

CITY OF SHORELINE CURRENTS

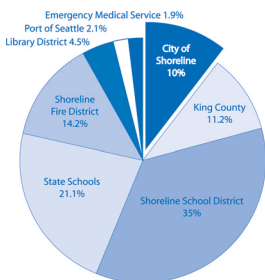
October 2006 Vol. 8 No. 8

SPECIAL 2007 BUDGET ISSUE

Inside:

Property Taxes

Learn more about how your property taxes are allocated.



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Shoreline is financially stable

by Robert Olander,
Shoreline City Manager

Shoreline's annual budget is the City's plan for allocating resources to a variety of programs necessary to keep the community safe, enhance the quality of life and maintain and develop quality facilities, parks, roads and storm drainage systems.

This year's budget adoption process began with the transmittal of Shoreline's 2007 Proposed Budget to the City Council on October 16. The budget is balanced in all funds as required by state law, and the City continues to be in excellent financial condition.

Shoreline's 2007 Proposed Budget is \$68.2 million, a 23.9% decrease from the 2006 Adopted Budget of \$89.6 million. This decrease is primarily because the capital portion of the budget decreased \$22.5 million due to the completion of major projects such as North City, the first mile of Aurora and the Interurban Trail Bridges. The Civic Center/City Hall Project and the Parks Bond Projects are the largest capital expenses for 2007. (See the Capital Improvement Program story on page 7 for more details.)

The 2007 Proposed Budget allocates resources to services that support the City Council's Goals (see page 3) and the Shoreline Strategic Directions for 2007-08. Consistent with City Council direction, the budget places primary emphasis on maintaining current services, investing in capital

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2007 City Council Budget Schedule

City Council meetings are held in the Mt. Rainier Room of the Shoreline Conference Center, 18560 First Ave. N. For more information, call the Agenda Line at (206) 546-2190.

Monday, November 6
6:30: Budget review workshop
8:00: Public hearing

Monday, November 13, 7:30
Budget review workshop and 2007 budget and revenue sources public hearing

Monday, November 20, 6:30
Budget review workshop

Monday, November 27, 7:30
Adoption of the 2007 Budget and Property Tax Levy

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Shoreline receives clear financial audit

The City of Shoreline received a clean report from the Washington State Auditor's Office. The Auditor's Office issued an "unqualified opinion" on the City of Shoreline's 2005 financial statements and the report did not contain any findings. An unqualified opinion means that the City's financial statements are stated fairly and there are no material misrepresentations within the statements.

The Auditor's Office issues "findings" when it finds either serious matters that prevent adequately auditing records, concerns that public funds are inadequately protected or inappropriately used, or there are violations of local, state or federal laws or regulations.

A copy of the City's audit report is available online at <http://www.sao.wa.gov/Reports/AuditReports/AuditReportFiles/ar71494.pdf>. For more information, contact Shoreline Finance Director Debbie Tarry at (206) 546-0787.

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projects and implementing programs to enhance the economic development, environmental health and sustainability, public safety and human service programs in our community.

The City of Shoreline's financial condition remains stable and healthy. Over the last five years, the City's revenue collections have exceeded expenditures as a result of prudent City Council financial policies. These policies have dictated conservative financial planning, efficient management and not utilizing "one time" revenue to fund ongoing operations. These policies have allowed the City to maintain and even improve services to the community.

Over the years, the City has used a six-year financial model to forecast future revenues and service needs. This allows us to avoid the cyclical pattern of adding staff and services during good times then facing lay-offs and cuts when

the unexpected happens or the economy declines. We have added only service enhancements that can be sustained with projected revenues. This means the City of Shoreline is extremely efficient in how it provides services and department budgets are lean.

Despite these efforts, the City has entered a time in which the expenditures needed to maintain basic community services are projected to outpace annual revenue growth, potentially resulting in projected budget gaps as soon as 2008.

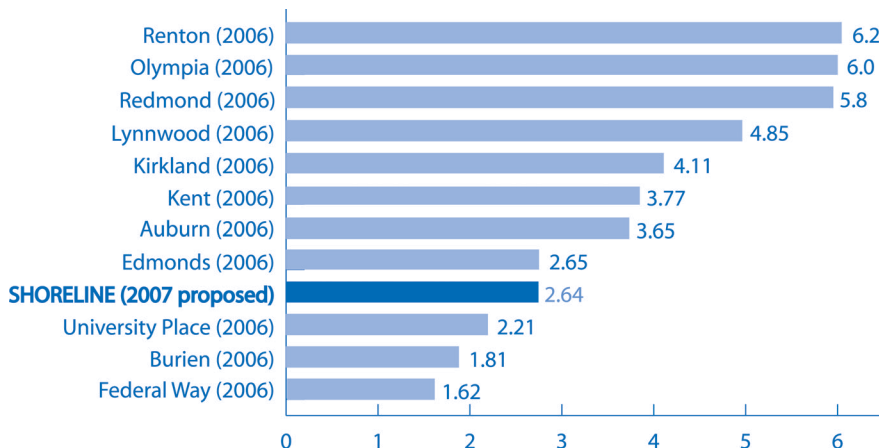
The 2007 Proposed Budget is balanced in all funds, but in 2008 we are expecting to be faced with a shortfall that cannot be met without additional revenues or real service reductions. The City Council will need to make some hard decisions about finding new sources of revenue just to keep the services we provide at the same level.

2007 will be a critical year to make decisions about long-term financial strategy. We'll be bringing additional information and options to the City Council in early 2007 so that these policy decisions may be made as we plan for 2008 and beyond.

Given past conservative financial planning and spending policies, we are confident that the City of Shoreline will develop a long-term financial plan that will support our City vision while maintaining our historically healthy financial position.

Comparing employees per capita

One of the ways to measure a city's efficiency is to look at how many staff members it has per 1,000 residents. With 146.5 full-time equivalent employees and a population of nearly 53,000, Shoreline has 2.64 employees per 1,000 residents, well below average for other local cities.



This chart does not include police, fire, utility or special program personnel.

City Council adopts resolution opposing I-933

At its September 11 meeting, the Shoreline City Council conducted a public hearing on proposed Initiative 933, that would create a new state law governing land use regulations.

If passed, I-933 would require local governments to undertake a number of studies prior to adopting any future land use regulations. It would also generally require that regulations adopted after January 1, 1996, that resulted in a reduction of the "value or use" of property be waived or compensation paid to the property owner.

Although Shoreline incorporated in 1995, all of the City's land use regulations have been revised since January 1, 1996.

Council members were provided with a copy of the proposed initiative, a fiscal analysis prepared by the Association of Washington Cities (AWC) and information from both initiative supporters and opponents.

The AWC study estimated that the state-wide costs to cities would range between \$3.5 billion and \$4.5 billion if I-933 is approved by voters. Expressed as a cost per household, this works out to be between \$2,410 and \$3,078 per household. Since there are 21,000 households in Shoreline, the impact would be between \$50.6 million and \$64.6 million.

Shoreline's 2006 general fund budget is \$29.4 million.

The Council concluded that, in addition to a major cost for the City's taxpayers, I-933 would restrict the City's ability to adopt and enforce reasonable land use

development standards, including standards to mitigate traffic impacts, assure appropriate building heights, provide for the preservation of open spaces and protect

environmentally sensitive areas.

After considering this information, the Council passed Resolution 251 urging voters to vote no on I-933.

2007-2008 City Council Goals

Goal 1: Complete the projects approved in the 2006 Parks Bond

Goal 2: Implement the Economic Development Strategic Plan

Goal 3: Implement an affordable civic center/city hall project

Goal 4: Complete the Aurora improvements from 165th to 205th Streets including, but not limited to sidewalks, drainage and transit

Goal 5: Develop a comprehensive housing strategy

Goal 6: Create an "environmentally sustainable community"

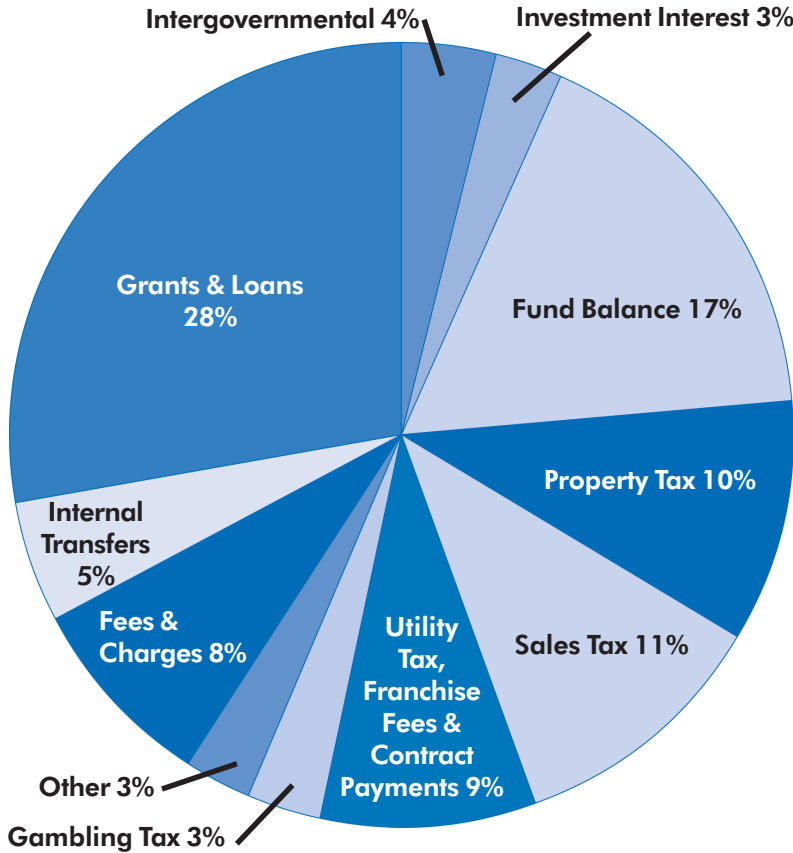
Goal 7: Provide safe and affordable transportation options to support land use plans including walking, bicycling, transit and vehicular options

Goal 8: Develop a Fircrest master plan in partnership with the state

Goal 9: Increase emergency preparedness training and education

Goal 10: Increase opportunities for all residents, including our youth, to get more involved in neighborhood safety and improvement programs

Where Shoreline's revenue comes from



Note: Internal Transfers are monies that are moved internally from one part of the City budget to another. They are not true revenues, but the City reports them this way in compliance with generally accepted accounting principles.

In 2007, the City of Shoreline projects it will receive \$56.9 million in revenue from a variety of sources. Approximately 33% of that comes from taxes. The largest sources are property, sales and utility taxes.

Shoreline property tax

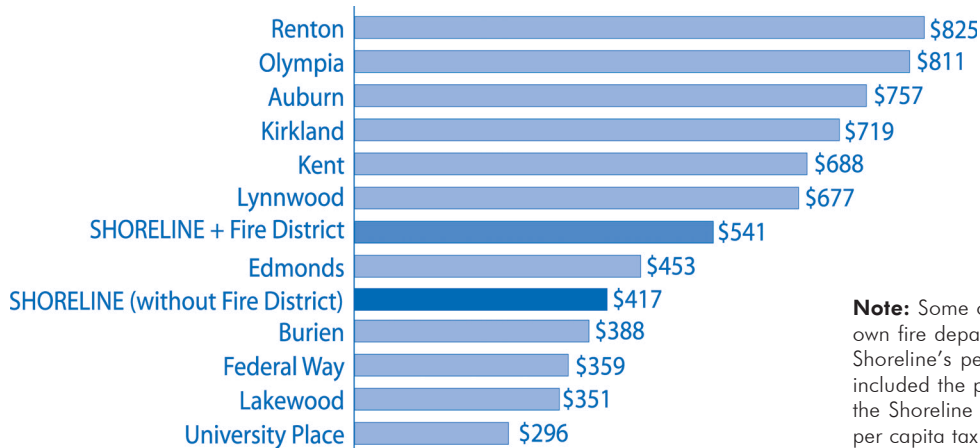
Property tax revenue for 2007 is projected at \$7.1 million and represents 26.4% of General Fund operating revenues. The 2006 property tax is \$6.9 million, which is 27% of adopted General Fund operating revenues.

The estimated property tax levy rate proposed for 2007 is \$1.14 per \$1,000 of assessed value, a reduction from this year's rate of \$1.17 per \$1,000 of assessed value. The primary reason for the

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Comparing Shoreline tax collections

One way to compare cities is by the amount of tax collected per capita. To determine this figure, the total tax collected is divided by the number of residents. The most recent available comparable data for all cities is from 2004. During that year, the City of Shoreline collected \$417 per capita from property, sales, gambling and utility taxes, utility franchise fees and utility contract payments.



Note: Some of these cities have their own fire department. If the City of Shoreline's per capita tax collection included the property tax collected by the Shoreline Fire District, Shoreline's per capita tax would be \$541.

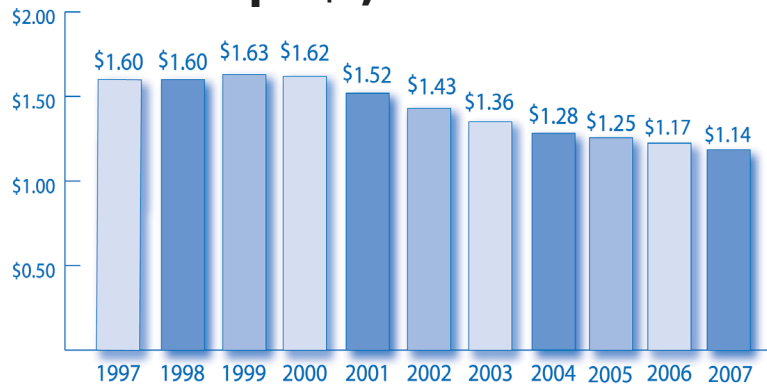
City of Shoreline property taxes *from page 4*

decrease in the property tax rate is that the assessed value of property in the City has increased, while collections are limited to a 1% increase due to the passage of Initiative 747.

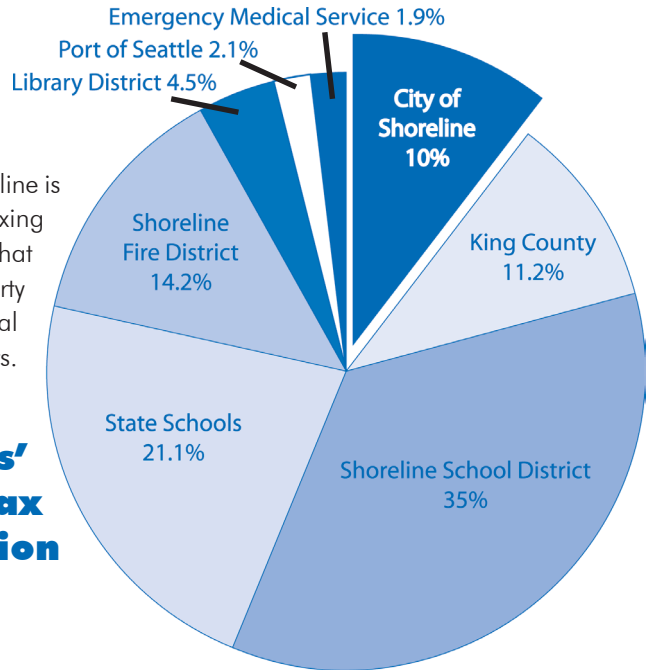
This property tax levy rate information is for the City's general levy. In May 2006, Shoreline voters authorized the issuance of \$18.795 million in general obligation bonds to fund park projects and open space acquisition. Property owners will be assessed a separate levy rate in 2007 to begin the repayment of these bonds. Assuming that the average value of a home in Shoreline as \$326,000, this levy rate is estimated to be \$.29 per \$1,000 of assessed value or \$94 per year for an average-value house.

The charts on these pages provide a historical perspective of the City's property tax rate and a breakdown of City of Shoreline property taxes.

1997-2007 City of Shoreline Property Tax Levy Rate in dollars per \$1,000 assessed value



The City of Shoreline is only one of the taxing agencies that collects property taxes from local residents.



Shoreline residents' 2006 property tax allocation

Impact of the City's property tax on typical Shoreline homeowner

	Year	Home Value	City's Levy Rate	Annual Property Tax Paid to the City
	2006	\$314,000	\$1.17 Per \$1,000 of Value	\$367.38
	2007	\$326,560	\$1.14 Per \$1,000 of Value	\$372.28
Increase/Decrease		+4% increase in home value	-2.6% reduction in levy rate	+\$4.90 difference in property tax paid to the City from 2006 to 2007

How the City of Shoreline spends its money

The City provides a variety of services to the Shoreline community. The chart below illustrates how the City spends its resources and what services are provided.

City-Wide & Contingencies

- Liability & property insurance • Equipment and vehicle maintenance, operations and replacement
- Election services • Voter registration

Finance & Technology

- Accounts payable & receivable • Contract & grant administration • Budget & financial reporting
- Payroll • Maintaining City computer & telephone system • Implementing technology improvements
- Purchasing • State Audit

Police, Jail, Public Defense & Emergency Preparedness

- Patrol services/call response • Traffic enforcement • Criminal investigation
- Accident investigation
- Neighborhood Police Centers
- Prosecuting Attorney
- Domestic violence assistance
- Emergency planning • Public Defender • Municipal Court • Jail services

Planning & Community Development

- Code enforcement • Economic development • Permitting
- Zoning • Comprehensive Plan & master plan development

Public Works

- Capital project management
- Street & right-of-way maintenance
- Street tree program
- Recycling events

Parks & Recreation

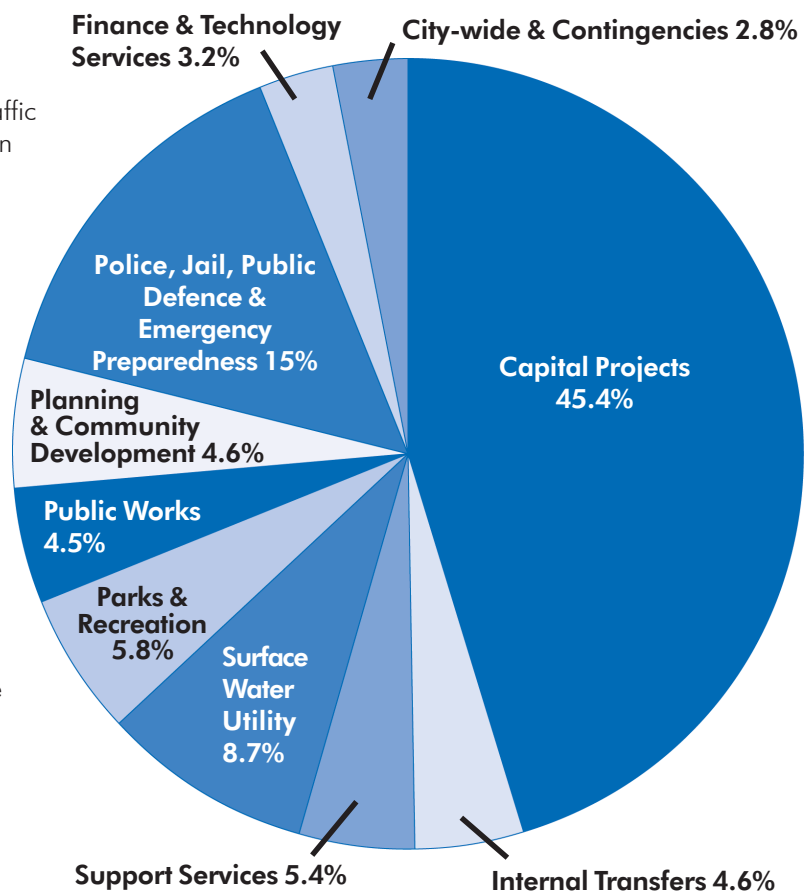
- Parks maintenance • Recreation programs • Cultural services

Surface Water Utility (operations & capital)

- Drainage & water quality maintenance & monitoring • Flood protection • Water quality improvement projects • Stream rehabilitation • Habitat enhancement

Support Services

- City Council • Customer Response Team
- City administration • Strategic planning
- Legal services • Communications • Neighborhoods
- Records management • Human services



Internal Transfers are monies that are moved internally from one part of the City budget to another. They are not true revenues, but the City reports them this way in compliance with generally accepted accounting principles.

Capital Projects build, restore, improve and expand publicly-owned assets such as roads, sidewalks, trails, parks and buildings.

2007-2012 Capital Improvement Program

In July, the City Council adopted the 2007-2012 Capital Improvement Program (CIP) totaling \$158.9 million. The total CIP budget for 2007 is \$34.9 million.

The CIP covers projects over \$10,000 and includes buildings, land acquisition, park facilities, road and transportation projects, and drainage system improvements. Much of the capital improvement activity is funded through contributions from the General Fund, Real Estate Excise Tax (REET), federal grants and low-interest Public Works Trust Fund loans.

The 2007 budget for facilities, parks, and transportation is approximately \$22.5 million or 42% less than the 2006 capital budget, primarily due to the completion of the North City Project and near completion of the Aurora Corridor Improvements, N. 145th to 165th Streets, and the Interurban Trail Bridges.

The 2007 surface water capital expenditures total \$3.9 million and are budgeted within the Surface Water Utility fund.

Following are a few highlights from the 2007-2012 CIP:

Civic Center/City Hall

The 2007-2012 CIP includes \$28 million for acquisition of property for a Civic Center and construction of a City Hall at 175th and Midvale. This is a preliminary cost estimate. The City expects to complete a property acquisition agreement in 2006, with design and construction in 2007 and 2008.

Park Bond Projects

The 2007-2012 CIP includes \$18.8 million for projects that will be funded by the Park Bond approved by voters earlier this year. These projects include installation of artificial turf on the Twin Ponds soccer field, open space acquisitions, new walkways and trail corridors, an off-leash dog park and a variety of park improvements.

Aurora Corridor Project, N. 165th to 205th Streets

The total estimated cost for Aurora Corridor Project, N. 165th – 205th Streets, is \$88 million, with \$77.5 million through grants and funds from other agencies. The 2007 budget includes \$1.6 million for planning, design and right-of-way acquisition.

Walkways and Sidewalks

The 2007-2012 CIP includes \$5.5 million for construction of pedestrian walkways and sidewalks on priority routes. City funding is available through 2008, but beginning in 2009 alternative funding resources will be required.

Parks Repair & Maintenance

The 2007-2012 CIP includes \$1.47 million for the systematic repair and replacement of park components such as benches, tables, fences, paths and playground equipment.



Acquisition of open space such as the property above near Hamlin Park is part of the Park Bond approved by voters in May 2006.

Preservation Projects

An average of \$1.3 million per year is included in the CIP for repair projects for roads and sidewalks.

Neighborhood Traffic Safety Program

The 2007 budget provides approximately \$200,000 for capital improvements and \$50,000 within the operating budget for increased police traffic enforcement for the Neighborhood Traffic Safety Program..

Twin Ponds Park Master Plan

Total cost for developing the master plan for Twin Ponds Park is estimated at \$31,000.

Surface Water Utility

The capital projects for the first six years of the Surface Water Utility 20-year master plan are included in the 2007-2012 CIP. These projects focus on flood protection, water quality, stream rehabilitation and habitat enhancement. The 2007 budget is \$3.9 million.

Who, what, where in the City of Shoreline

City of Shoreline

Shoreline City Hall

17544 Midvale Avenue N.
Shoreline, WA 98133-4921
(206) 546-1700
Fax (206) 546-7868

City Hall Annex

Home of Planning and
Development Services and Public
Works Departments
Highland Plaza
1110 N. 175th St., Suite 105
Shoreline, WA 98133

CURRENTS

October 2006 Vol. 8 No. 8

Currents is produced by the
City of Shoreline Communica-
tions and Intergovernmental
Relations Department, (206)
546-0779.

Editing, writing & design:
Debbie Tarry, Joyce Nichols,
Patti Rader and Susan Will

Alternate formats
available upon request.

City Council

Mayor Bob Ransom
Deputy Mayor Maggie Fimia
Rich Gustafson
Ron Hansen
Keith McGlashan
Cindy Ryu
Janet Way

Meeting Location
Shoreline Conference Center
18560 First Ave. NE
Mt. Rainier Room

Study Sessions
First and third Mondays
beginning at 6:30 p.m.

Business Meetings
Second and fourth Mondays
beginning at 7:30 p.m.

Agenda Line
(206) 546-2190

Televised City Council Meetings
Cable Channel 21
Tuesday noon and 8 p.m.
Wednesday through Sunday
6 a.m., noon and 8 p.m.

Shoreline Police

Emergency: 911

Shoreline Police Station

Chief Tony Burt
1206 N. 185th St.
Shoreline, WA 98133
(206) 546-6730

Westside Neighborhood Police Ctr.

Officer Leona Obstler
624 NW Richmond Beach Road
Shoreline, WA 98177
(206) 546-3636

Eastside Neighborhood Police Ctr.

Officer Deneese Elfenson
521 NE 165th St.
Shoreline, WA 98155
(206) 363-8424

Review the Budget

Shoreline's 2007 Proposed Bud-
get is available for review at City
Hall, Shoreline Police Station, both
Neighborhood Police Centers,
Shoreline Library (342 NE 175th
St.) and Richmond Beach Library
(19601 21st Ave. NW).



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