

**10-Year Financial Sustainability Plan
Open House
Public Comment Summary
May 14, 2014**

Staff: Debbie Tarry, John Norris, Robert Hartwig, Patti Rader, Rick Kirkwood, Grant Raupp

Number of members of the public present: 7

CITY SERVICES

- **What City services do you use?**

- **What City services do you most value?**
 1. Police

 2. Parks (Richmond Beach Saltwater Park, Pool)

 3. Library (Staff explained that the libraries in Shoreline are operated by King County)

- **What services would you maintain and what services would you change?**
 1. Crime Issues
 - a. Increase level of policing
 - b. Increase community involvement

 2. Sidewalks (multiple members of the audience); along 185th and 195th

 3. Street maintenance: Potholes and right-of-way maintenance

 4. Aurora Improvements upkeep going forward

 5. General City streetscape upkeep – maintenance of 15th & 175th, entrance to City from Freeway

HOUSING

- **Do you think Shoreline should offer more housing options?**
 1. Multi-Family on Aurora is a good location for that type of development
 - a. Look at transit corridors for Multi-Family development

 2. Put Multi-Family near light-rail development

 3. Additional housing will provide the customer base necessary to support businesses looking to locate in Shoreline

10YFSP SUBCOMMITTEE EXPECTATIONS

1. We have to do something to address the “blue wedge”

2. May have to raise money (i.e. taxes)

3. Need to prioritize maintenance of current assets (road maintenance, park maintenance, park development).

4. Member of the public expressed support of the 10YFSP process. (He saw the 10YFSP presentation at the 5/7/2014 Council of Neighborhoods meeting)

ECONOMIC DEVELOPMENT

- **What do you think of when you think of Economic Development**
 1. Bars & Restaurants
 2. More Housing = More Economic Development
 3. Fill in vacant commercial properties
 4. Shoreline is a city of small business. (No Wal-Marts)
 - a. Should encourage small business.
 - b. Need specialty businesses (like Edmonds)
 - i. Shoreline is located between Alderwood and Northgate malls, which is a challenge.
 5. Have seen some recent activity (new restaurants coming into neighborhoods)
 - a. Specialty restaurants – need more sit-down, white tablecloth restaurants.
 6. Limited choices when it comes to Shoreline downtown options
 - a. Would like to see more options
 7. Mixed-use building development
 8. Why is redevelopment harder than development?
 - a. Staff explained that the existing improvements on the land (i.e. buildings) have value to the current owner and the developer needs to pay for those improvements versus the lower value of a non-developed property. Also, it can be difficult for a developer to assemble multiple parcels of land that are owned by multiple individuals.
- **Do you think the Subcommittee's economic development target is too high? too low? about right?**
 1. Member of the public asked how the City reaches economic development goals because it is market driven.
 - a. Staff explained the City could market the opportunities throughout the city to developers/ offer incentives to developers/have community redevelopment areas/have conversations and study sessions with developers.
 2. "It's all about marketing."
 3. Believes the subcommittee's goals are reasonable. Identify what needs to be addressed early-on.
 4. As economic development happens some concerns get addressed (e.g., sidewalks are often installed as properties are developed/redeveloped)

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5. School District concerns with development of multi-family units. (185th Light-rail station)
 - a. Have we been talking to School District?
 - i. Staff explained that we have been discussing the potential for MFR zoning near the light rail stations and on Aurora. The District understands that this could impact school capacity.
6. Will there be any development occurring around light rail station areas prior to station opening?
 - a. The station will likely be the draw for MFR, so development ahead of time may very well be limited.
7. The Subcommittee's economic development targets seem like modest goals that are attainable.

REVENUES

1. Member of the public asked why property tax levy lid lift renewal was so low on considerations because it passed easily last time it was up for vote.
2. Member of the public asked if other cities had B&O taxes.
 - a. Staff explained that some neighboring jurisdictions do and others do not have City-level B&O taxes. Refer to the memo regarding general Business and Occupation Taxes included as Attachment E (pages 14-16) in the [Subcommittee's March 31, 2014 packet](#) for more information.
3. Member of the public asked about pool costs and how much it is supported by user fees.
 - a. Approximately 42.0% of the staffing and operation of the pool is covered by user fees. It costs approximately \$930,000 to staff and operate the pool. The City receives approximately \$387,000 in revenues from services such as water safety, adult programs, community public recreation swims, facility rentals, and sales of merchandise. Refer to the Operating Budget Quality of Life Services Cost Matrix included as Attachment E (page 15) in the [Subcommittee's February 24, 2014 packet](#) for more information. This information was provided as a response to the members of the public that provided an email address on the Open House sign-in sheet.
4. What is the process for fee review?
 - a. Staff explained the Council's budget review process. The current fee schedule review process is based on Shoreline Municipal Code Chapter 3.01.820, which states:

The fee schedules in this chapter shall be automatically updated on an annual basis on January 1st of each year by the Seattle Consumer Price Index for all urban consumers (CPI-U). The adjustment shall be calculated each year and included in the city manager's proposed budget. The annual adjustment shall be based on the CPI-U average for the period that includes the last six months of the previous budget year and the first six months of the current budget year. The city manager may choose to not include annual CPI-U adjustments in the city manager's proposed budget and the city council may choose to not include annual CPI-U adjustments in the adopted budget for select user fees in any individual budget year without impacting the full force of this section for subsequent budget years. The annual adjustments to the fees in this chapter shall be rounded to the nearest quarter-dollar.

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5. In response to the slide showing the Subcommittee did not consider a Utility Tax increase, a member of the public asked what is the criteria the City would use to raise the Utility Tax. Also asked what the current rates and the statutory limits of other utility taxes rates are.
 - a. This revenue option was presented to the Subcommittee on page 7 in the [Subcommittee's January 28, 2014 packet](#). The following is an excerpt from that packet's staff report:

In the case of electric, gas, steam, and telephone services, the City could ask the voters to approve an increase of the existing taxes to some amount greater than 6%. These revenue sources can be increased beyond the current 6% rate with a majority vote of the citizens...

There are no restrictions on tax rates for water, sewer, and stormwater utilities. It should be noted that this possibility is something that has generated a lot of interest from those who appear to oppose the City's contractual assumption of the Ronald Wastewater District assets in 2017. However, in these cases a voter referendum process may be required. As stated previously, the discussion with the Subcommittee is to have a comprehensive review of options, prior to any recommendations or decisions being made. In any event, the only way any fee would increase is after extensive public process. Based on Shoreline's past history, it would be expected that the matter would be discussed ahead of time in Currents, on the website, and on Council agendas/staff reports/etc.

The Subcommittee unanimously agreed to remove this option from further consideration without further discussion. This information was provided as a response to the members of the public that provided an email address on the Open House sign-in sheet.

6. Will the City receive revenue from recreational marijuana?
 - a. Staff explained that marijuana excise taxes, which were established by Initiative 502 as a 25% excise tax on marijuana producers, processors, and retailers, will not be shared by the state.

Whether sold for recreational or medical purposes, marijuana and marijuana-infused products are not considered food or food ingredients, nor are they considered prescription drugs since they cannot be legally prescribed. Therefore, according to the Washington State Department of Revenue, these products do not qualify for the food or prescription drug retail sales tax exemptions. The City would receive a portion of the retail sales tax as it applies to sales of marijuana and marijuana-infused products to consumers. The amount subject to retail sales tax is the "selling price" (RCW 82.08.010), which may include, but is not limited to: the cost of goods sold, the 25% marijuana excise tax imposed on the producer, the 25% excise tax imposed on the processor, the 25% marijuana excise tax imposed on the retailer, business expenses, and additional markup for desired profit. Refer to the Washington State Department of Revenue's webpage regarding Initiative 502 for more information.
(<http://dor.wa.gov/content/getaformorpublication/publicationbysubject/taxtopics/502.aspx>)

At the present time Shoreline will not receive any portion of the excise tax and it is unclear whether Shoreline will be able to receive any sales tax (at 0.85%) on the sale of marijuana. It appears that Shoreline is able to receive sales tax (at 0.85%) on marijuana-related paraphernalia and food products sold in licensed establishments, but this revenue source is expected to be very small.

7. Question about impact fees paid by developers for projects. Were Council's concurrency discussions and impact fees discussed by Subcommittee?
 - a. Staff explained that the fees do not support operations budgeted in the General Fund, rather they pay for improvements, such as roads, that are impacted by the new trips created by the development itself. These fees would be received into Capital Projects funds unrelated to the General Fund.

EXPENDITURES

1. Would not like to see the Police Department reduced/cut.
2. We get great service for what we pay employees. Would not want to see a reduction in quality of employees.
3. School District doesn't pay its share of Surface Water.

BASE SCENARIO

1. What are the forecast assumptions built in the model's base scenario for Point Wells, SPU (water utility) assumption, Ronald Wastewater District assumption, and the Aurora Square Community Renewal Area. In addition, what will the impact be if these developments or assumptions do not transpire?
 - a. Staff explained that the model does not include any assumptions tied specifically to these four items; therefore, there will be no change to the base scenario regardless of the end result for any of these four items.