

Ten Year Financial Sustainability Update

February 24, 2014

Presented by

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Background

- Project Began in 2012
- Aligns with Council Goal 1 – Strengthen Shoreline’s Economic Base
 - Action Step 3 – Develop a 10-year Financial Sustainability Plan
- Process to Date
 - Developed Base Model & Base Scenario
 - Staff Evaluated Services/Calculated Costs of Each Service (Core & QOL)
 - Identified Economic Development, Revenue, & Expenditure Strategies
 - Currently Meeting with Council Subcommittee
 - First Update to Full City Council Tonight

Expected Outcomes

- Develop a Preferred Alternative Based on Identified Strategies
- Use this Alternative to Assist in the Annual Budget Process
- Close Potential Budget Gaps Before They Occur
- Keep the Budget Balanced Into the Future
- Maintain Reserves Based on City Policies

Subcommittee Work

- 3 Meetings Before Tonight
- 1st Meeting
 - Consensus Re: Potential for Gaps
 - List of 125 Services
 - Base Scenario (101/98)
 - Baseline Assumptions
 - Agreement on the Approach Taken

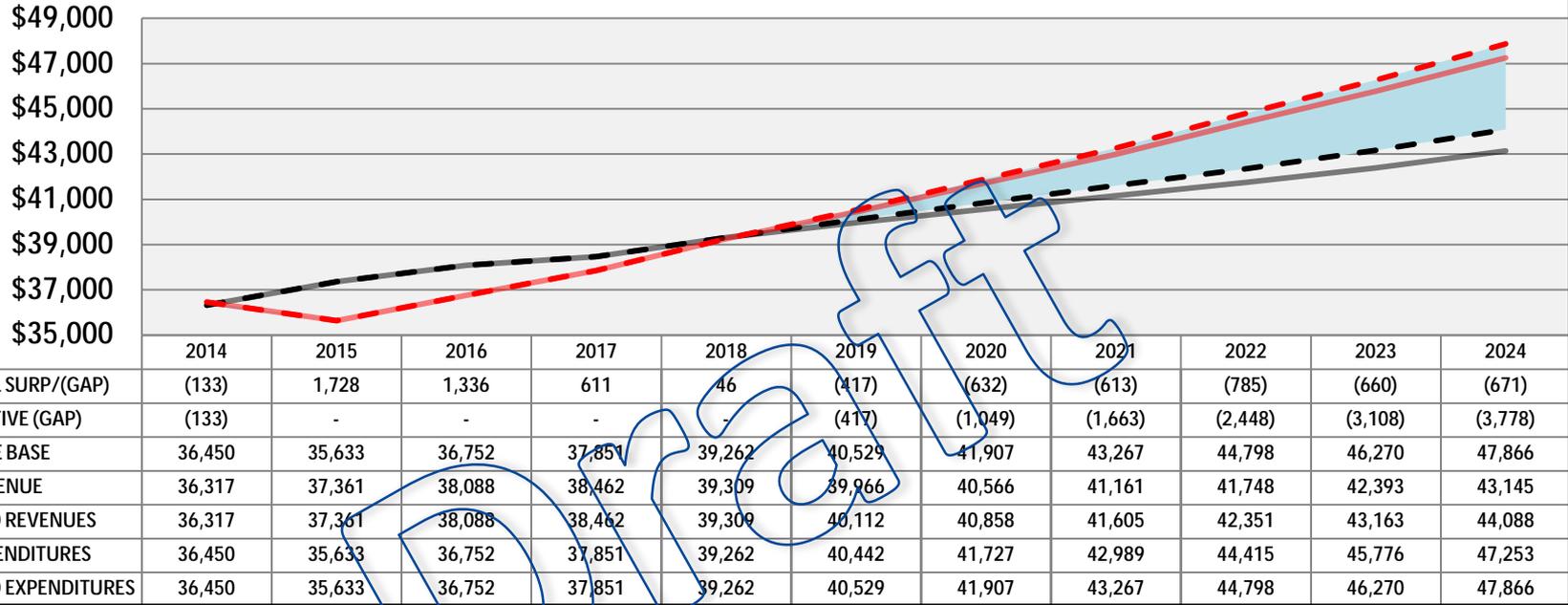
2nd Subcommittee Meeting

- Reviewed Economic Development Strategies
- Reviewed Revenue Strategies
- Reviewed Annual AV Growth to Achieve 2%

Economic Development

- Model Alternative With
 - 160 Additional Units of Multi-Family/Yr
 - 7,500 Sq Ft Additional Retail/Yr

ECONOMIC DEVELOPMENT



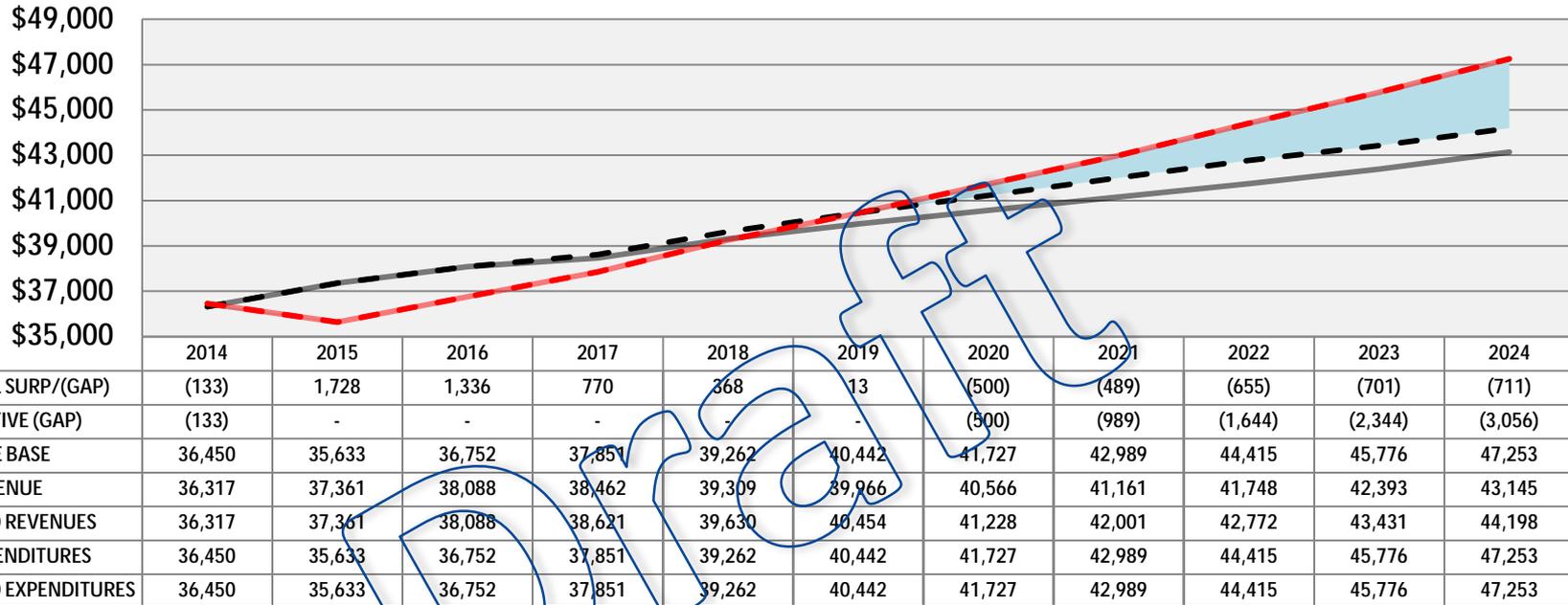
Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).

Revenue Strategies

- Proposition 1 Renewal in 2017/2019
- Cost Recovery of Fees (\$415K/Yr) – Begins 2017
- B&O Tax (Rate of 0.1%) in 2017

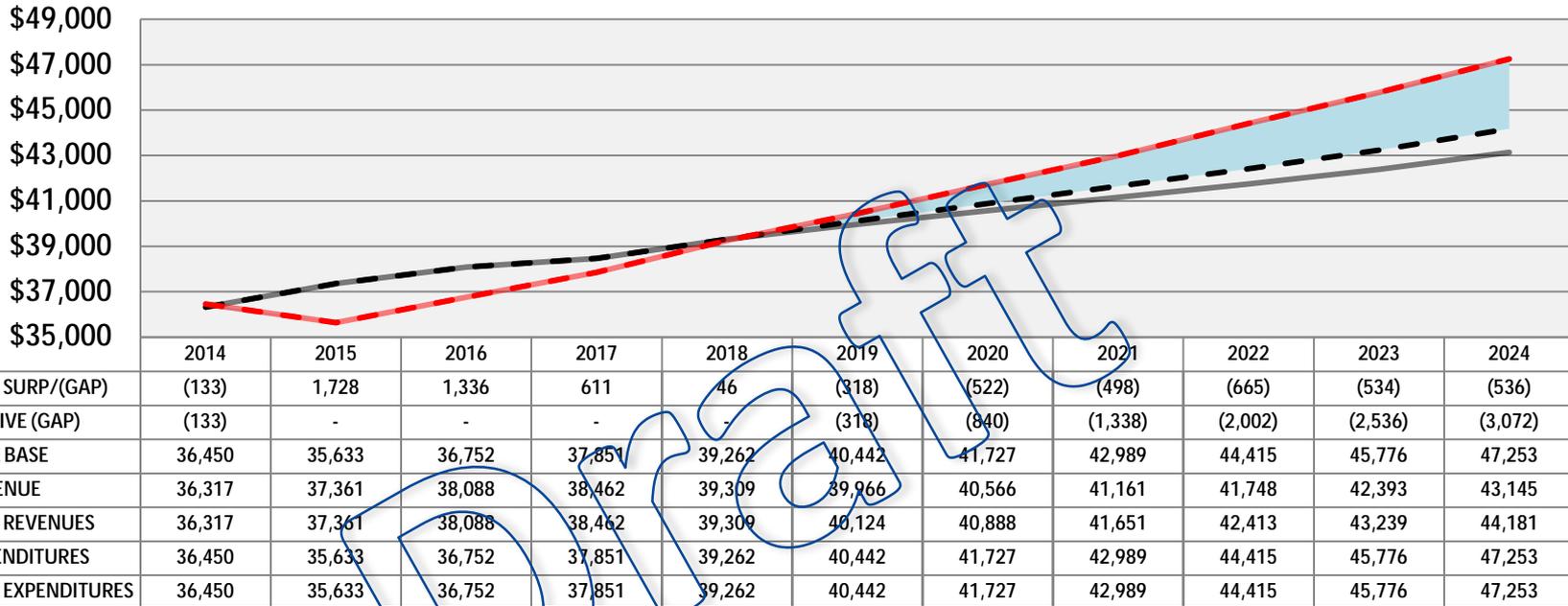
PROPOSITION 1 RENEWAL IN 2017



Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Property tax levy lid lift in 2017 that includes an annual escalator based upon the change in the June-to-June CPI-U for years 2017 through 2022.

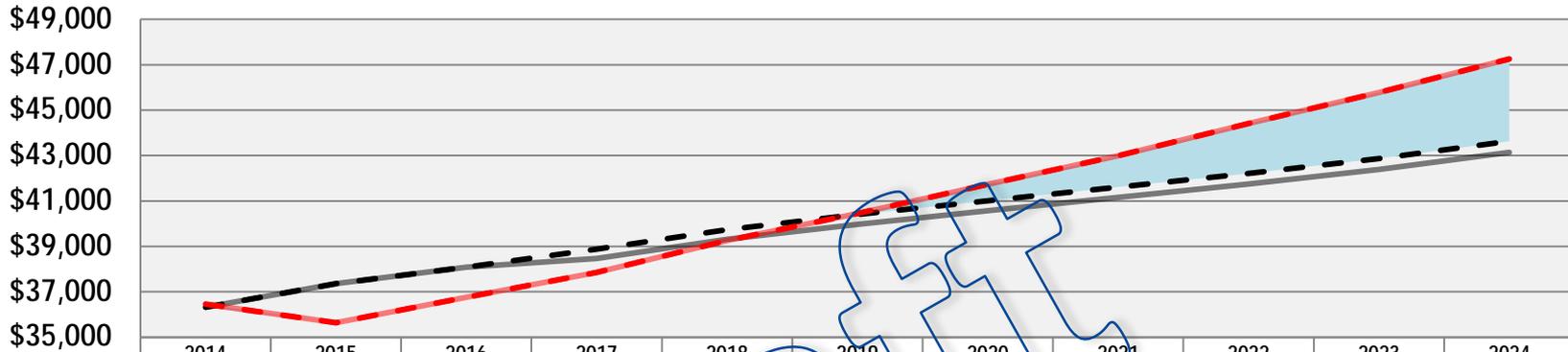
PROPOSITION 1 RENEWAL IN 2019



Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Property tax levy lid lift in 2019 that sets the levy rate at \$1.48 and includes an annual escalator based upon the change in the June-to-June CPI-U for years 2019 through 2024.

COST RECOVERY

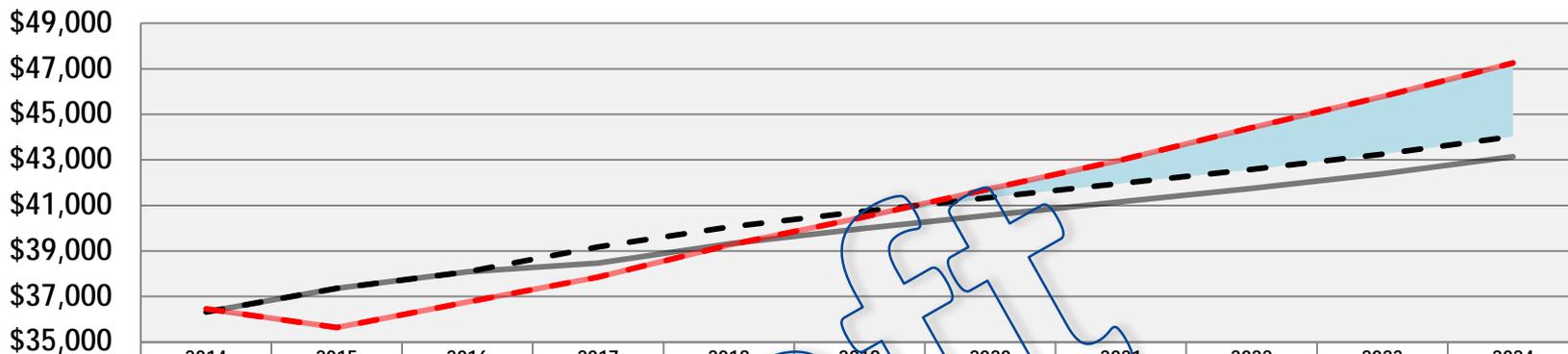


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ANNUAL SURP/(GAP)	(133)	1,728	1,336	1,025	471	(41)	(675)	(657)	(828)	(704)	(715)
CUMULATIVE (GAP)	(133)	-	-	-	-	(41)	(717)	(1,373)	(2,201)	(2,906)	(3,620)
VARIANCE BASE	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253
BASE REVENUE	36,317	37,361	38,088	38,462	39,309	39,966	40,566	41,161	41,748	42,393	43,145
SCENARIO REVENUES	36,317	37,361	38,088	38,876	39,733	40,401	41,011	41,616	42,214	42,870	43,633
BASE EXPENDITURES	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253
SCENARIO EXPENDITURES	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253

Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Cost recovery of fees totaling \$415,000 starting in 2017.

BUSINESS & OCCUPATION TAX (2017)



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ANNUAL SURP/(GAP)	(133)	1,728	1,336	1,325	785	285	(378)	(645)	(818)	(688)	(700)
CUMULATIVE (GAP)	(133)	-	-	-	-	-	(378)	(1,023)	(1,841)	(2,529)	(3,229)
VARIANCE BASE	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253
BASE REVENUE	36,317	37,361	38,088	38,462	39,309	39,966	40,566	41,161	41,748	42,393	43,145
SCENARIO REVENUES	36,317	37,361	38,088	39,176	40,047	40,727	41,349	41,966	42,574	43,247	44,024
BASE EXPENDITURES	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253
SCENARIO EXPENDITURES	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253

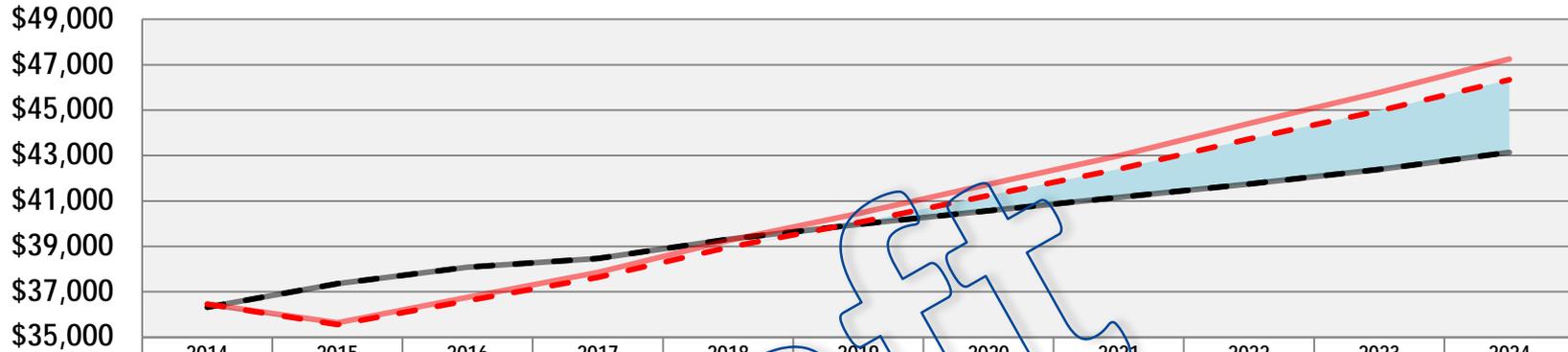
Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Business & Occupation tax (rate of 0.1%) implemented in 2017.

3rd Subcommittee Meeting

- Reviewed Expenditure Alternatives
 - Salary & Benefit Adjustments
 - Public Safety Adjustments
 - Services & Charges Adjustments
 - Other Adjustments
- Strategies
 - 0.2% Decrease in Rate of Future Increases
 - Additional \$20 TBD Fee in 2015

EXPENDITURES ANNUAL GROWTH RATE (AGR) 0.2% Lower

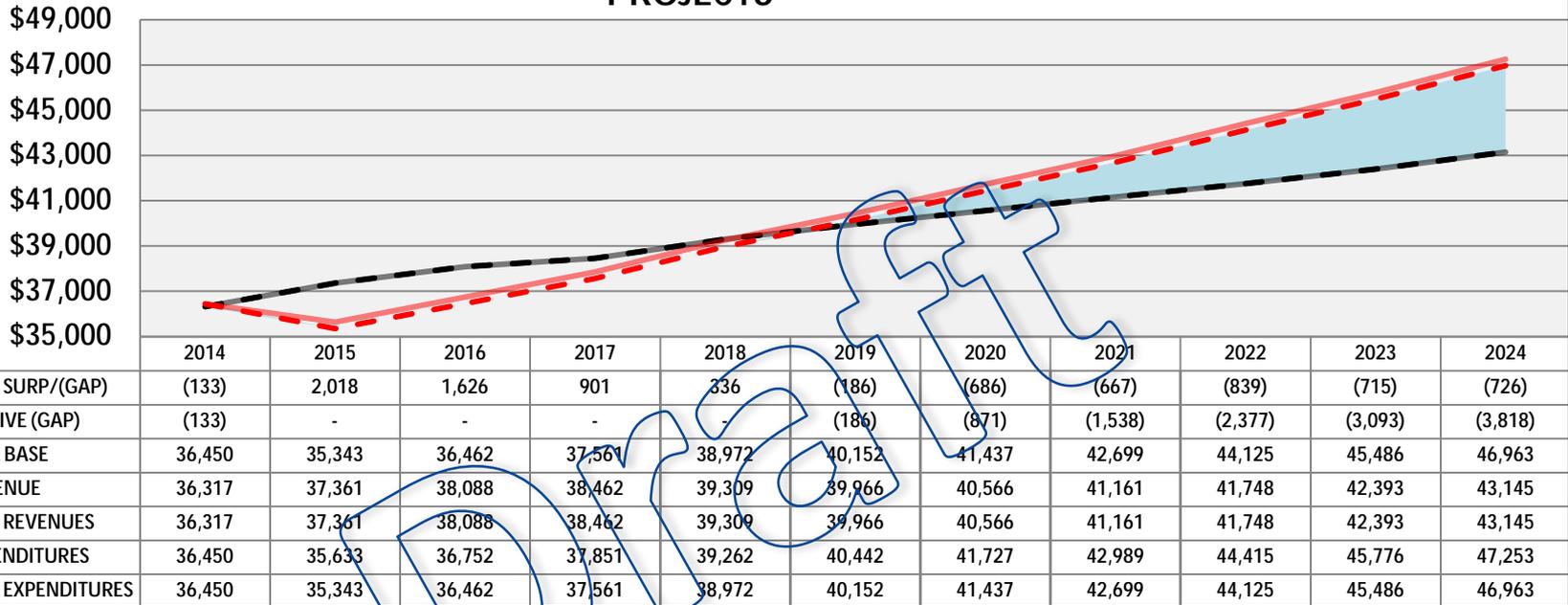


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
ANNUAL SURP/(GAP)	(133)	1,802	1,484	836	355	(79)	(593)	(570)	(735)	(607)	(610)
CUMULATIVE (GAP)	(133)	-	-	-	-	(79)	(672)	(1,242)	(1,977)	(2,583)	(3,194)
VARIANCE BASE	36,450	35,559	36,604	37,625	38,953	40,045	41,238	42,403	43,725	44,977	46,338
BASE REVENUE	36,317	37,361	38,088	38,462	39,309	39,966	40,566	41,161	41,748	42,393	43,145
SCENARIO REVENUES	36,317	37,361	38,088	38,462	39,309	39,966	40,566	41,161	41,748	42,393	43,145
BASE EXPENDITURES	36,450	35,633	36,752	37,851	39,262	40,442	41,727	42,989	44,415	45,776	47,253
SCENARIO EXPENDITURES	36,450	35,559	36,604	37,625	38,953	40,045	41,238	42,403	43,725	44,977	46,338

Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Expenditures grow at a rate 0.2% lower than the Base projection.

REDUCTION OF OPERATING BUDGET ALLOCATION FOR TRANSPORTATION PROJECTS



Assumptions:

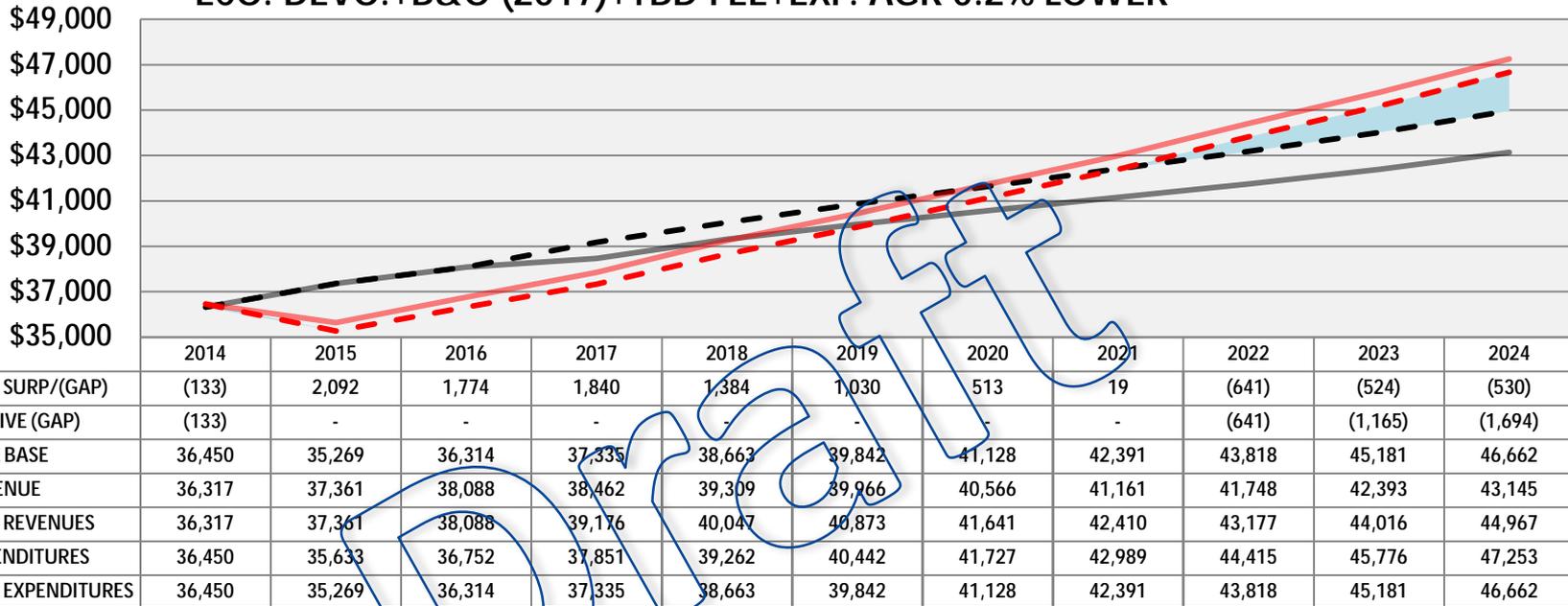
1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Expansion of the \$20 Transportation Benefit District (TBD) fee.

3rd Subcommittee Mtg (Cont'd)

- Discussion of Possible Overlapping Strategies
 - 3 Alternatives

POSSIBLE OVERLAYING STRATEGIES #1

ECO. DEVO.+B&O (2017)+TBD FEE+EXP. AGR 0.2% LOWER

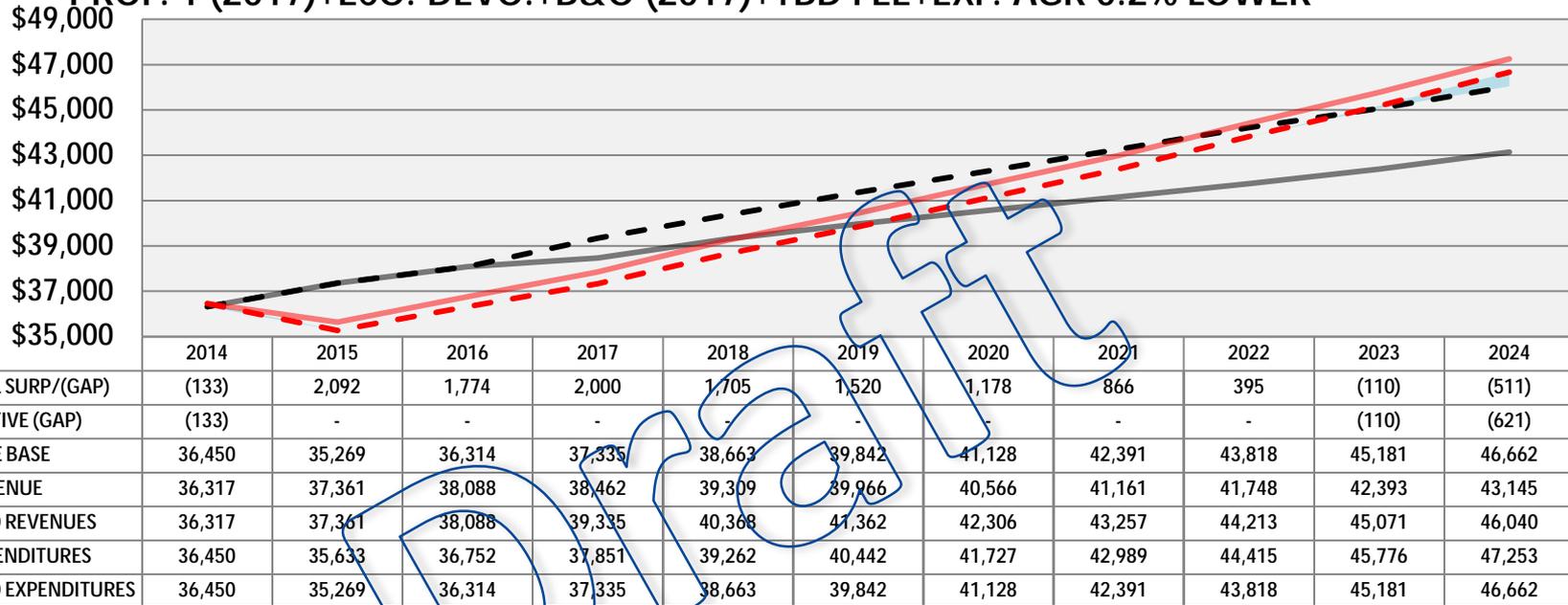


Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
3. Business & Occupation tax (rate of 0.1%) implemented in 2017.
4. Expansion of the \$20 Transportation Benefit District (TBD) fee.
5. Expenditures grow at a rate 0.2% lower than the Base projection.

POSSIBLE OVERLAYING STRATEGIES #2

PROP. 1 (2017)+ECO. DEVO.+B&O (2017)+TBD FEE+EXP. AGR 0.2% LOWER

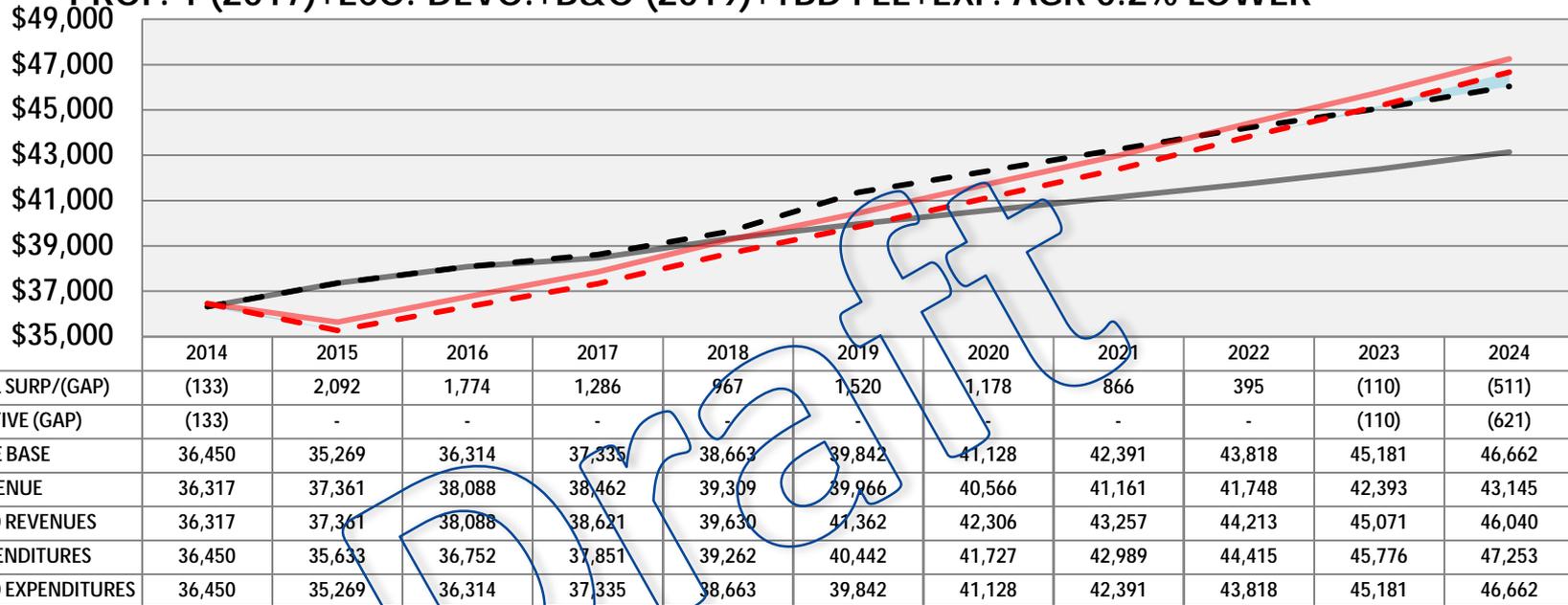


Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
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3. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
4. Business & Occupation tax (rate of 0.1%) implemented in 2017.
5. Expansion of the \$20 Transportation Benefit District (TBD) fee.
6. Expenditures grow at a rate 0.2% lower than the Base projection.

POSSIBLE OVERLAYING STRATEGIES #3

PROP. 1 (2017)+ECO. DEVO.+B&O (2019)+TBD FEE+EXP. AGR 0.2% LOWER



Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Property tax levy lid lift in 2017 that includes an annual escalator based upon the change in the June-to-June CPI-U for years 2017 through 2022.
3. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
4. Business & Occupation tax (rate of 0.1%) implemented in 2019.
5. Expansion of the \$20 Transportation Benefit District (TBD) fee.
6. Expenditures grow at a rate 0.2% lower than the Base projection.

Additional Meetings

- Subcommittee Meetings
 - 4th Meeting Earlier Tonight
 - 5th Meeting March 1 or 3
 - 6th Meeting March 31
- Council Meetings
 - Council Update March 17
 - Deliberations on Preferred Alternative in April

Council Discussion/Questions

- Please Provide Feedback for the Subcommittee's Use in Its Deliberations