

2014 – Preliminary Budget Discussion

September 16, 2013 City Council Meeting
Robert Hartwig – Administrative Services
Director



Purpose

- Provide Preliminary Estimates for 2013 year-end estimates, 2014 and Forecast for 2015 – 2019
 - Includes 2014-2019 CIP
- City Manager's Proposed Budget will be presented on October 14th



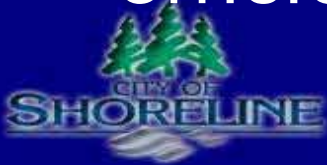
2014 Priorities

- 2013 – 2015 Council Goals
- Maintain existing facilities and infrastructure
- Planning – implementing the community's vision
 - Preparing for utilities, economic development and light rail



Going Forward in 2014

- Focus on economic development
- Develop the 10-Year Financial Sustainability Plan
- Study the impact of the Affordable Health Care Act
- Continue to implement program efficiencies



Council Budget Information Requests

- Contract Detail
- Analysis of Benefit to Shoreline Property Taxpayers from Other Agencies
- Comparative data with other King County cities
- SWM Rate Structure (Commercial/Residential)
- Are there others?



2013 General Fund Projected Ending Fund Balance

Beginning Fund Balance	\$ 9.9M
Revenues	33.1M
Expenditures	-32.3M
Transfers In	1.0M
Transfers Out	<u>-2.5M</u>
Ending Fund Balance (Est.)	\$ 9.2M

Revenues:

- Favorable Variances:
 - Sales Tax, Gambling Tax, Development Revenues,
- Unfavorable Variances:
 - Utility Tax, Liquor Excise Tax

Expenditures:

- Favorable Variances:
 - Position Vacancies
- Unfavorable Variances:
 - Jail and District Court Contracts



2014 Operating Budget* Projected Ending Fund Balance

Beginning Fund Balance	\$ 9.9M
Revenues	34.2M
Expenditures	-34.8M
Transfers In	1.7M
Transfers Out	<u>-2.7M</u>
Ending Fund Balance (Est.)	\$8.3M

* Operating Budget includes General Fund and Street Fund



Operating Funds Fund Balance/Reserve Policy

- Min. Required General Fund Balance - \$3M
- Min. Required Street Fund Balance - \$218,974
(20% of annual expenditures)
- Insurance Reserve - \$255,000
- Operational Contingency - \$633,459
- Total Required Reserves = \$4.1M
- Projected 2014 Ending Fund Balance = \$8.3M



2014 Projected Surplus/Gap

- Holding additional \$126,700 Surplus as a contingency for:
 - Unforeseen changes before October 14th



2014 Revenue Forecast

- 2014 Forecast - \$34.2M
 - \$810,000, or 2.4%, more than 2013 Current Budget



2014 Revenue Forecast

- 2014 Forecast Assumptions
 - Property Tax:
 - Total levy increase over 2013 = \$837,000
 - Based on 6.87% AV Increase
 - King County Assessor's Preliminary Levy
 - Levy Rate Remains at \$1.60



2014 Revenue Forecast

- 2014 Forecast Assumptions
 - Sales Tax:
 - Increased \$164,000 from 2013 Current Budget
 - 2.5% Growth
 - Building Permits:
 - Increased \$13,000 from 2013 Current Budget
 - Based on 8.3% growth in the number of housing permits (Puget Sound Economic Forecaster)



2014 Expenditure Forecast

- 2014 Forecast - \$34.8M
 - \$448,000, or 1.3%, more than 2013 Current Budget

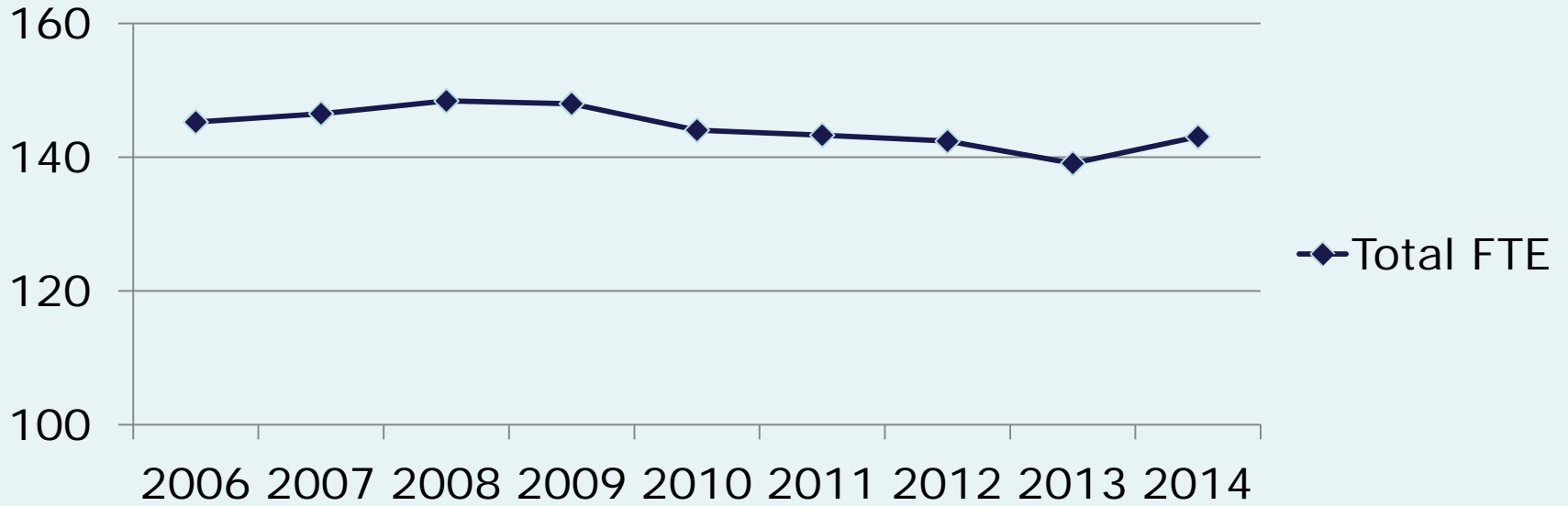


2014 Expenditure Forecast

- 2014 Forecast Assumptions
 - Market Adjustment: 1.26% = \$148,000
 - Health Insurance Benefits: 0% = \$0
 - Police Contract: 2.5% = \$110,000
 - Salary Survey = \$55,000
 - Jail Services = \$73,000
 - District Court & Public Defense = \$34,000
 - Other Contractual Increases



2006 – 2014 FTE Summary



Year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total FTE	145.24	146.50	148.40	147.98	144.03	143.28	142.38	139.06	143.05



2014 Supplemental Requests

Category	One-Time	On-Going	Available Revenue/ Expenditure Reductions	Net Cost
One-Time Funding	\$857,593	\$0	\$0	\$857,593
One-Time Investment with On-Going Expenditure Impacts	\$208,588	\$20,175	\$0	\$228,763
Personnel Requests	\$3,600	\$181,258	(\$90,000)	\$94,858
On-Going Programs	\$0	\$28,000	\$0	\$28,000
Totals	\$1,069,781	\$229,433	(\$90,000)	\$1,209,214



Liquor Excise Tax

- Unstable Revenue Source – Removed from 2014 Budget
- Expenditure Reductions to offset loss total \$130,000



2014 – 2019 CIP

- Total Proposed CIP = \$71.1M
- 2014 Total = \$26.8M
- Council Reviewed elements of the CIP on April 22, June 17, July 8, July 22, August 5, September 9
- SWM rates remain as adopted in Surface Water Master Plan



2015 – 2019 Long-Term Projections

Fiscal Year	2015	2016	2017	2018	2019
Surplus (Gap)	523,521	473,003	(308,307)	(978,463)	(1,514,662)
Property Tax Equalization Funds Used	706,919	480,201			
Surplus (Gap) Without Property Tax Equalization Funds	(183,398)	(7,198)	(308,307)	(978,463)	(1,514,662)

- 2015-2016: Uses Property Tax Levy as planned
- 2017-2019: Levy lid lift expires in 2016; levy limitation returns to a 1% cap



Summary

- 2013 General Fund projected expenditure savings of \$131,413
- 2014 Operating Budget:
 - Uses \$1,630,110 of fund balance for:
 - One-Time Supplemental Requests: \$638,203
 - Planned use of Street Fund FB: \$183,448
 - Reserves and Insurance Contingency: \$808,459



2014 Budget & CIP Review Schedule

<u>October 14</u>	Transmittal of Proposed 2014 Budget
<u>October 21</u>	Department Budget Reviews
<u>October 28</u>	Continued Review of Department Budgets & 2014 – 2019 CIP
<u>November 4</u>	Public Hearing on 2014 Budget & 2014-2019 CIP
<u>November 18</u>	Public Hearing Revenue Sources & 2014 Property Tax Levy
<u>November 25</u>	Adoption of 2014 Budget, Adoption of 2014 Property Tax Levy, & Adoption of 2014-2019 CIP



Discussion / Comments

- Questions?
- Feedback?

