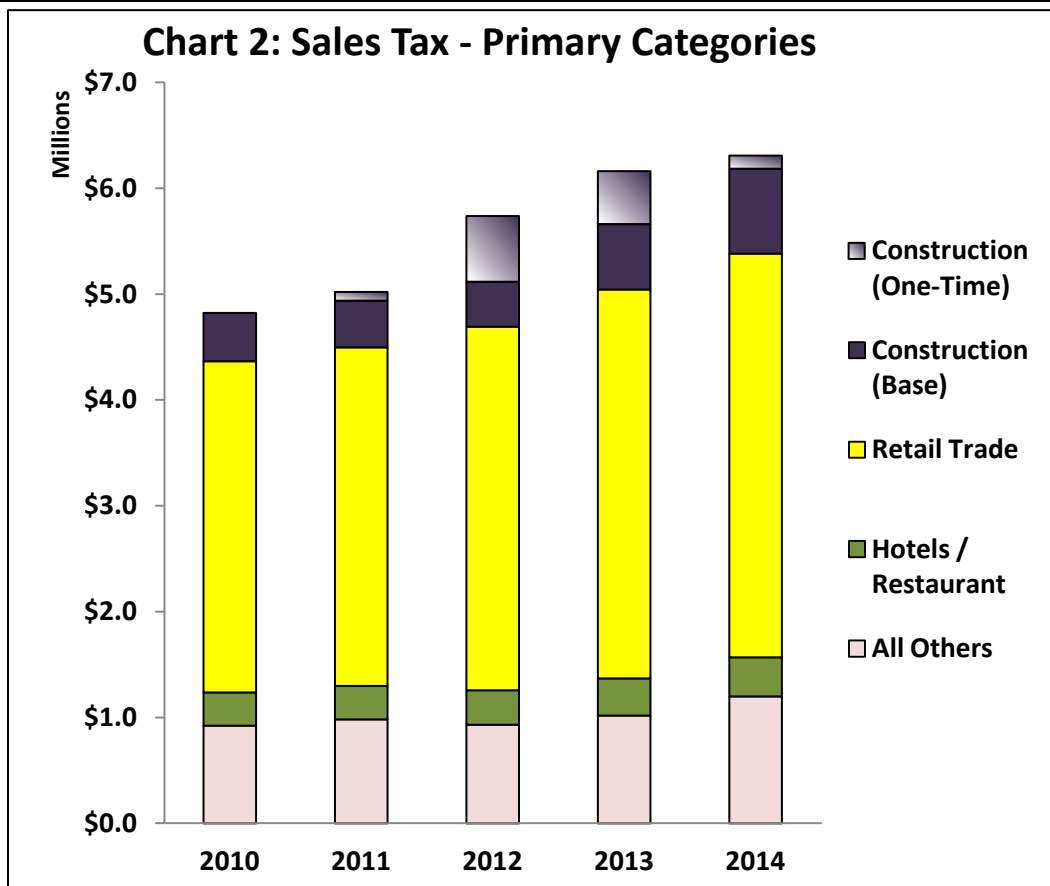
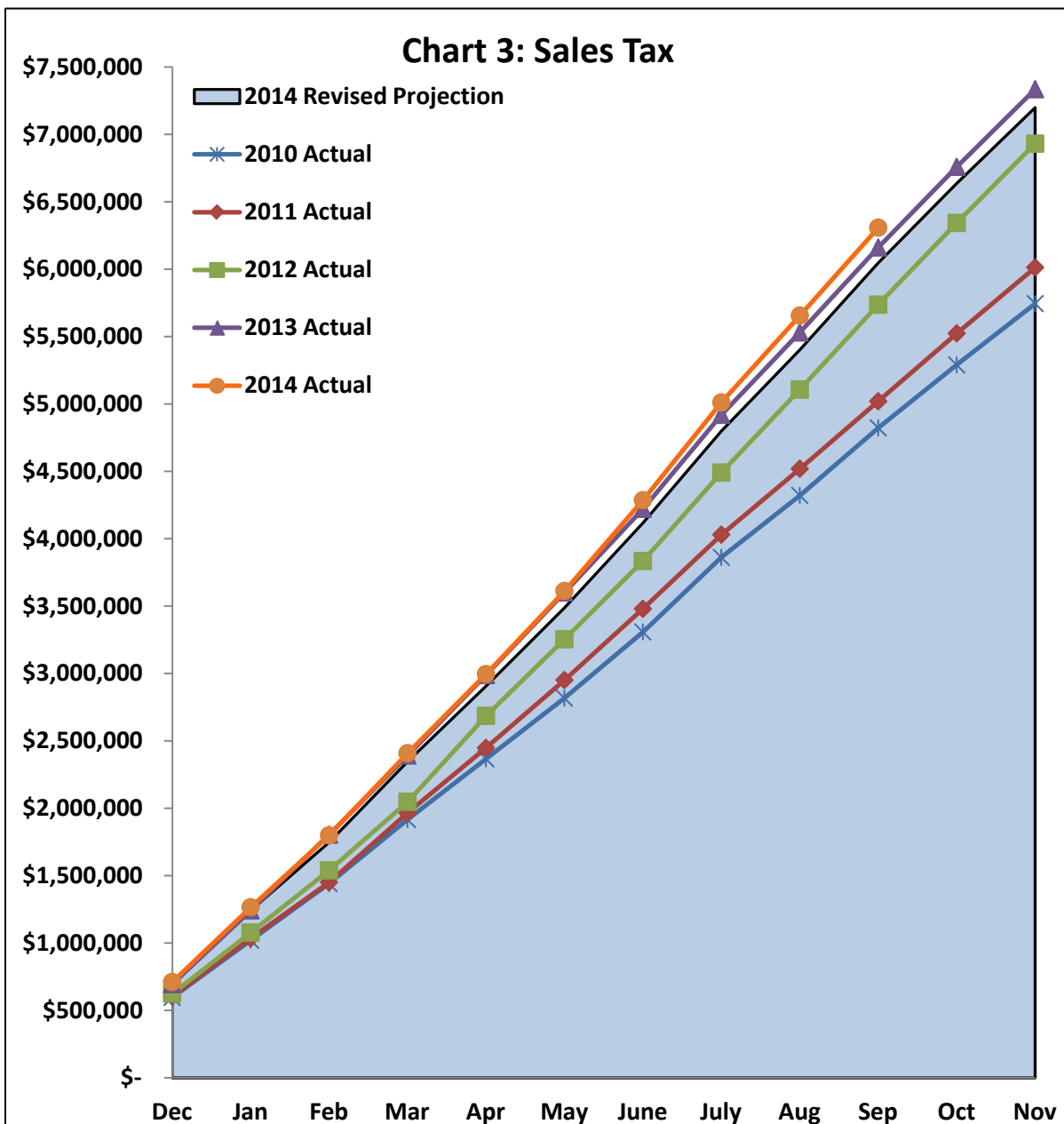


Table 3: Comparison of 2014 YTD Actual Less One-Time to 2014 Budget Projection and 2014 Revised Projection						
Category	2014 YTD Budget Projection	2014 YTD Revised Projection	2014 YTD Actual	2014 YTD Actual Less One-Time	2014 YTD Actual Less One-Time v. 2014 YTD Bud. Proj.	2014 YTD Actual Less One-Time v. 2014 YTD Rev. Proj.
Retail Trade Sector	\$3,621,755	\$3,806,319	\$3,814,045	\$3,814,045	↑ 5.3%	↑ 0.2%
Construction Sector	833,763	725,683	926,527	801,347	↓ -3.9%	↑ 10.4%
Other Taxable Sales Sectors	\$1,203,437	1,515,641	1,569,080	1,569,080	↑ 30.4%	↑ 3.5%
Total Local Sales & Use Tax	\$5,658,955	\$6,047,643	\$6,309,652	\$6,184,472	↑ 9.3%	↑ 2.3%

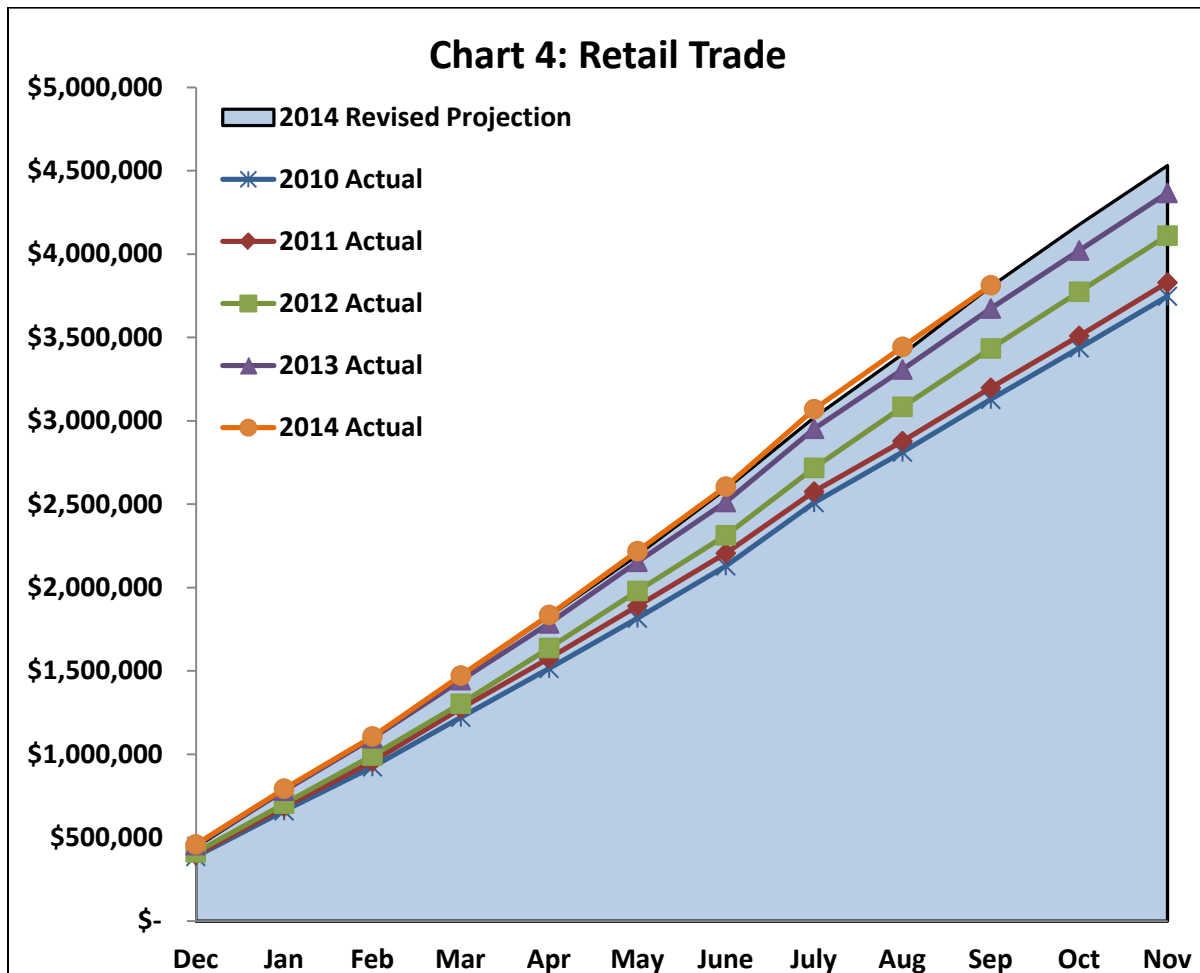
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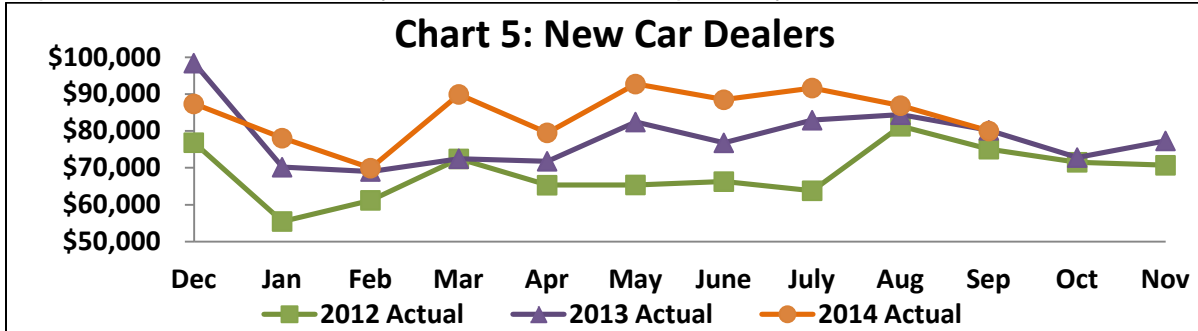
Retail Trade Sector:

Receipts from activity for September 2014 are lower than the budget projection and revised projection by 4.8% and 9.1%, respectively but slightly higher than the year-ago level by 0.9%. Year-to-date receipts are higher than the budget projection and revised projection by 5.3% and 0.2%, respectively (See Table 3), as well as the year-ago level by 3.8% (See Table 4).

Table 4: Retail Trade Categories December - September							
Category	2012	2013 v. 2012 % Change		2013	2014	2014 v. 2013 % Change	
Motor Veh. & Parts Dealer	\$843,868	↑	12.1%	\$945,709	\$1,025,603	↑	8.4%
Furniture & Home Furnishings	44,105	↑	10.4%	48,703	51,920	↑	6.6%
Electronics & Appliances	79,524	↓	-3.6%	76,665	89,219	↑	16.4%
Building Material & Garden	502,632	↑	11.6%	560,920	582,370	↑	3.8%
Food & Beverage Stores	218,265	↑	1.0%	220,493	211,635	↓	-4.0%
Health & Personal Care Stores	122,677	↑	9.7%	134,523	139,657	↑	3.8%
Gasoline Stations	62,633	↑	1.1%	63,309	63,902	↑	0.9%
Clothing & Accessories	36,029	↑	6.5%	38,359	41,454	↑	8.1%
Sporting Goods, Hobby, Books	64,651	↑	6.1%	68,609	70,300	↑	2.5%
General Merchandise Stores	1,149,711	↑	3.2%	1,186,058	1,184,888	↓	-0.1%
Miscellaneous Store Retailers	212,820	↓	-0.3%	212,280	211,137	↓	-0.5%
Nonstore Retailers	97,767	↑	21.3%	118,592	141,958	↑	19.7%
Total Retail Trade	\$3,434,682	↑	7.0%	\$3,674,219	\$3,814,045	↑	3.8%

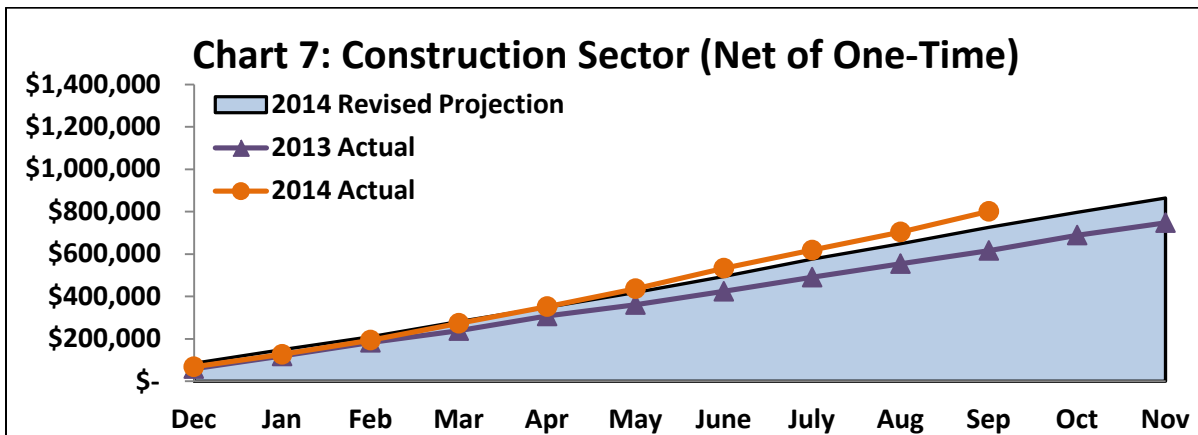
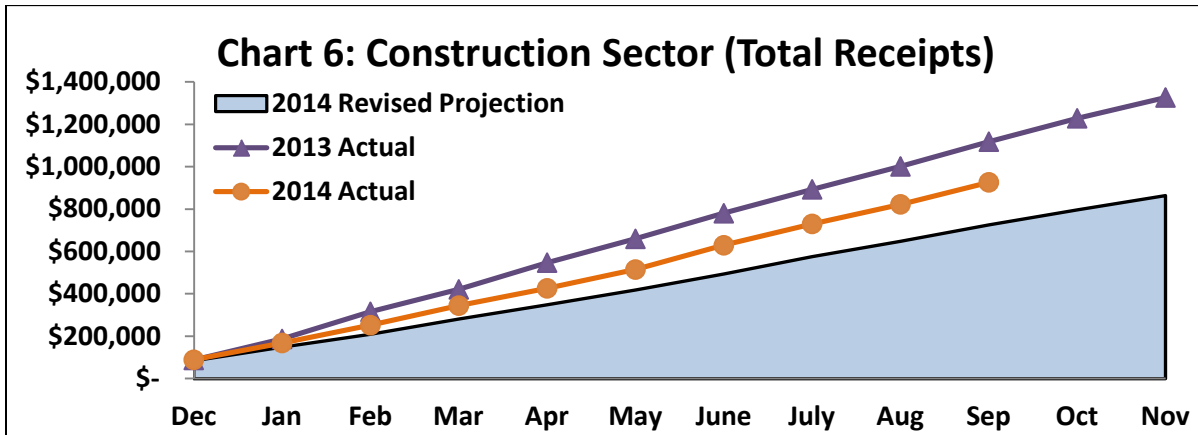


There has been significant growth in the Motor Vehicle and Parts Dealer category since 2011. Approximately 82.3% of receipts in this category so far this year have come from new car dealers. Receipts for the month of September were higher than those for the same period of 2013 and 2012 by 2.9% and 6.9%, respectively (See Chart 5). Year-to-date receipts are higher than those for the same period of 2013 and 2012 by 7.1% and 23.6%, respectively.



Construction Sector:

Receipts from activity for September 2014 are lower than the year-ago level by 11.0%. Receipts from activity for the period of December 2013 through September 2014 are lower than the year-ago level by 17.2% (See Table 2 and Chart 6). Of the amount collected so far this year, \$125,180, or 13.5%, is attributable to one-time activity. Of the amount collected for the same period of 2013, \$501,442, or 44.8%, was attributable to one-time activity. Removing one-time activity from the calculation reveals receipts are higher than the revised projection by 10.4% and the year-ago level by 29.9% (See Chart 7).



Total receipts, inclusive of taxes on gambling activity and payments on promissory notes, in the amount of \$1,261,779, are lower than 2013 collections by \$199,749, or 13.7%. One-time revenue resulting from payments on promissory notes through November totaled \$93,782. Receipts attributable to taxes on gambling activity reported for the first three quarters of activity exhibit a year over-year decrease of \$85,650, or 6.8% (See Table 5).

Table 5: Gambling Tax Revenue January - November		
Operation	2014	2014 v. 2013 % Change
Pull-Tabs	\$93,690	↓ -3.7%
Amusement Games	981	↑ 528.9%
Card Rooms	1,073,327	↓ -7.2%
Total Revenue	\$1,167,997	↓ -6.8%

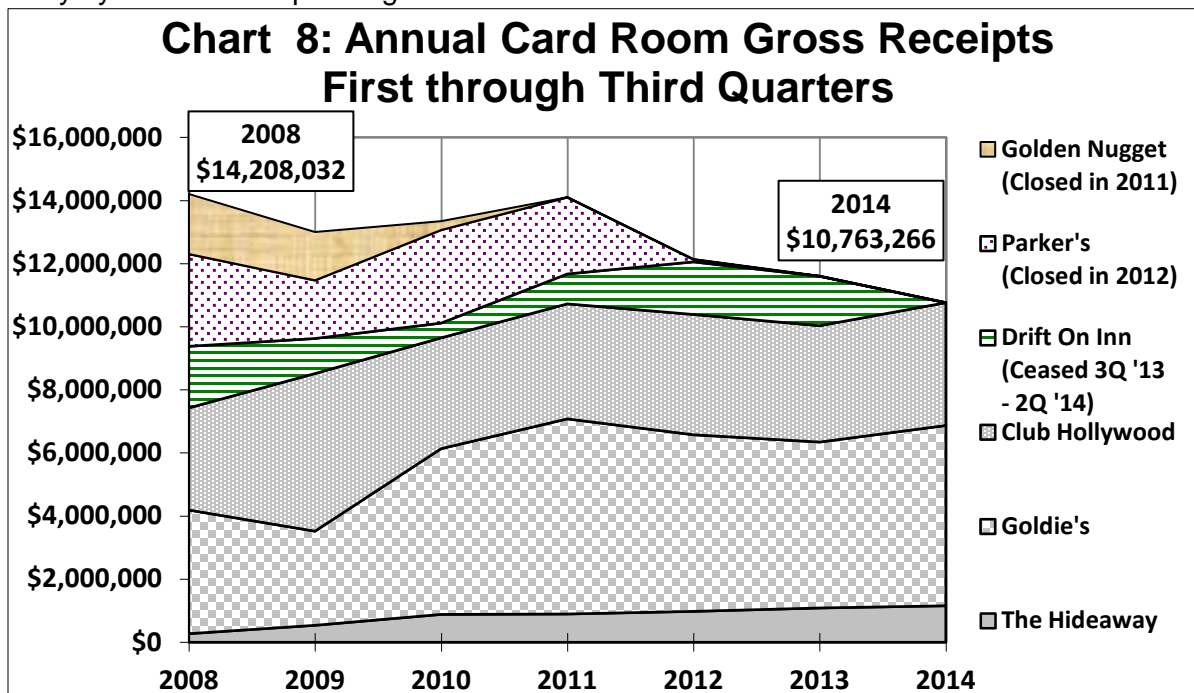
Pull-tab and card room activity reported for the third quarter of 2014 is higher than that reported last quarter, and the same quarter in the prior year (See Table 6).

Table 6: Gambling Trends For 3rd Quarter 2014			
Operation	Gross Receipts 3Q 2014	Since 2Q 2014	Since 3Q 2013
Pull-Tabs	\$662,991	↑ 13.4%	↑ 2.6%
Amusement Games	\$107	↓ -94.7%	↓ -94.6%
Card Rooms	\$3,609,335	↑ 1.4%	↑ 9.2%

Pull-tab and card room activity reported for the first three quarters of 2014 has declined year-over-year by 5.4% and 7.2%, respectively (See Table 7). All activity ceased at Drift on Inn in late July 2013, which contributed to the loss of revenue; however, its pull-tab license was renewed in April 2014 and card room license was renewed in early July 2014. The increase in Amusement Games revenue is due to a single raffle.

Table 7: Gambling Trends For 1Q - 3Q 2014		
Operation	Gross Receipts 1Q-3Q 2014	2014 v. 2013 % Change
Pull-Tabs	\$1,891,612	↓ -5.4%
Amusement Games	\$40,392	↑ 526.1%
Card Rooms	\$10,763,266	↓ -7.2%

Chart 8 exhibits the last seven years of gross receipts reported for the first three quarters of activity by card rooms operating in Shoreline.



Status of Promissory Notes:

All operators are current on their obligations to report and pay to the City all gambling taxes on their operations. The following provides the status of promissory notes that are/were open this year:

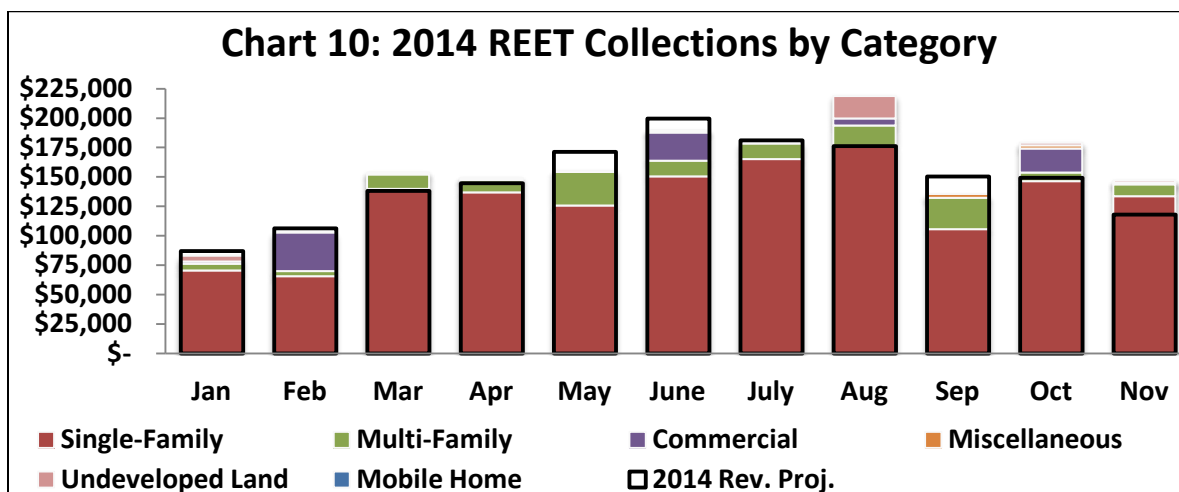
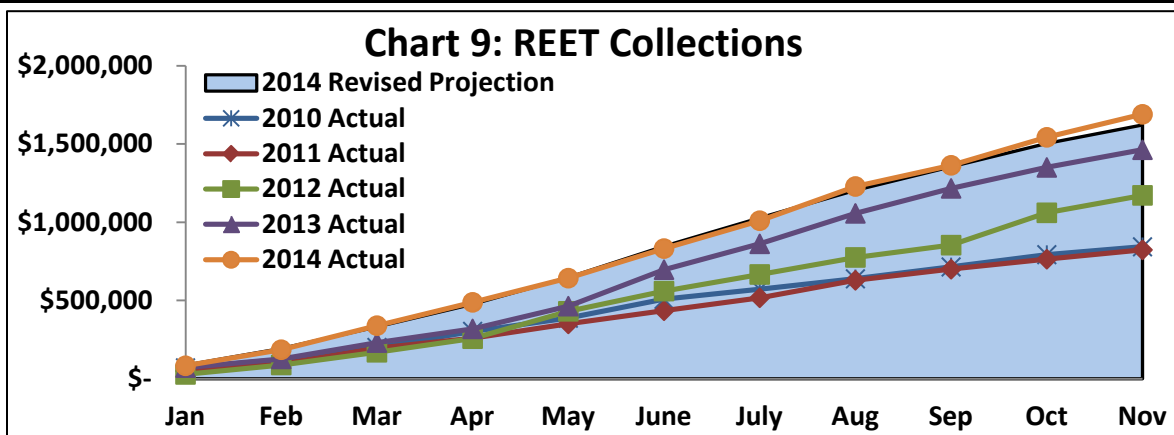
- *Goldie's Shoreline Casino*: Paid in full as of May 2014.
- *Jersey's Great Food and Spirits*: There is one payment left totaling \$5.31 that should be made in December 2014.
- *Shay's Restaurant*: Due to action taken by the Washington State Gambling Commission, Shay's pull-tab operation ceased in January. At present Shay's is 5 months delinquent on its note, the amount of which is \$4,500. The note has a remaining balance of \$36,535. We are still in contact with the business owner and the City Attorney's Office is aware of this item.
- *The Hideaway*: The final payment totaling \$1,291.48 will be reflected in the next report.

REET Collections:

Total REET collections through November 2014 totaling \$1,689,984 are ahead of the budget projection and revised projection by 17.6% and 4.2%, respectively, as well as the year-ago level by 15.5%. Table 8 and Chart 9 below exhibit the REET collections for the period of January through November. Chart 10 below exhibits the actual collections by category compared to the overall revised projection for each month.

Table 8: REET Collections								
Month of Activity	2014				2013		2014 v. 2013	
	Budget Projection	Revised Projection	Actual	Actual v. Bud. Proj.	Actual v. Rev. Proj.	Actual	Actual \$ Change	Actual % Change
January	\$77,036	\$86,975	\$82,900	↑ 7.6%	↓ -4.7%	\$71,253	\$11,647	↑ 16.3%
February	94,272	106,435	102,625	↑ 8.9%	↓ -3.6%	55,460	47,165	↑ 85.0%
March	122,364	138,152	153,759	↑ 25.7%	↑ 11.3%	104,298	49,461	↑ 47.4%
April	128,141	144,673	149,062	↑ 16.3%	↑ 3.0%	87,703	61,359	↑ 70.0%
May	151,718	171,293	154,550	↑ 1.9%	↓ -9.8%	145,230	9,320	↑ 6.4%
June	176,866	199,685	189,068	↑ 6.9%	↓ -5.3%	233,305	(44,237)	↓ -19.0%
July	160,400	181,095	178,212	↑ 11.1%	↓ -1.6%	165,156	13,056	↑ 7.9%
August	155,993	176,120	218,626	↑ 40.2%	↑ 24.1%	194,549	24,077	↑ 12.4%
September	133,188	150,372	135,348	↑ 1.6%	↓ -10.0%	159,672	(24,324)	↓ -15.2%
October	132,248	149,310	178,894	↑ 35.3%	↑ 19.8%	134,106	44,788	↑ 33.4%
November	104,480	117,960	146,940	↑ 40.6%	↑ 24.6%	112,914	34,026	↑ 30.1%
Totals	\$1,436,708	\$1,622,071	\$1,689,984	↑ 17.6%	↑ 4.2%	\$1,463,647	\$226,337	↑ 15.5%

Totals may not foot due to rounding.



REET Transactions:

In November 2014, there were thirteen more transactions with a value that was \$6.8 million more than those for November 2013. Year-to-date there has been seventy-four more transactions with a value that is \$45.3 million more than the year-ago level. Table 9 below exhibits the number of sales and value of all residential and commercial transactions that occurred during the period of January through November in 2013 and 2014.

Table 9: REET Sales (\$ in thousands)							
Month of Activity	2014		2013		2014 v. 2013		
	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value \$ Change	Value % Change
January	46	\$16,580	37	\$14,251	9	\$2,329	↑ 16.3%
February	41	20,525	35	11,092	6	9,433	↑ 85.0%
March	74	30,752	65	20,860	9	9,892	↑ 47.4%
April	84	29,812	57	17,541	27	12,272	↑ 70.0%
May	77	30,910	72	29,046	5	1,864	↑ 6.4%
June	88	37,814	107	46,661	(19)	(8,847)	↓ -19.0%
July	89	35,642	87	33,031	2	2,611	↑ 7.9%
August	108	43,725	93	38,910	15	4,815	↑ 12.4%
September	72	27,070	78	31,934	(6)	(4,865)	↓ -15.2%
October	93	35,779	80	26,821	13	8,958	↑ 33.4%
November	75	29,388	62	22,583	13	6,805	↑ 30.1%
Totals	847	\$337,997	773	\$292,729	74	\$45,267	↑ 15.5%
Totals may not foot due to rounding.							

Table 10 below exhibits the number and value of sales by category that occurred during the period of January through November 2014. The total number of transactions thus far this year is only two transactions shy of the total for January through December 2013. The total sales value thus far this year is \$12.6 million, or 3.9%, more than the total for January through December 2013.

Table 10: 2014 REET Sales by Category (\$ in thousands)												
Month of Activity	Single-Family		Multi-Family		Mobile Home		Commercial		Miscellaneous		Undeveloped	
	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value
January	36	\$14,112	6	\$1,127	0	\$0	1	\$376	0	\$0	3	\$965
February	32	13,080	5	910	0	0	4	6,536	0	0	0	0
March	62	27,976	10	2,421	0	0	0	0	0	0	2	355
April	72	27,358	10	2,050	0	0	1	177	0	0	1	227
May	64	25,110	12	5,735	0	0	0	0	0	0	1	65
June	71	30,053	13	2,690	1	150	1	4,800	0	0	2	121
July	80	33,020	9	2,622	0	0	0	0	0	0	0	0
August	89	35,267	14	3,439	0	0	1	1,200	0	0	4	3,820
September	58	21,121	13	5,288	0	0	0	0	1	660	0	0
October	78	29,276	9	1,478	0	0	3	4,047	1	560	2	417
November	63	26,708	9	1,983	0	0	1	305	1	0	1	391
Totals	705	\$283,082	110	\$29,744	1	\$150	12	\$17,440	3	\$1,220	16	\$6,361
Totals may not foot due to rounding.												

Charts 11a and 11b are histograms exhibiting the number of single-family residences that sold in 2014 in each of the various price ranges. The majority (77.7%) of the homes sold through November were priced from \$200,000 to \$500,000 with 37.6% priced from \$300,000 to 400,000.

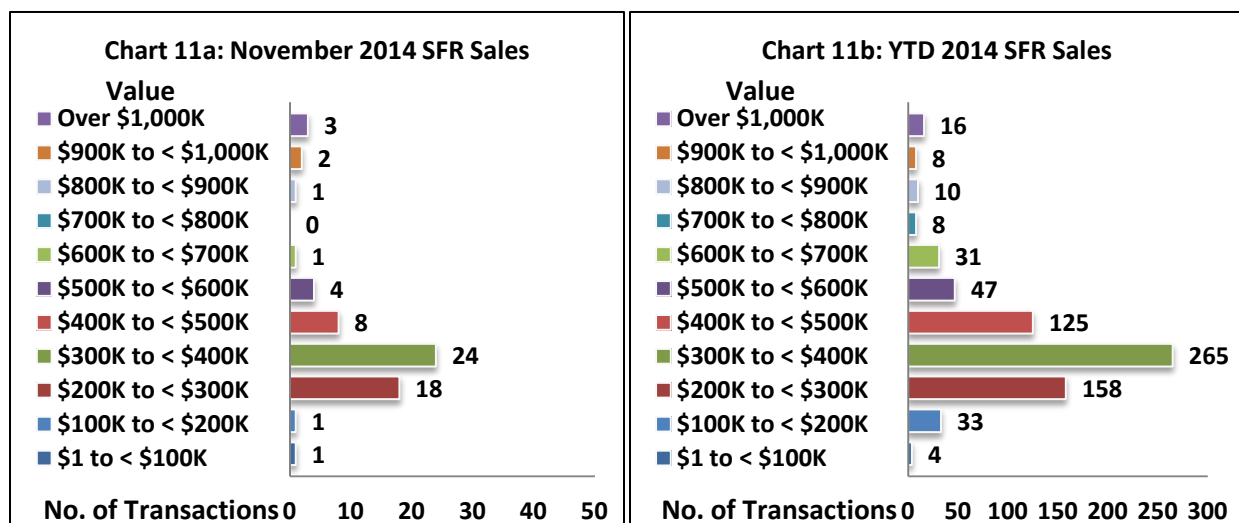
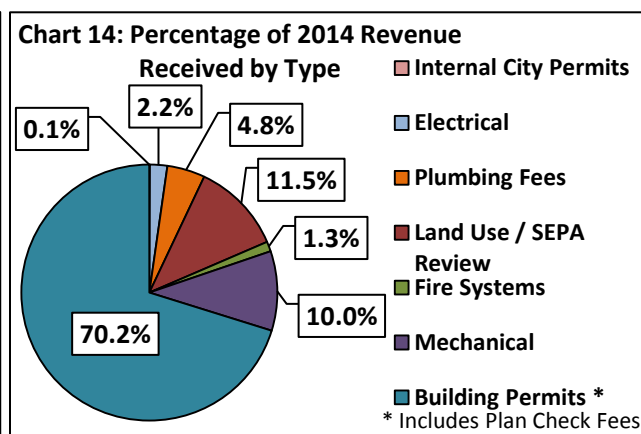
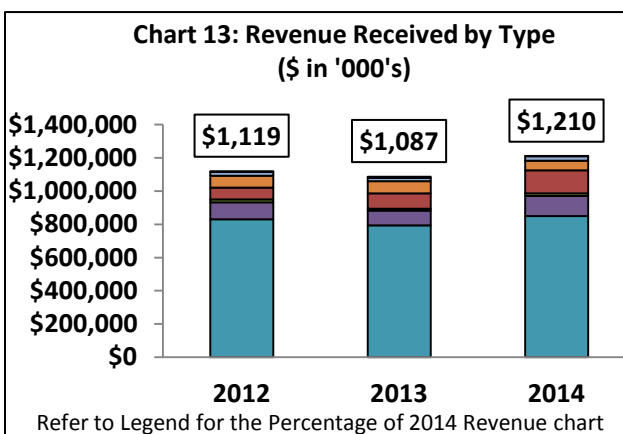
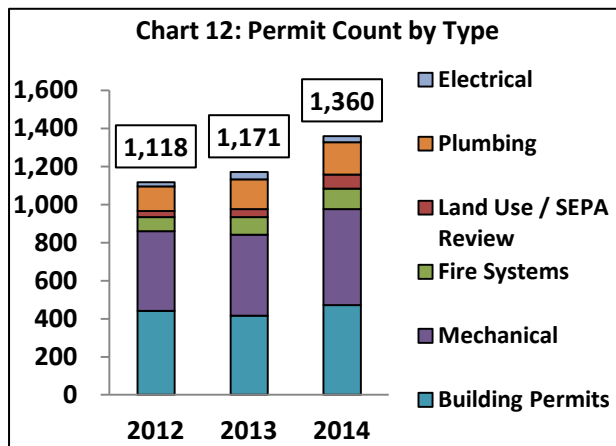


Table 11 below exhibits the number and value of all residential and commercial transactions greater than \$1.0 million. In November 2014, three residential properties sold for more than \$1.0 million. Through November 2014, there have been sixteen SFRs, three undeveloped parcels (sold as one transaction), and nine businesses sold for more than \$1.0 million, which has accounted for \$44.0 million, or 13.0%, of the total sales amount.

Table 11: REET Sales > \$1 Million (\$ in thousands)							
Month of Activity	2014		2013		2014 v. 2013		
	No. of Sales	Value	No. of Sales	Value	No. of Sales	Value \$ Change	Value % Change
January	1	\$1,500	3	\$5,780	(2)	(\$4,280)	↓ -74.1%
February	3	5,966	0	0	3	5,966	↑ N/A
March	5	6,000	1	1,165	4	4,835	↑ 415.0%
April	0	0	0	0	0	0	→ 0.0%
May	1	2,096	4	8,300	(3)	(6,204)	↓ -74.7%
June	3	8,540	4	12,057	(1)	(3,517)	↓ -29.2%
July	2	3,319	2	2,343	0	976	↑ 41.7%
August	5	7,138	3	6,875	2	263	↑ 3.8%
September	2	2,453	4	5,803	(2)	(3,349)	↓ -57.7%
October	1	3,000	1	1,100	0	1,900	↑ 172.7%
November	3	3,965	2	2,480	1	1,485	↑ 59.9%
Totals	26	\$43,977	24	\$45,903	2	(\$1,926)	↓ -4.2%
Totals may not foot due to rounding.							

Type	2012	2013	2014	# Chg. 2014 v. 2013	% Chg. 2014 v. 2013
Building	442	416	472	56	↑ 13.5%
Mechanical	419	425	505	80	↑ 18.8%
Fire Systems	73	94	107	13	↑ 13.8%
Land Use / SEPA Review	32	42	74	32	↑ 76.2%
Plumbing	130	156	170	14	↑ 9.0%
Electrical	22	38	32	(6)	↓ -15.8%
Totals	1,118	1,171	1,360	189	↑ 16.1%



Permit revenue in November 2014 totaled \$87,738. Total revenue to date is \$1,209,785, which is 47.6% ahead of the projection and 11.3% ahead of the year-ago level.

Issued building permits came in at \$2.8 million valuation for November, comprised 81% of residential and 19% of commercial/multi-family valuation.

Month	Residential				Commercial				Multi-Family			
	New		Add/Remodel		New		Add/Remodel		New		Add/Remodel	
	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation	#	Valuation
January	6	\$1,939	8	\$101	0	\$0	2	\$79	0	\$0	0	\$0
February	4	1,363	6	188	0	-	0	-	0	-	1	10
March	9	2,195	10	270	1	4,000	4	920	0	-	0	-
April	2	686	21	1,099	0	-	4	1,835	0	-	8	317
May	6	1,916	24	1,106	2	481	3	390	0	-	4	176
June	0	-	10	522	1	12	6	624	0	-	3	62
July	5	1,100	18	1,841	1	2,457	6	570	0	-	5	50
August	1	343	21	659	1	1,514	3	26	0	-	0	-
September	5	2,039	17	898	1	2,786	1	45	0	-	1	50
October	5	1,044	24	984	0	-	3	388	1	474	1	40
November	4	1,335	11	943	0	-	3	458	0	-	1	32
Totals	47	\$13,959	170	\$8,609	7	\$11,250	35	\$5,334	1	\$474	24	\$738