

10 YFSP Update

June 13, 2016

Presented by

Sara Lane, Administrative Services Director



Council Goals Addressed

- Council Goal 1: Strengthen Shoreline's economic base to maintain the public services that the community expects
 - Action Step #3: Implement the 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure, including a continued focus on economic development, renewal of the property tax levy lid lift in 2016, and exploration of a business and occupation tax.



The 10 YFSP Strategies...



- ✓ *Strategy 1*: Economic Development
- ✓ *Strategy 2*: Reduce expenditure growth rate
- ✓ *Strategy 3*: Increase investment returns
- ✓ *Strategy 4*: Evaluate fees and cost recovery
- ☐ *Strategy 5*: Replace GF support of Roads Capital Fund
- ☐ *Strategy 6*: Possible implementation of a B&O Tax
- ☐ *Strategy 7*: Possible Levy Lid Lift renewal

Strategy 4: Evaluate fees and cost recovery

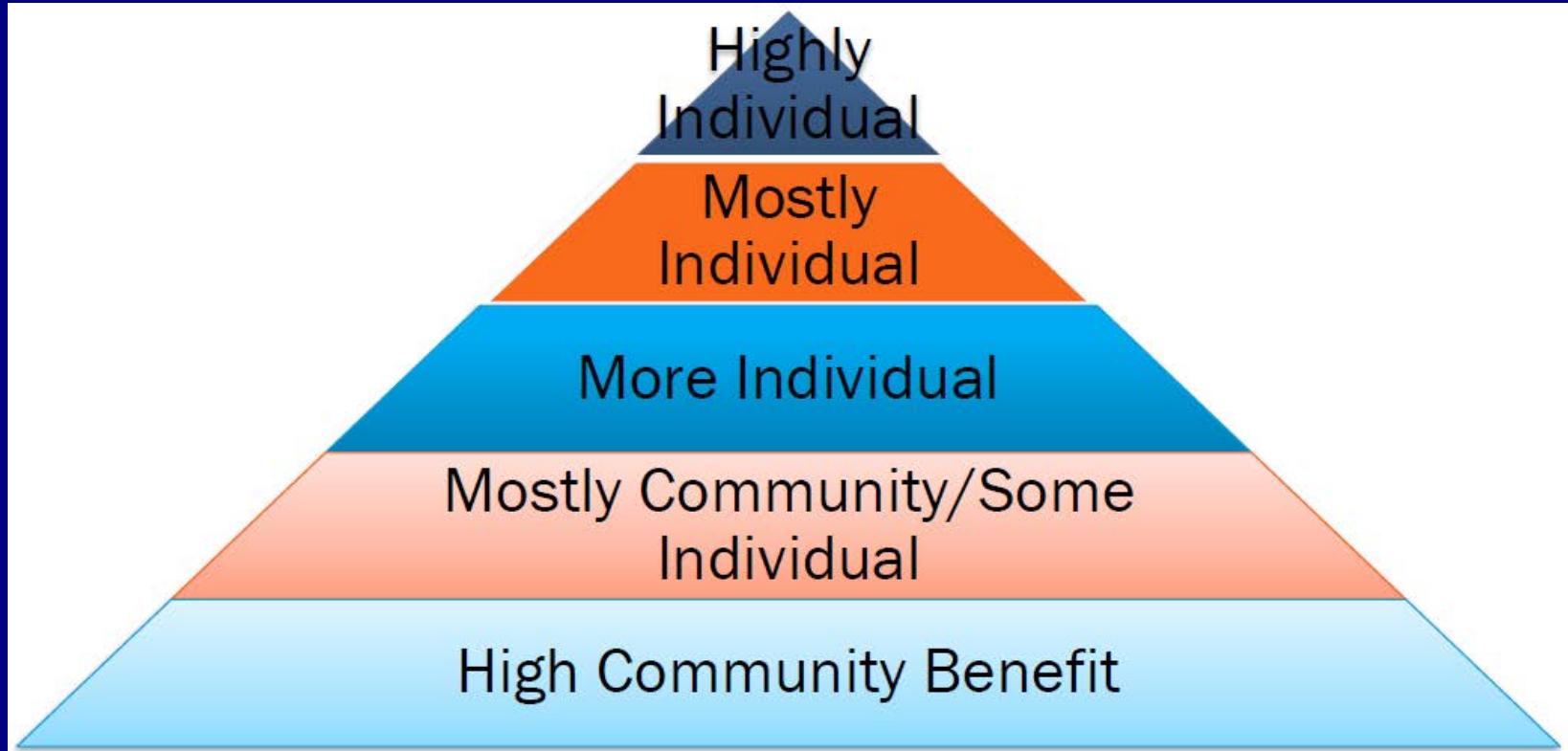
PRCS Cost Recovery / Fee Setting Framework



The Final Fee

Strategy 4: Evaluate fees and cost recovery

PRCS Cost Recovery / Fee Setting Framework



Strategy 4: Evaluate fees and cost recovery

PCD Cost Recovery Analysis

Permit Category	Cost Recovery Target
Building and Inspection Fees	78%
City Planning Fees	30%
Public Works Engineering Fees	35%



Strategy 4: Evaluate fees and cost recovery

PCD Cost Recovery Analysis

Individual Permit Cost Recovery Level	Rationale	Example Permits
80-100%	Individuals or businesses are the primary beneficiaries of a financial gain	Rezone, Short Plat
50-80%	Public benefit derived or to ensure the cost does not discourage permitting.	Conditional Use Permit, Historic Landmark review
Less than 50% of Full Cost	Applied to permits where the cost associated with issuing the permit is higher than the benefit received by the applicant	Tree removal

Strategy 5:

Replace General Fund Support of Roads Capital Fund

- State change in Transportation Benefit District laws in 2015:
 - Allows City to increase vehicle license fees up to \$20
- Discuss during 2017 budget deliberations

Strategy 5:

Replace General Fund Support of Roads Capital Fund

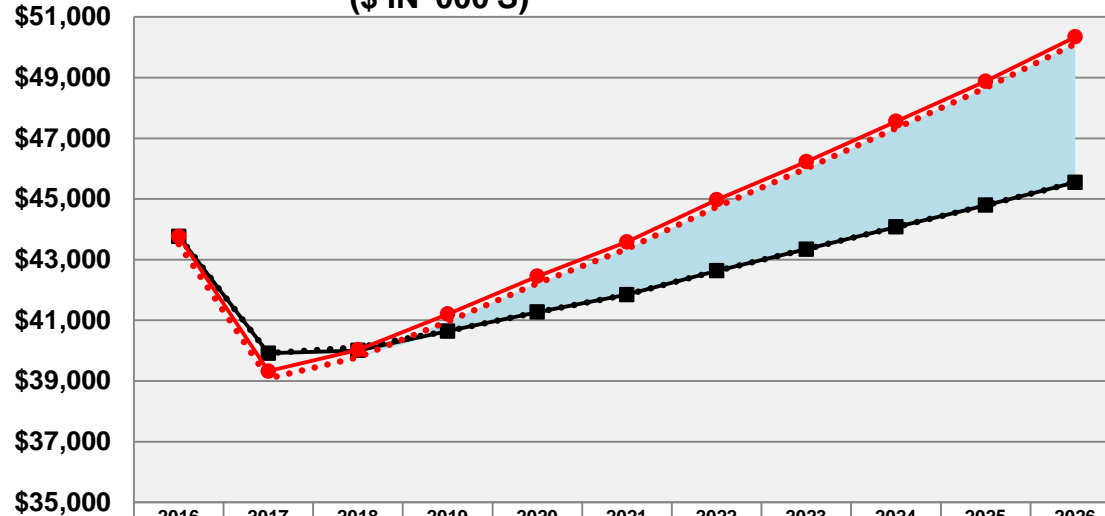
- \$6 per vehicle -provides dedicated revenue source
- \$14 per vehicle of capacity could be dedicated to the Annual Sidewalk Maintenance Program

Strategy 5: Replace General Fund Support of Roads Capital Fund

- Could reduce the cumulative size of potential budget gaps by \$1.851M over the 10-year forecast period



10 YFSM OPERATING BUDGET TEN YEAR FORECAST
(\$ IN '000'S)



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	254	835	326	(324)	(622)	(562)	(604)	(546)	(597)	(607)	(712)
CUMULATIVE (GAP)	0	0	0	(324)	(946)	(1,508)	(2,112)	(2,657)	(3,254)	(3,862)	(4,573)
VARIANCE BASE	43,510	39,080	39,782	40,966	42,216	43,351	44,741	46,000	47,332	48,658	50,120
SCENARIO REVENUES	43,765	39,915	40,108	40,642	41,269	41,843	42,629	43,343	44,078	44,796	45,547
NEW BASE REVENUES	43,765	39,915	40,007	40,642	41,269	41,843	42,629	43,343	44,078	44,796	45,547
SCENARIO EXPENDITURES	43,510	39,080	39,782	40,966	42,216	43,351	44,741	46,000	47,332	48,658	50,120
NEW BASE EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343

Strategy 6:

Possible implementation of a B&O Tax

- Engage Business Community - Fall
- Objectives for engagement:
 - Education
 - Measure support
 - Solicit input on policy issues

Strategy 6:

Possible implementation of a B&O Tax

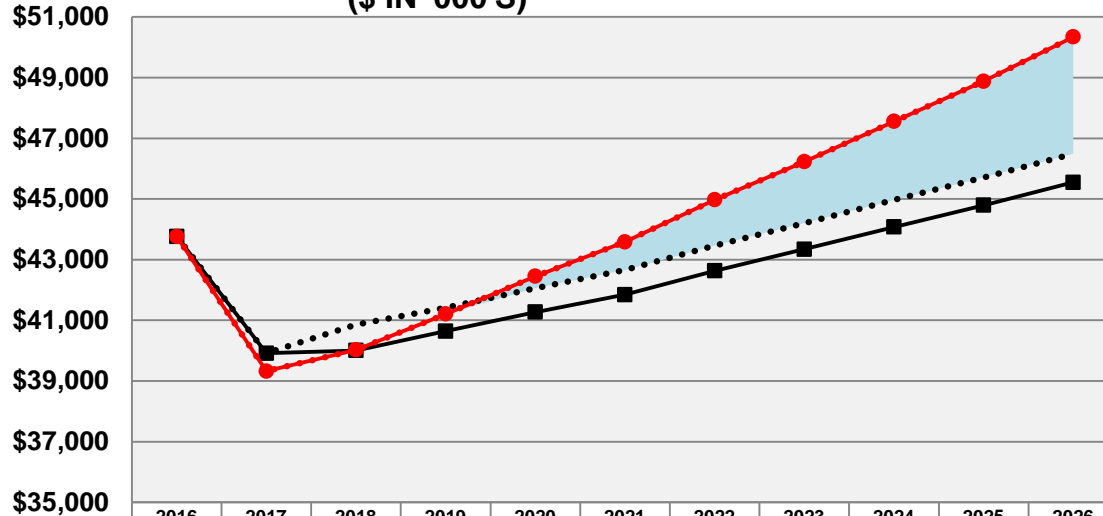
- Ordinance No. 717
 - Amended SMC 12.40.070(I)
 - 100% exemption of the Transportation Impact Fee for certain businesses
- B&O Tax identified by Council as potential resource to pay for exemption

Strategy 6: Possible implementation of a B&O Tax

- Could reduce the cumulative size of potential budget gaps by \$6.616M over the 10-year forecast period



10 YFSM OPERATING BUDGET TEN YEAR FORECAST
(\$ IN '000'S)



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	589	829	204	(392)	(537)	(580)	(516)	(569)	(576)	(680)
CUMULATIVE (GAP)	0	0	0	0	(392)	(929)	(1,509)	(2,025)	(2,594)	(3,171)	(3,851)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
SCENARIO REVENUES	43,765	39,915	40,853	41,410	42,061	42,657	43,464	44,205	44,966	45,713	46,492
NEW BASE REVENUES	43,765	39,915	40,007	40,642	41,269	41,843	42,629	43,343	44,078	44,796	45,547
SCENARIO EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
NEW BASE EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343

Strategy 7:

Levy Lid Lift Renewal

- Financial Sustainability Citizen Advisory Committee (FSCAC)
 - Met February through May 2016 (7 meetings)
 - Met with directors from City departments
 - Informal budget exercise
 - Focus on the Levy Lid Lift



Strategy 7:

Committee Consensus on Levy Lid Lift Renewal

- Three alternatives supported
 - Option One – CPI Only (2 members)
 - Option Two – \$1.48 Rate Reset + Future CPI Adjustments (7 members)
 - Option Three – \$1.60 Rate Reset + Future CPI Adjustments (4 members)



Strategy 7: Levy Lid Lift Renewal

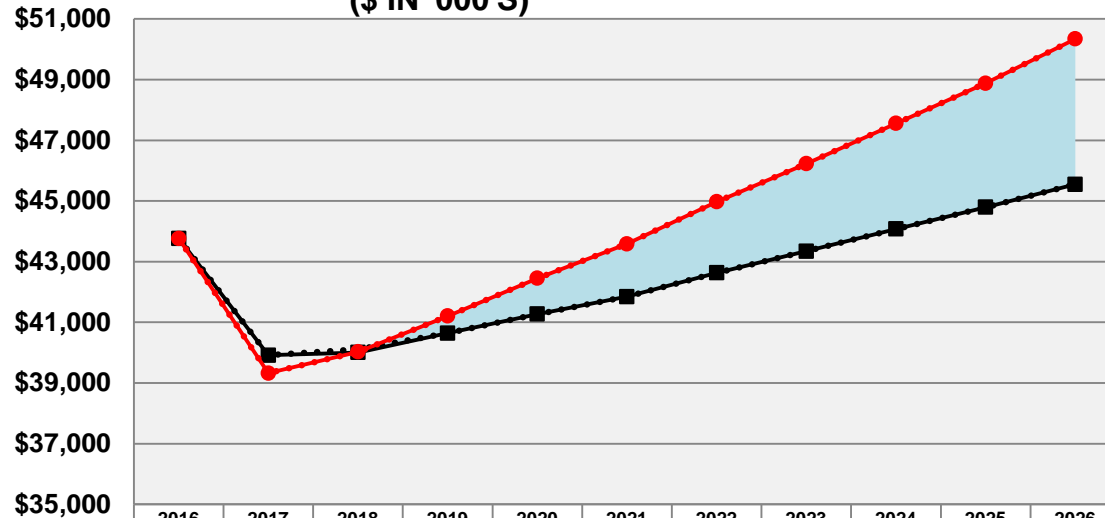
Date	Item	Six-Year Total of City Assessment (2017-2022)	Six-Year Difference to No Action	Average Increase per Year / Month
No Action	Levy Lid Lift is not renewed.	\$2,828	N/A	N/A
Option One: CPI Only	2017 Tax Rate projected @ \$1.32; ensuing years lifted by CPI	\$2,967	\$139	\$23 / \$2
Option Two: \$1.48 + CPI	2017 Tax Rate set @ \$1.48; ensuing years lifted by CPI	\$3,329	\$501	\$84 / \$7

Strategy 7: Levy Lid Lift Renewal

- No Action
- Growth returns to statutory 1% + new construction



10 YFSM OPERATING BUDGET TEN YEAR FORECAST
(\$ IN '000'S)



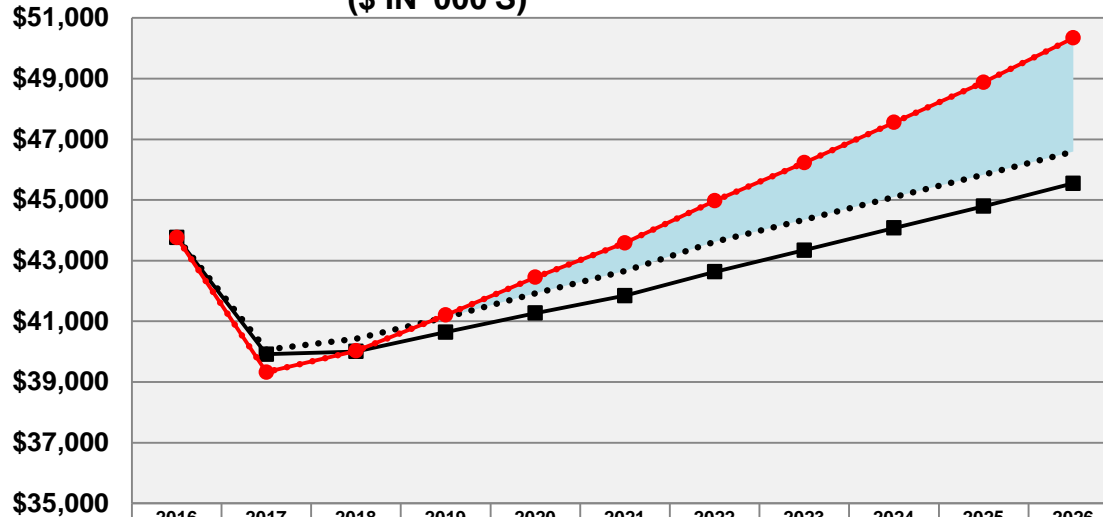
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	589	83	(564)	(619)	(559)	(601)	(543)	(595)	(605)	(709)
CUMULATIVE (GAP)	0	0	0	(564)	(1,183)	(1,743)	(2,344)	(2,887)	(3,482)	(4,087)	(4,796)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
SCENARIO REVENUES	43,765	39,915	40,108	40,642	41,269	41,843	42,629	43,343	44,078	44,796	45,547
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SCENARIO EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
NEW BASE EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343

Strategy 7: Levy Lid Lift Renewal

- Option One
- Growth based on percentage change of June-to-June CPI-U



**10 YFSM OPERATING BUDGET TEN YEAR FORECAST
(\$ IN '000'S)**



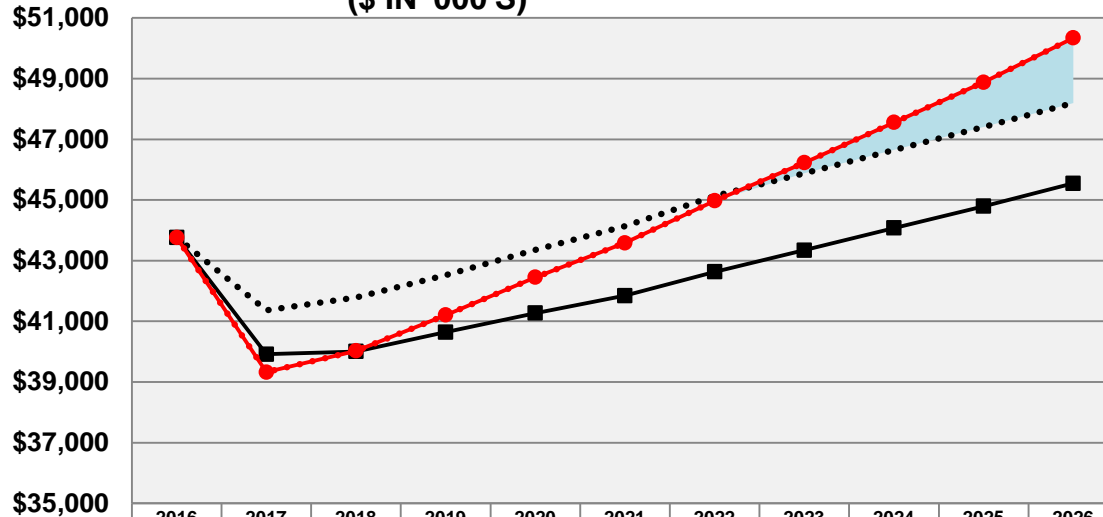
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	744	403	(79)	(449)	(394)	(428)	(529)	(581)	(591)	(695)
CUMULATIVE (GAP)	0	0	0	(79)	(528)	(923)	(1,351)	(1,880)	(2,460)	(3,051)	(3,746)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
SCENARIO REVENUES	43,765	40,070	40,428	41,127	41,925	42,663	43,622	44,350	45,099	45,832	46,597
NEW BASE REVENUES	43,765	39,915	40,007	40,642	41,269	41,843	42,629	43,343	44,078	44,796	45,547
SCENARIO EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
NEW BASE EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343

Strategy 7: Levy Lid Lift Renewal

- Option Two
- Levy Rate Set at \$1.48
- Growth based on percentage change of June-to-June CPI-U



**10 YFSM OPERATING BUDGET TEN YEAR FORECAST
(\$ IN '000'S)**



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	2,038	1,757	1,314	903	547	159	(349)	(559)	(568)	(673)
CUMULATIVE (GAP)	0	0	0	0	0	0	0	(349)	(907)	(1,476)	(2,148)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
SCENARIO REVENUES	43,765	41,364	41,782	42,519	43,356	44,133	45,132	45,882	46,653	47,408	48,195
NEW BASE REVENUES	43,765	39,915	40,007	40,642	41,269	41,843	42,629	43,343	44,078	44,796	45,547
SCENARIO EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
NEW BASE EXPENDITURES	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343

Strategy 7: Levy Lid Lift Renewal

Date	Item	Action
July 11, 2016	Council Discussion of Potential Levy Lid Lift Renewal Resolution	Discussion
July 25, 2016	Council Discussion and Adoption of Potential Levy Lid Lift Renewal Resolution	Potential Adoption
August 1, 2016	Appointment of three members to serve on the Pro and Con committees if Resolution adopted.	Motion
November 8, 2016	General Election	N/A

Summary

- Tonight's discussion will not result in immediate financial impact
- The ultimate financial impact will be measured as part of the annual budget process

Questions/Comments

