

Levy Lid Lift Renewal

July 11, 2016

Presented by

Sara Lane, Administrative Services Director

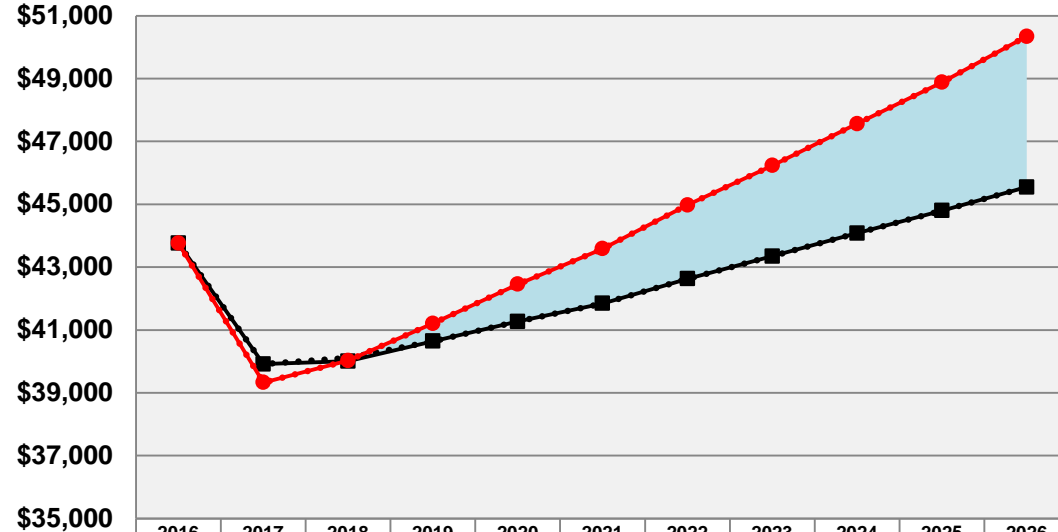


10 Year Financial Forecast

- Structural Imbalance
- 1% Property Tax Levy Limit



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
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
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History of Financial Sustainability Efforts

- 2008: Citizen's Committee on Financial Sustainability
- 2010: Levy Lid Lift Vote
- 2014: Council Subcommittee developed 10 YFSP
 - ✓ *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**

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... renewal of the property tax levy lid lift in 2016...



How the 1% Property Tax Levy Limit Works

- Limits increases in taxes by taxing districts to 1% annually
 - Example:
 - Year 1: City A levies its highest lawful levy at \$1.00 million
 - Year 2: City A can only levy \$1.01 million plus taxes generated by new construction
- It does not limit property tax increases for individual homes
- Individual tax bills are based on a number of factors:
 - How much property changes in value
 - Whether voters approve tax increases beyond the 1% limit

Levy Lid Lift Renewal

- Last reviewed on June 13, 2016
- Council directed staff to bring forward a proposal for consideration
- Resolution No. 389 proposes to submit a ballot measure

Strategy 7: Levy Lid Lift Renewal Options

- Four alternatives:
 - Option One – No Action
 - Option Two – CPI Only
 - Option Three – \$1.48 Rate Reset + Future CPI Adjustments
 - Option Four – \$1.60 Rate Reset + Future CPI Adjustments

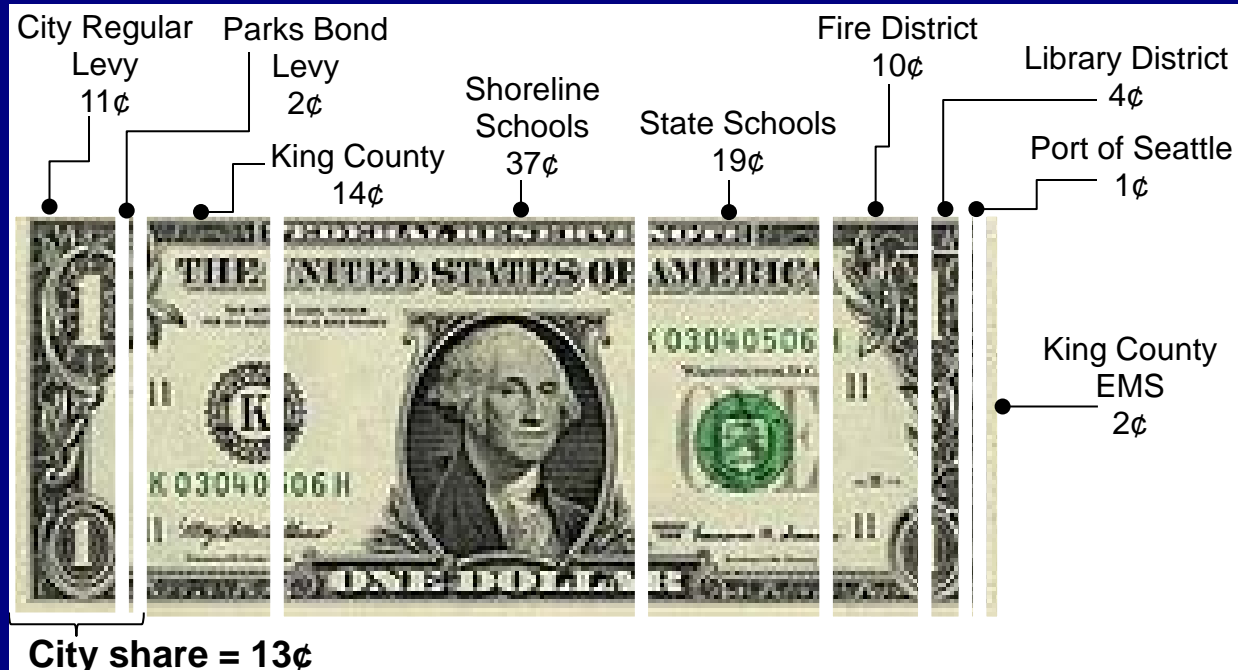
Strategy 7:

Levy Lid Lift Renewal – Impact on Residents

Date	Item	Six-Year Total of City Assessment (2017-2022)	Six-Year Difference to No Action	Average Increase per Year / Month
Option One: No Action	Levy Lid Lift is not renewed; 2017 Tax Rate projected @ \$1.30	\$2,828	N/A	N/A
Option Two: CPI Only	2017 Tax Rate projected @ \$1.32; ensuing years lifted by CPI	\$2,967	\$139	\$23 / \$2
Option Three: \$1.48 + CPI	2017 Tax Rate set @ \$1.48; ensuing years lifted by CPI	\$3,329	\$501	\$84 / \$7
Option Four: \$1.60 + CPI	2017 Tax Rate set @ \$1.60; ensuing years lifted by CPI	\$3,597	\$769	\$128 / \$11

2016 Property Tax Levy Allocation

- Who Levies Property Taxes for Shoreline Property Owners
- How is \$1 Divided Up?



Strategy 7:

Levy Lid Lift Renewal – Impact on Residents

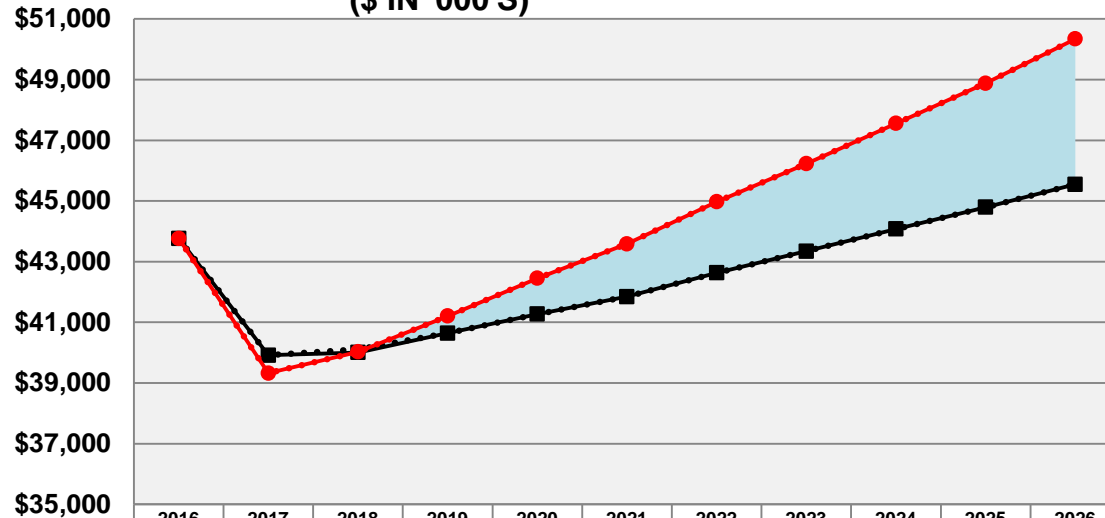
- Six-Year Average Annual City Assessment on a \$353K Home:
 - Option One: \$471
 - Option Two: \$494
 - Option Three: \$555
 - Option Four: \$599

Strategy 7: Levy Lid Lift Renewal

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



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



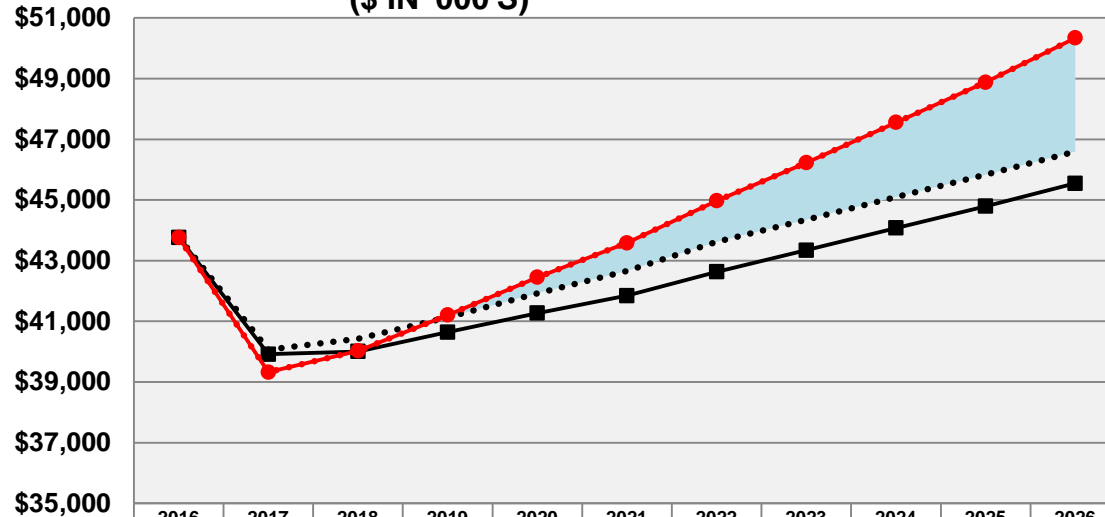
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Strategy 7: Levy Lid Lift Renewal

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



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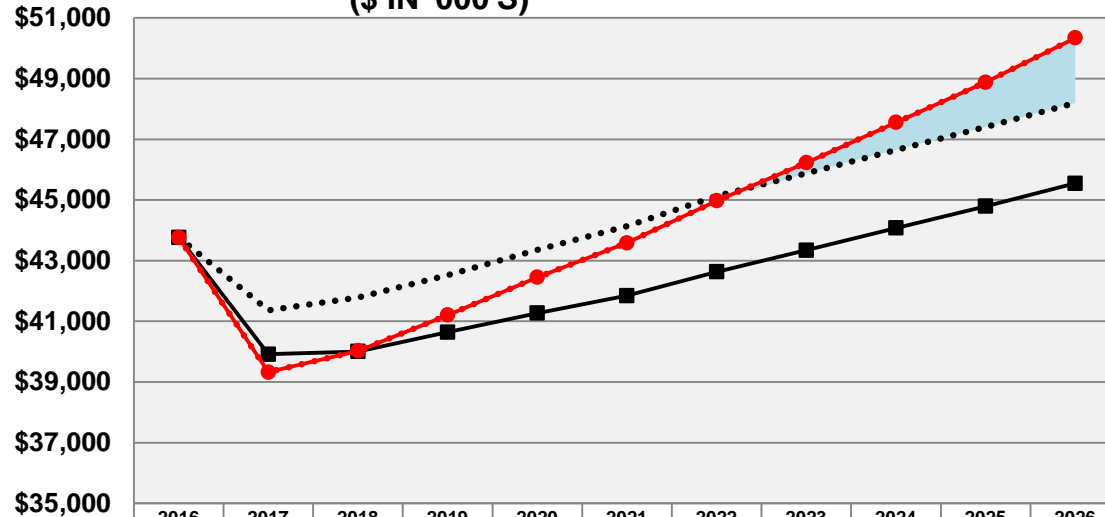
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	744	403	(79)	(449)	(394)	(428)	(529)	(581)	(591)	(695)
CUMULATIVE (GAP)	0	0	0	(79)	(528)	(923)	(1,351)	(1,880)	(2,460)	(3,051)	(3,746)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
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
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Strategy 7: Levy Lid Lift Renewal

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



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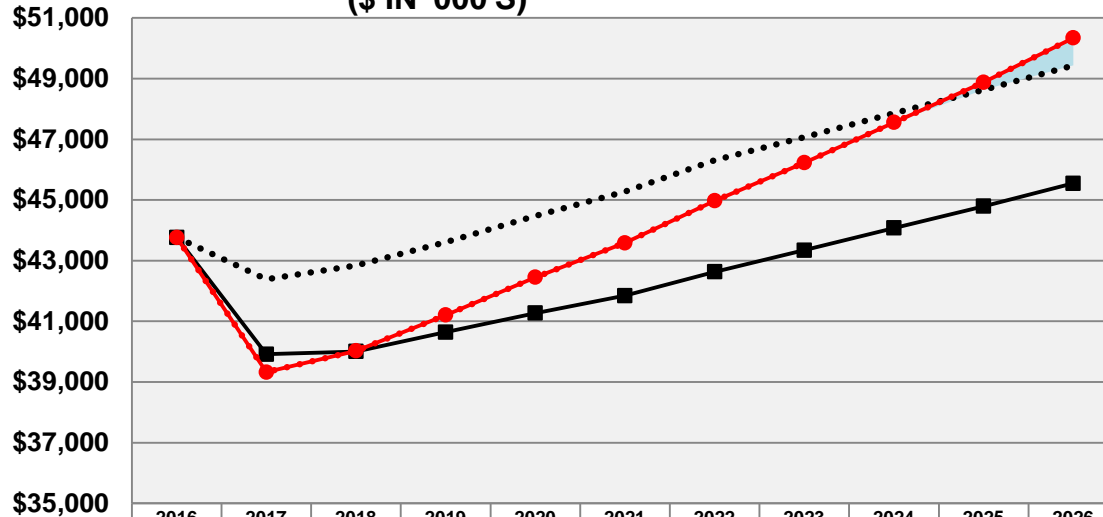
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	2,038	1,757	1,314	903	547	159	(349)	(559)	(568)	(673)
CUMULATIVE (GAP)	0	0	0	0	0	0	0	(349)	(907)	(1,476)	(2,148)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
SCENARIO REVENUES	43,765	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

- Option Four
- Levy Rate Set at \$1.60
- 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	3,063	2,812	2,399	2,018	1,692	1,335	844	302	(249)	(656)
CUMULATIVE (GAP)	0	0	0	0	0	0	0	0	0	(249)	(905)
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	42,389	42,836	43,604	44,471	45,278	46,307	47,074	47,862	48,634	49,438
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
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Stakeholder Outreach

- FSCAC: Consensus that City should bring a renewal of the Levy Lid Lift in November
 - Met February through May 2016 (7 meetings)
 - Learned about Services, Revenues, Costs
 - Majority (11 of 13) supported Renewal at \$1.48

Stakeholder Outreach

- Currents: More than 15 articles regarding City's financial position
- Public Meetings:
 - Feb 9: Richmond Beach Community Assoc.
 - Feb 24: Shoreline Rotary
 - May 18: Richmond Beach Congregational Church
 - May 25: Shoreline Library
 - June 1: Council of Neighborhoods
 - June 21: Echo Lake Neighborhood Assoc.

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

Levy Lid Lift Renewal

- Ballot question set by Council – July 25th for November general election
- Draft Ballot Language
 - Page 9c-8 of the staff report

Draft Ballot Language

BASIC PUBLIC SAFETY, PARKS & RECREATION, AND COMMUNITY SERVICES MAINTENANCE AND OPERATIONS LEVY

The Shoreline City Council adopted Resolution No. 389 concerning basic public safety, parks and recreation, and community services. If approved, this proposition would maintain current police/emergency protection including neighborhood patrols and crime prevention; preserve safe parks, trails, playgrounds/playfields and the Shoreline pool; and maintain community services including senior center and youth programs.

This proposition would restore Shoreline's property tax rate to \$1.48/\$1,000 of assessed valuation for collection in 2017; limit levy increases from 2018-2022 so as not to exceed inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES.....[]

NO.....[]



Summary

- City is required to pass a balanced budget
- City Councils have been prudent in their financial planning
- Residents have a high level of satisfaction with Shoreline's quality of life
- FSCAC Majority supported renewal at \$1.48

Summary

- Cost of election is estimated at \$60K
- Staff is seeking Council direction to:
 - Return on July 25 with ballot language for the Council to adopt for the November ballot
 - Recruit members to serve on a Pro or Con Committee

Questions/ Discussion