

2007 Proposed Budget

October 16, 2006

Presented by City Manager

Bob Olander

Presentation Agenda

- ***Budget Process & Schedule***
- ***2007 Budget Highlights and Comparisons***
- ***2007 Major Operating and Capital Budget Changes***
- ***Long-Range Financial Planning***

Budget Process & Schedule

Key Events in 2007 Budget Development Process

- ***Council Planning Retreat (April)***
- ***Preliminary 2007-2012 Revenue & Expenditure Forecast (April)***
- ***2007-2012 Capital Improvement Plan Adoption (July)***
- ***Department Budget Development (June-August)***
- ***Long-term Forecast & 2007 Budget Update to Council (September)***
- ***Proposed City Budget Development (September - October)***
- ***Presentation of Proposed 2007 City Budget to Council - October***

2007 Budget Review and Adoption Schedule

October 16 - Transmittal of Proposed 2006 Budget

October 23 - Department Presentations & Budget Workshop

November 6 – Public Hearing, Department Presentations & Budget Review Workshop

November 13 – Department Presentations, Public Hearing on 2007 Revenues & Budget Review Workshop

November 20 – Budget Workshop

November 27 – Adoption of 2007 Budget
Adoption of 2007 Property Tax Levy

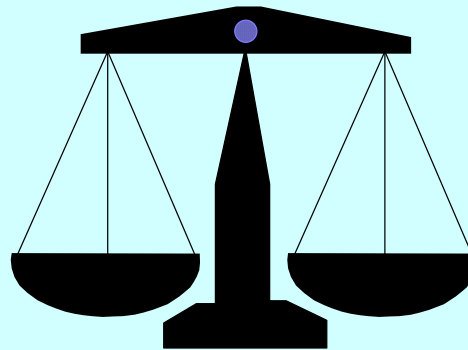
Budget Workshop Review Schedule

<u>October 23</u>	<u>November 6</u>	<u>November 13</u>
City Council	Communications & Intergovernmental Relations	Public Works
City Manager	Parks, Recreation & Cultural Services	City Reserves
City Clerk	Planning & Development Services	2007 Fee Schedule
Human Services	Economic Development	2007 Salary Survey
City Attorney		
Finance & City-Wide Charges		
Human Resources		
Customer Response Team		
Police		
Criminal Justice		
Budget Document Pages		
Pages 92 - 115, 130 - 195	Pages 116 - 123, 196 - 239	Pages 79 - 240 - 261, 319 - 337

Guiding Principles in the 2007 Proposed Budget

- ***Long-Term Financial Condition***

- Based on what we know today, make commitments that can be maintained for the long-term
- Limiting the City's dependence on unstable revenue sources
- Use on-going resources to fund on-going expenditures
- Maintain reserves to provide for long-term financial stability



- ***Maintain and improve the City's parks, roads, and drainage systems***

2007 Budget Highlights & Comparisons

2007 Budget Highlights

- ***City's Current Financial Position is Excellent***
- ***Balanced and totals \$68.2 Million***
- ***Primarily provides same level of services with these enhancements:***
 - Street Sweeping
 - Parks Maintenance
- ***Incorporates 2007 CIP activity***

Comparison to 2006 Budget

- ***Operating Funds***

- Total \$31 Million

- ***3.5% Decrease from 2006 Operating Budget***

- ***2007 General Fund Budget***

- Totals \$28.4 Million

- 3.3% Less Than 2006

- Eliminate one-time costs from 2006 and 2007 the budget change from 2006 to 2007 is a 6.8% increase

- ***Capital Funds***

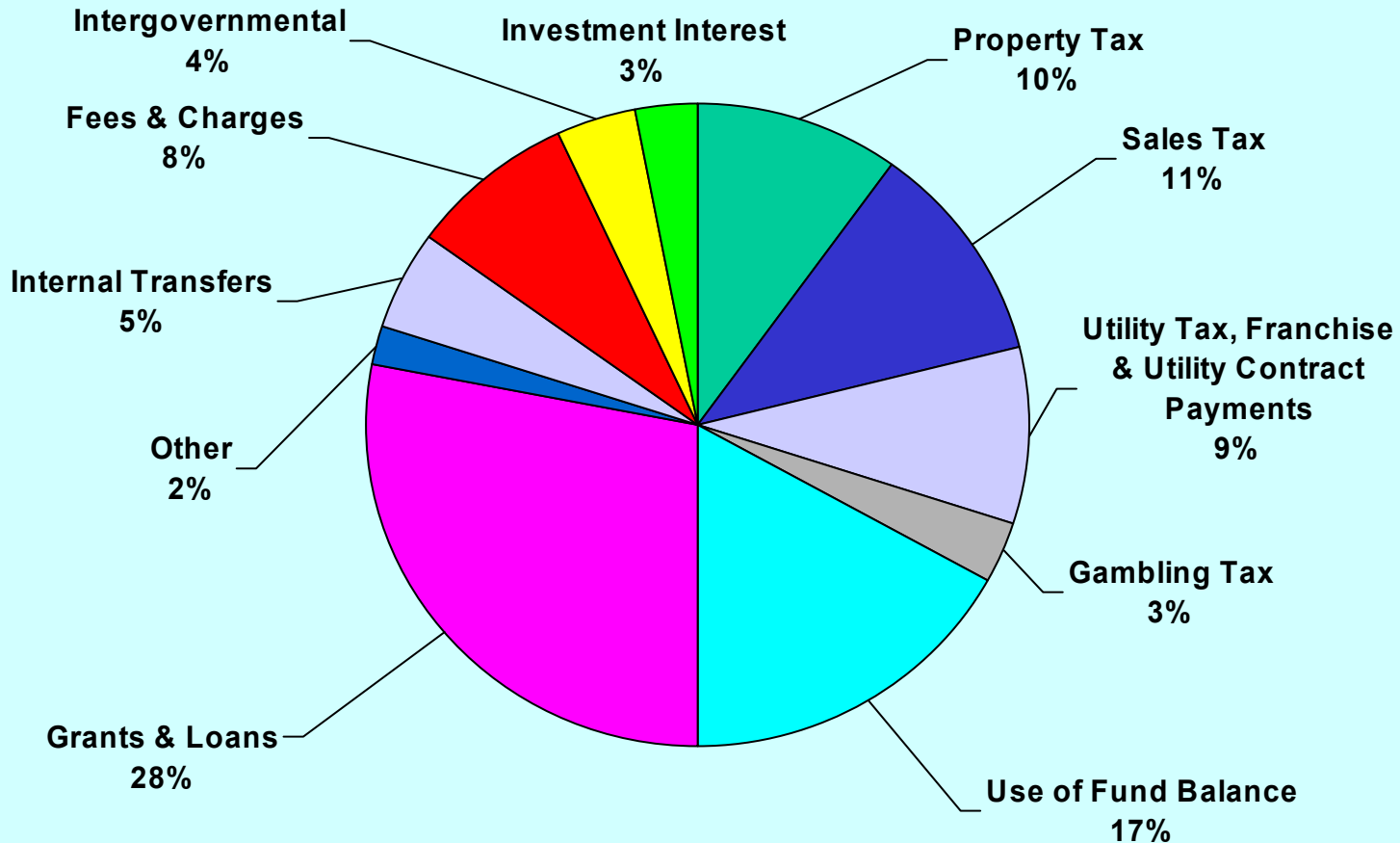
- Total \$31 Million

- 22.5% Less Than 2006

Where Will the Money Come From?

2007 City Resources By Category

\$68,206,170

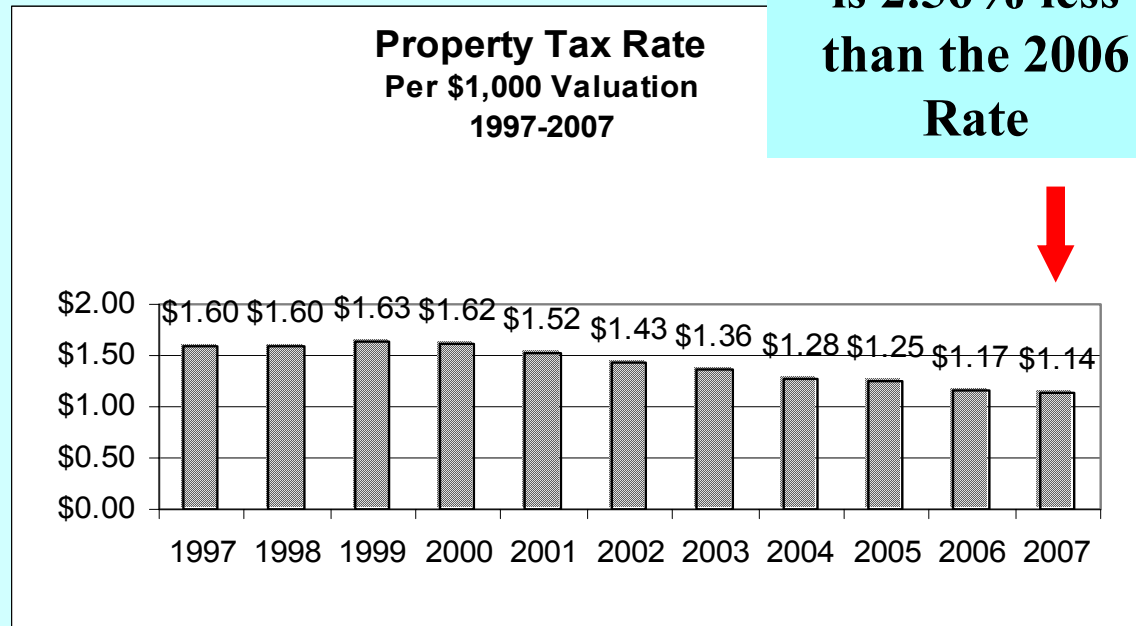


Property Tax

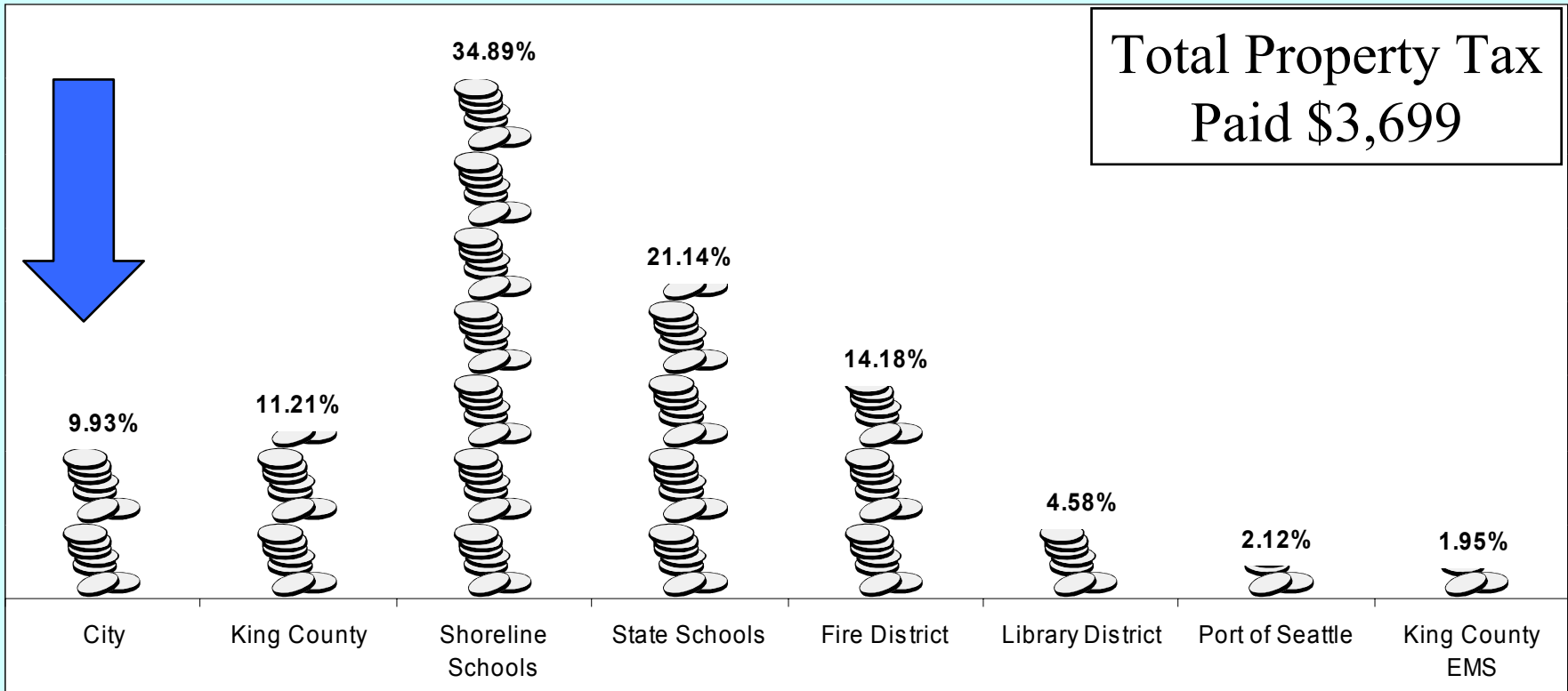
- *Largest Source of Operating Revenue for the City*
- *2007 Budget - \$7 Million*
 - 2007 Proposed Budget Includes a 1% Levy Increase and \$39 Million in New Construction

- *Preliminary 2007 Tax Rate of \$1.14 per \$1,000 Valuation*

2007 Tax Rate is 2.56% less than the 2006 Rate



How Much Property Tax Does a Shoreline Property Owner Pay and Where Does It Go?

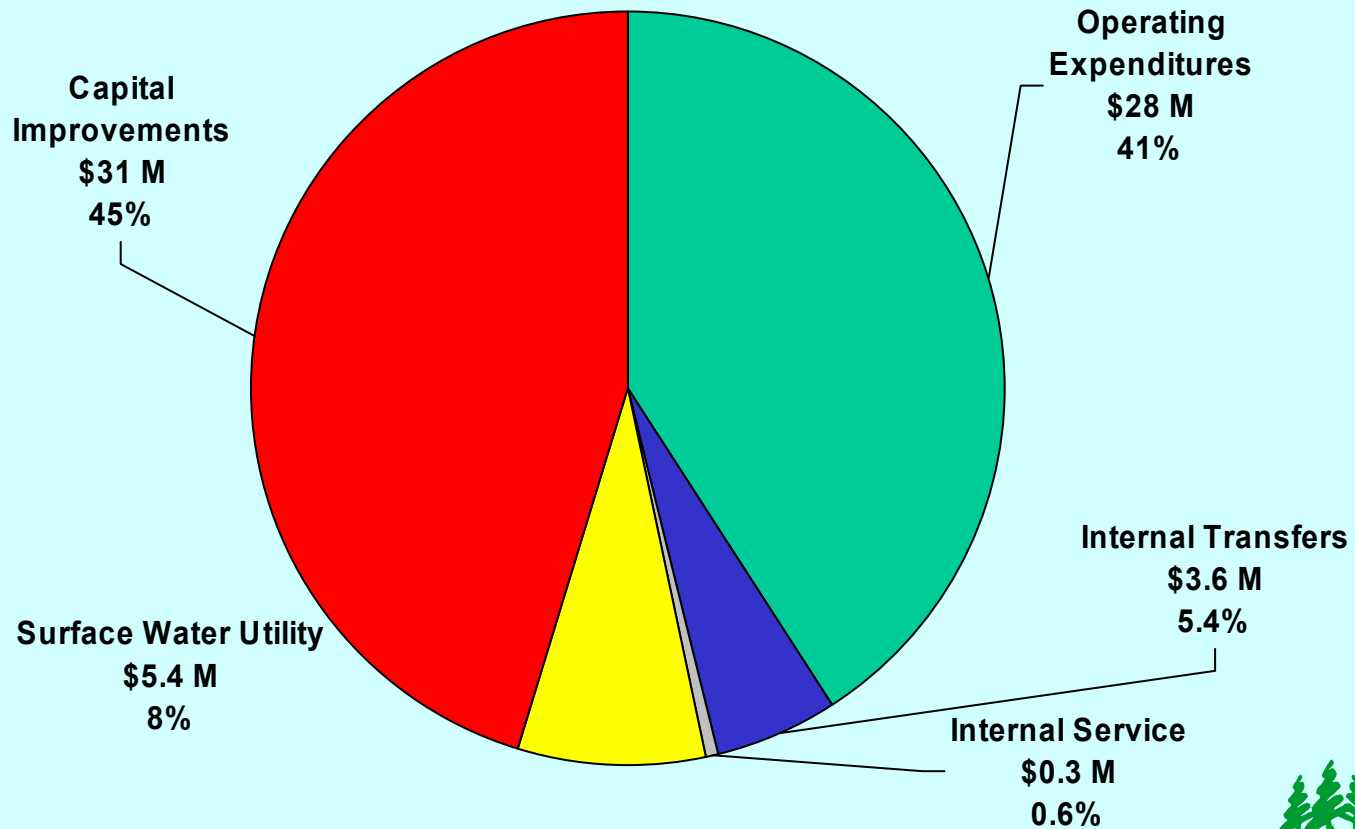


	City	King County	Shoreline Schools	State Schools	Fire District	Library District	Port of Seattle	King County EMS
Rate	\$1.17	\$1.32	\$4.11	\$2.49	\$1.67	\$0.54	\$0.25	\$0.23
Annual Tax on Home Value of \$314,000	\$367	\$414	\$1,291	\$782	\$524	\$170	\$ 79	\$ 72

Where Will The Money Go?

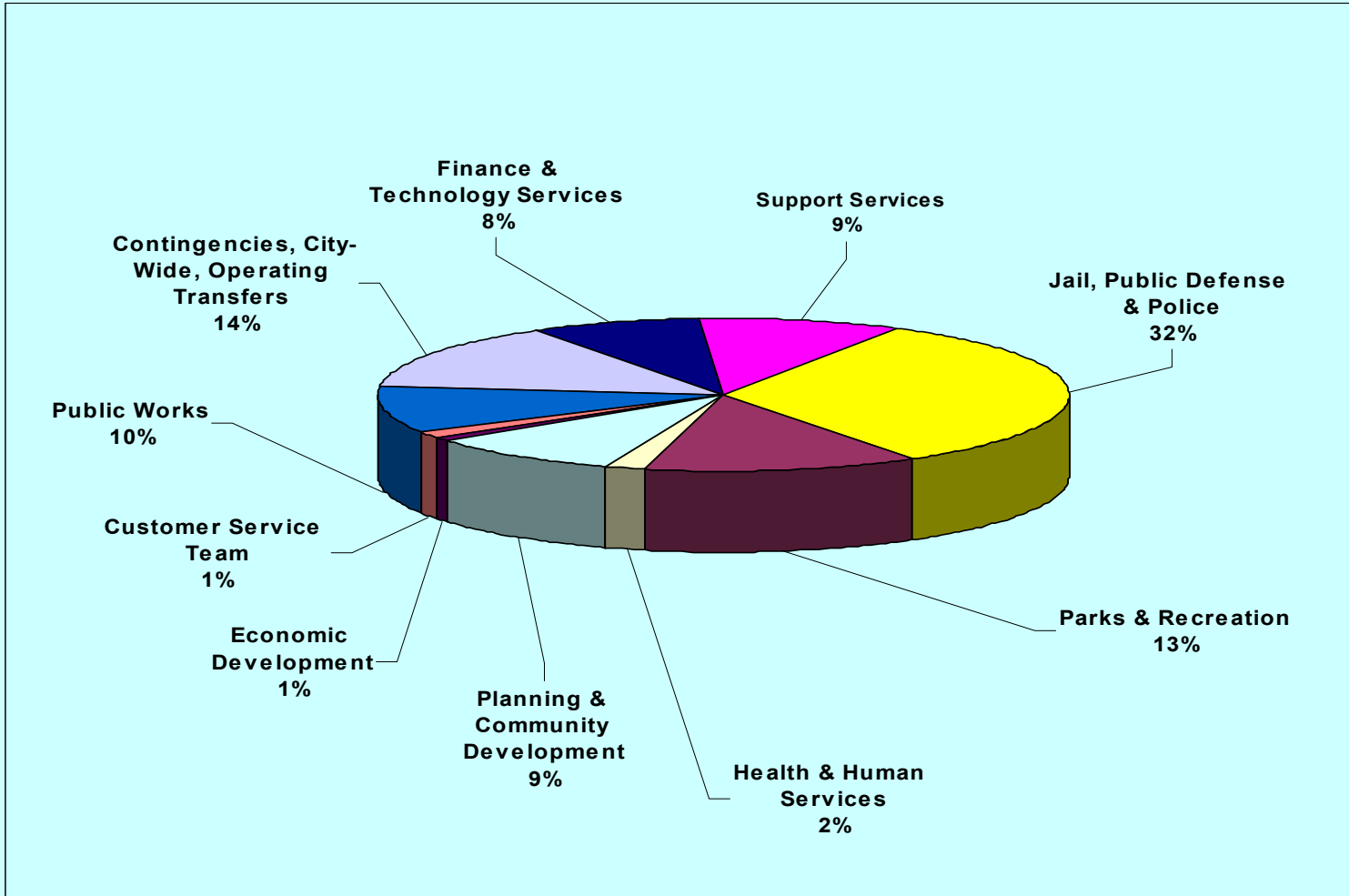
2007 City Expenditures by Category

\$68,206,170



2007 Operating Dollars

(Operating Budget + Transfers of Operating Dollars = \$31 Million)



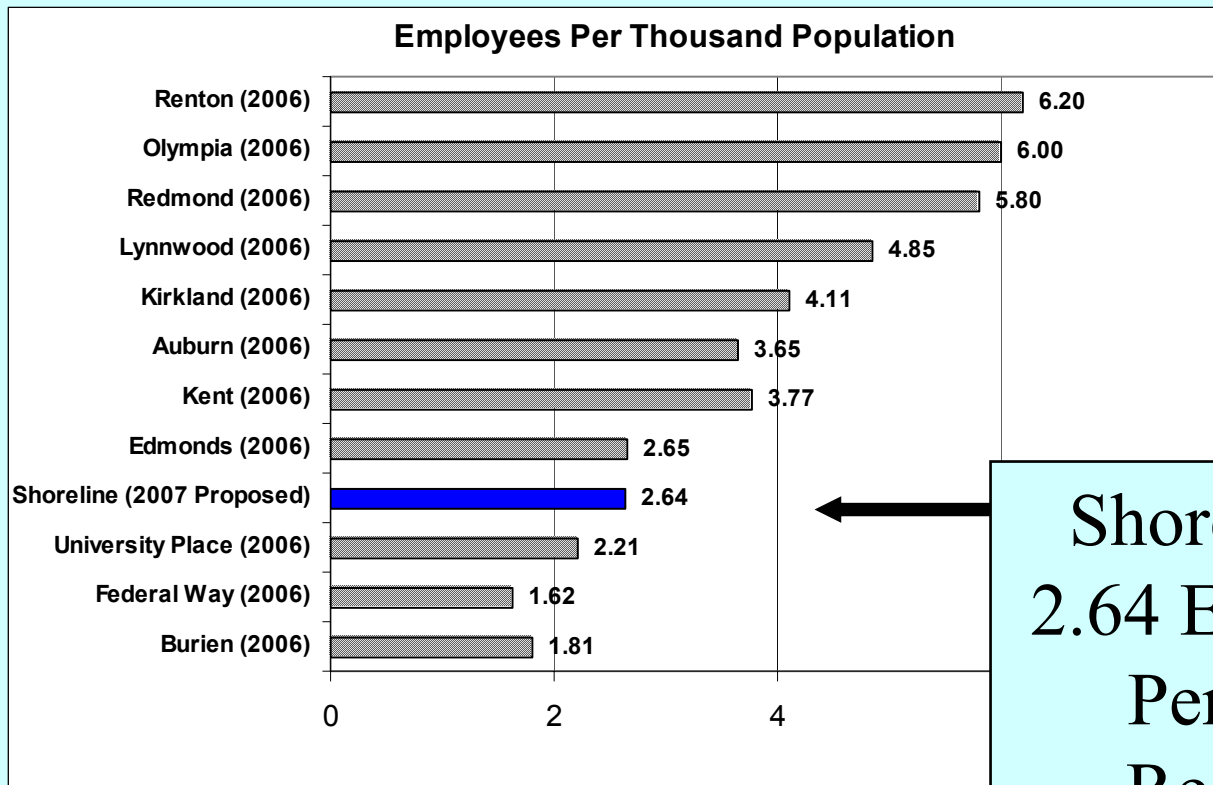
2007 Major Operating and Capital Budget Changes

Major Operating Budget Changes

- **Personnel Costs – Net Budget Impact \$991,310 (8.4%)**
 - **1.25 Net FTE Change - Net Budget Impact ~ Budget Reduction of \$24,263**
 - *Parks Maintenance Worker*
 - *.25 FTE Total Increase for Two Finance Technician Positions in Finance.*
 - **Compensation Policy - Budget Impact \$548,182**
 - *Market Adjustment (3.78%) & Step Increases*
 - **Benefit Cost Increases - Budget Impact \$383,430**
 - *Employer Contribution to Washington State Public Employee Retirement System (PERS) – Budget Impact \$252,362 – 96% increase*
 - **Rate will go from current 3.69% to 5.46% 1/1/07 and 6.01% 7/1/07**
 - *Health Benefits – Budget Impact \$124,119 - 8.8% increase*
 - **2006 Salary Survey - \$30,000 Budgeted Contingency**

Comparison of City Staffing Levels

(Excludes Police, Fire, Utilities, Special Business Enterprises)



Shoreline has
2.64 Employees
Per 1,000
Residents

Major Operating Budget Changes

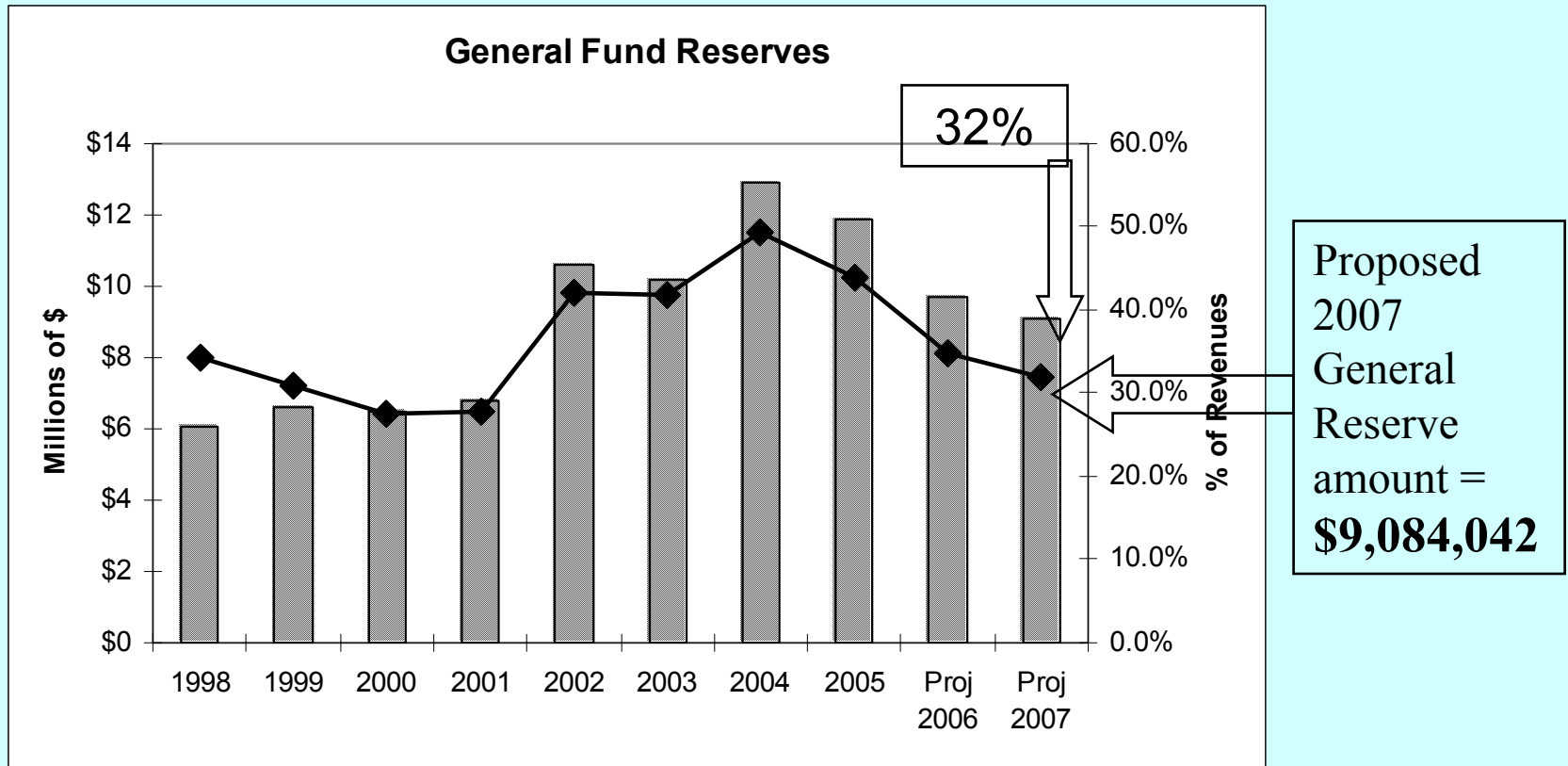
- *Public Safety - \$831,727 Increase*
 - Police Contract - \$445,510 (5.5%)
 - *Primarily related to personnel cost increases & County-wide wireless project*
 - Jail Contract - \$386,217 (46%)
 - *Jail usage has increased since August 2005*
- *Human Service Funding - \$10,000*

Major Operating Budget Changes

- ***In-House Athletic Field Maintenance – Net Budget Savings of \$24,263***
 - Parks Maintenance Worker II plus Extra Help
- ***Street Sweeping – Net Budget Savings of \$58,286***
 - Street Sweeper \$150,000
 - Reductions to contract service
- ***Miscellaneous Budget Increases***
 - Liability Insurance Assessment \$50,442
 - Telephone \$40,000
- ***Budgeted Contingencies - \$65,465***
 - Future Employer Washington State Public Employee Retirement System Contribution Increases
 - Seattle City Light rate increase for street lights

General Reserves

Reserve Policy Minimum of 10%



Recommended Revenue & Fee Changes

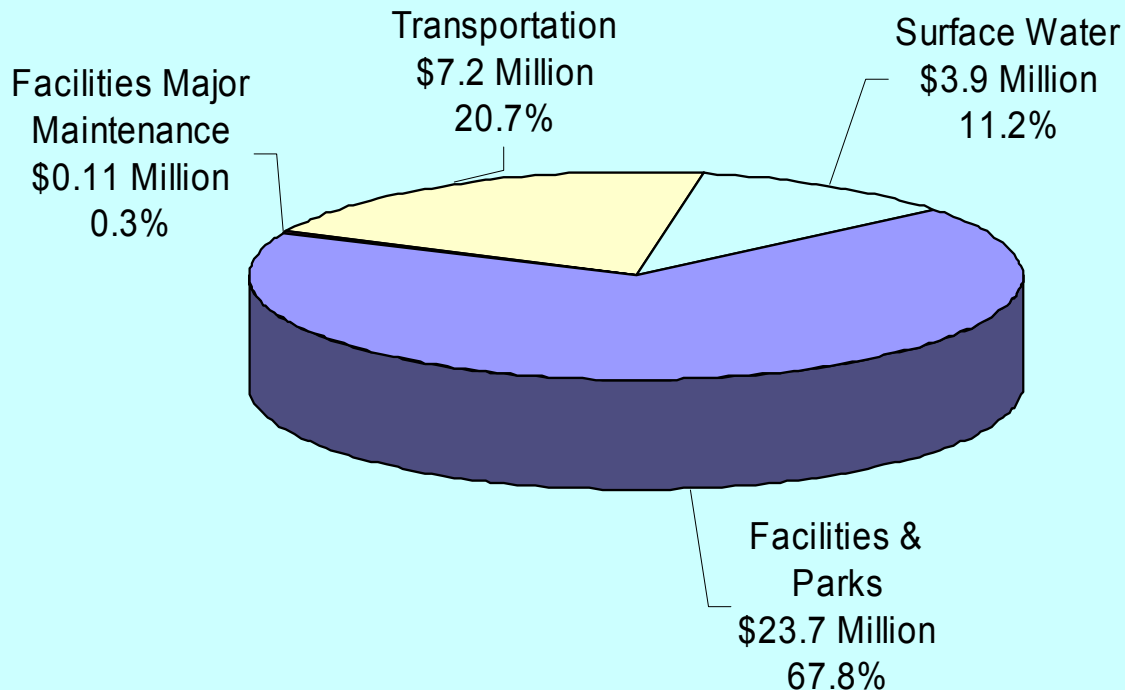
- ***Land Use & Non-Building Permit Fees***
 - Inflationary Adjustment
 - Hourly Rate increase from \$127 to \$132.25
- ***Recreation Fees***
 - Inflationary Adjustments
- ***Surface Water Utility Rate Increase***
 - Surface Water Master Plan Service Levels
 - Annual Residential Rate from \$111 to \$120
 - Annual impact to residential home - \$9

2007 Capital Improvement Plan

\$35 Million

(Includes Capital Funds and the Capital Portion of the Surface Water Utility Fund)

2007 CIP Funding By Project Type



2007 Major Capital Projects

- ***Facilities & Parks***

- Bond Issue Projects - \$18.8 Million

- ***Acquisition of properties, park improvements, trail and pedestrian pathways***

- Civic Center/City Hall - \$28 Million

- ***Property acquisition and City Hall construction***

2007 Major Capital Projects

- ***Transportation***

- Annual preservation of roads, sidewalks and traffic small works - \$1.3 Million

- Sidewalks - \$785,000

- Aurora (165th – 205th) - \$1.6 Million

- ***Planning, design and right-of-way acquisition***

- Annual Road Surface Program - \$750,000

2007 Major Capital Projects

- ***Surface Water Projects***

- Surface Water Master Plan Implementation

- ***Flood Protection Projects - \$3.3 Million***

- Small Projects, Midvale Drainage, Boeing Creek Park, Serpentine Place, Cromwell Park Wetland, Thornton Creek Corridor

- ***Water Quality Facilities - \$155,000***

- Cromwell Park Wetpond

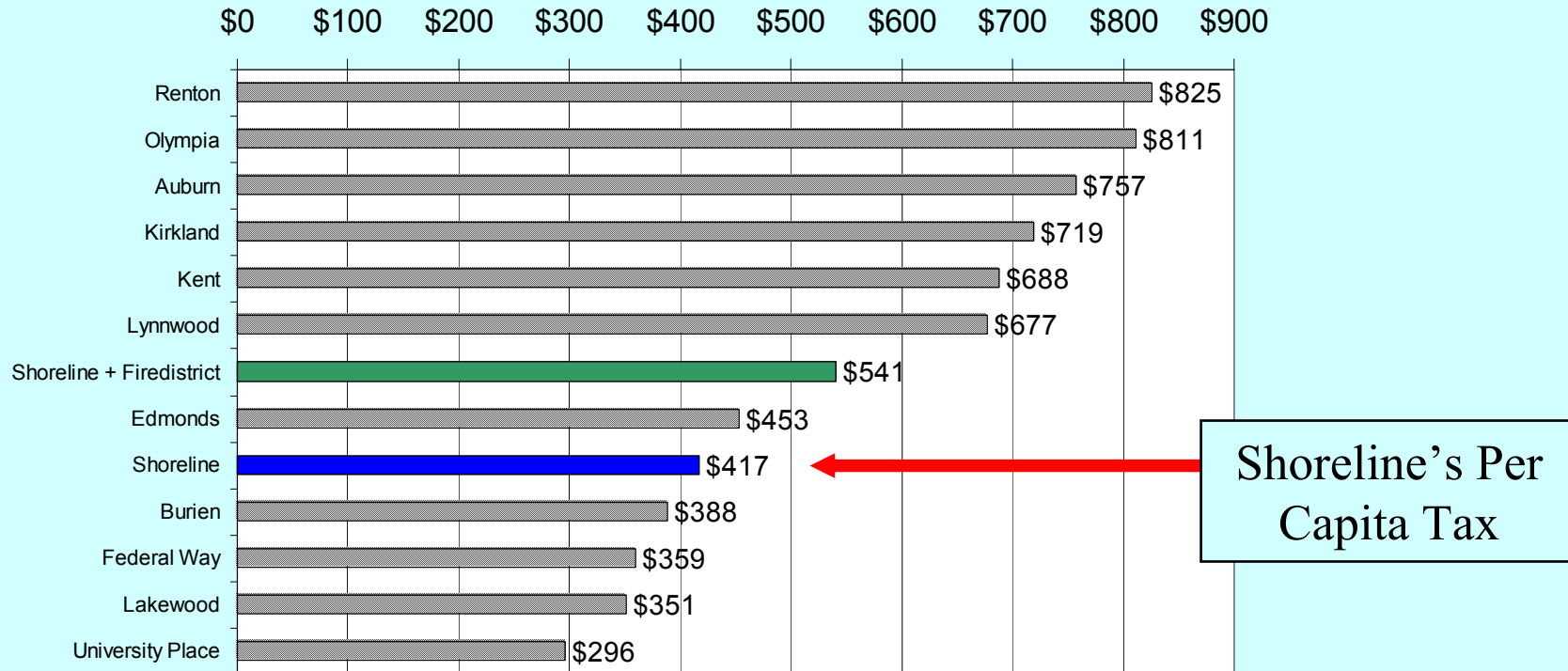
- ***Stream Rehabilitation/Habitat Enhancement - \$108,000***

Long-Range Financial Planning

Fiscal Capacity Constraints

Per Capita Comparison

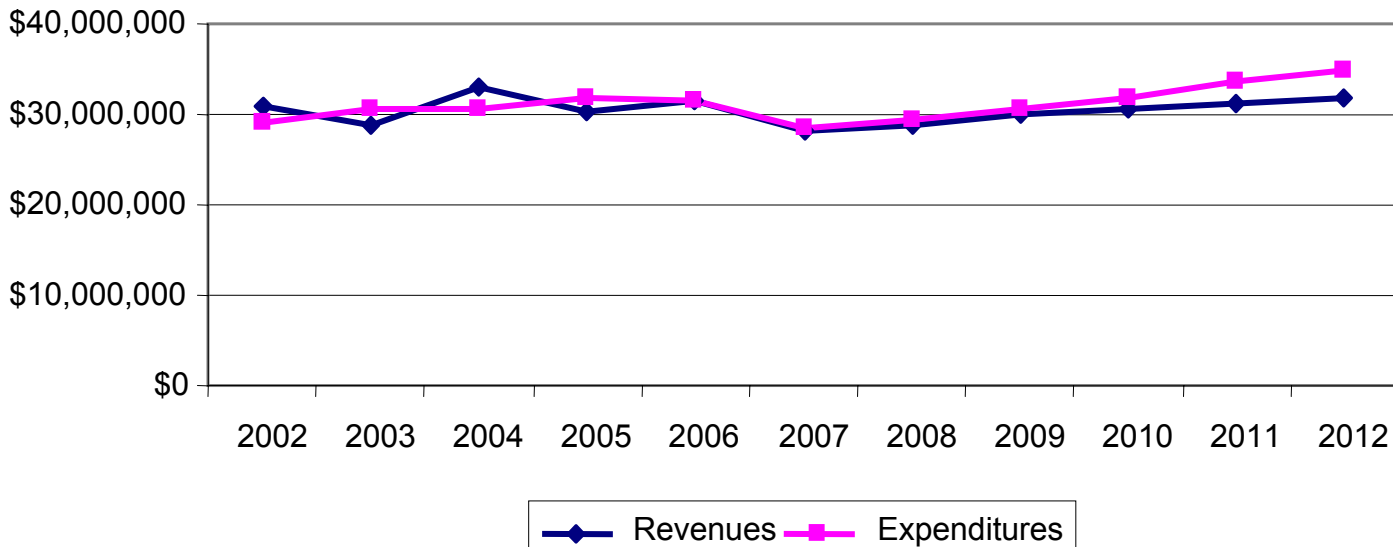
(Property Sales, B&O, Utility and Gambling Taxes, Franchise and Utility Contract Payments)



Shoreline's Per
Capita Tax

Operating Budget Long-Term Forecast

10 Year Operating Budget Comparison



Year	\$\$ Gap
2008	\$ (415,704)
2009	\$ (803,458)
2010	\$ (1,433,597)
2011	\$ (2,405,187)
2012	\$ (3,094,455)

Conclusion

- ***2007 Proposed Budget***
 - Supports City's vision and Council Goals
 - Maintains a Focus for strong Long-Term Financial Position
 - *Takes into account the City's Fiscal Capacity Constraints*
 - *Complies with adopted budget and fiscal policies*
 - *Maintains Reserves within Policy Guidelines*
 - Provides resources to maintain and improve the City's parks, roads and drainage systems
 - Service Level Changes to Benefit the Shoreline Community
 - Conservative Revenue Projections