

Levy Lid Lift Renewal

July 25, 2016

Presented by

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Introduction

- City Council has long been committed to Financial Sustainability
- City is required to pass a balanced budget
- Residents have a high level of satisfaction with Shoreline's quality of life and levels of service
- Levy Lid Lift to support basic services expires at the end of 2016.

2010 Levy Lid Lift

Shoreline voters approved Proposition 1 to:

- Maintain basic services;
- Restore 2011 levy rate to \$1.48; and,
- Allow 2012-2016 levies to grow by CPI

Paying for City Services

- No Action
 - 1% property tax levy increase limit
- Cost to Provide Basic Services Increases More than 1% Annually
 - Revenue needed to pay for basic services doesn't keep pace

Household Cost Inflation vs City Cost Inflation

Consumer Price Index Includes:

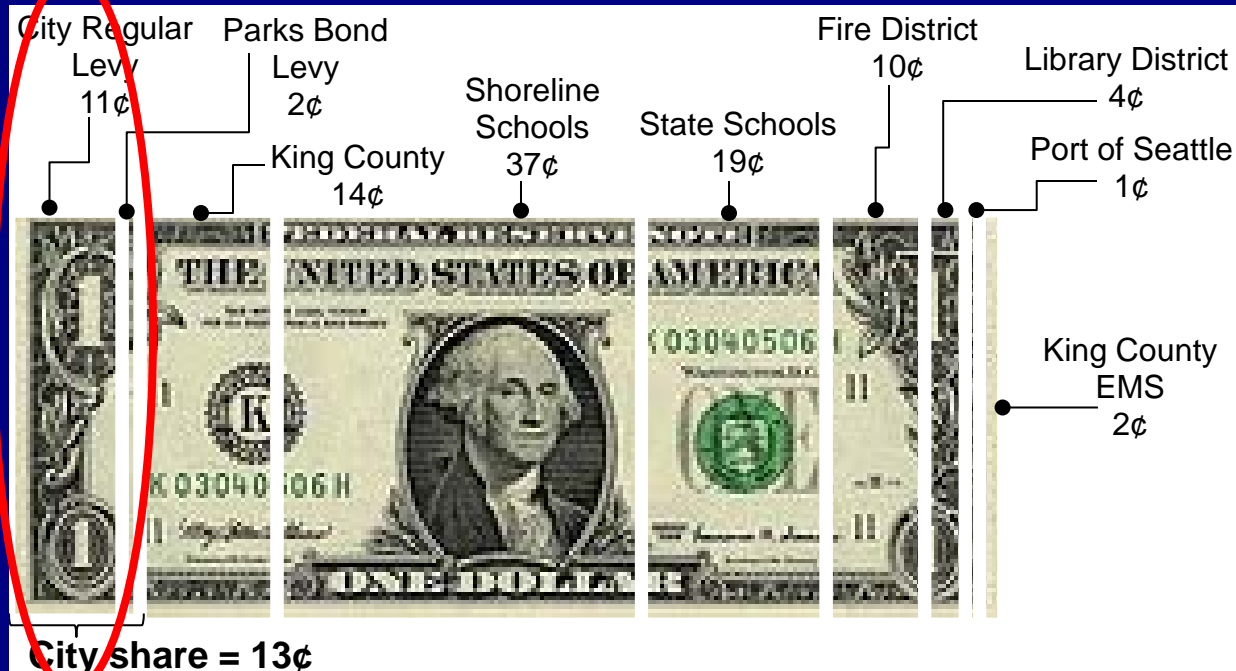
- Housing
- Transportation (Fuel, Vehicles)
- Utilities
- Food
- Apparel
- Education
- Recreation
- Medical Care

Costs of City Services includes:

- Labor
- Asphalt
- Police Services
- Jail Services
- Court Services
- Street Lights & Signals
- Repair & Maintenance of multiple unique facilities
- Park Maintenance

2016 Property Tax Levy Allocation

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



Property Tax Levy Forecast

Month	Item
September Prior Year	Puget Sound Economic Forecaster releases Ten Year Forecast with projected average home prices
Early-July	Staff contacts Assessor's Office to obtain preliminary AV estimate
Mid-September	Staff will contact County Assessor's Office to obtain updated AV estimate
Early-November	Staff will contact Assessor's Office to obtain updated AV estimate before Property Tax Levy Resolution is adopted by Council
Late-November	Council adoption of Property Tax Levy Resolution
End of November	Receive Final AV from County Assessor

Levy Lid Lift Renewal

- Reviewed on June 13 and July 11
- Council directed staff to bring forward a proposal for consideration
- Resolution No. 389 proposes to submit a ballot measure for voters to consider
 - Staff recommends adoption with amendments

Changes Since July 11

- Updated estimate on AV
 - Puget Sound Economic Forecaster 3.1%
 - King County Assessor Preliminary 10%
- Evaluation of impact to Revenue & Residents

Levy Lid Lift Renewal: Projection of Impact on Residents – Revised Estimates

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; City AV growth of 10%; 2017 Tax Rate projected @ \$1.23	\$2,934	N/A	N/A
\$1.39 + CPI	City AV growth of 10%; 2017 Tax Rate set @ \$1.39; ensuing years lifted by CPI	\$3,433	\$499	\$83 / \$7

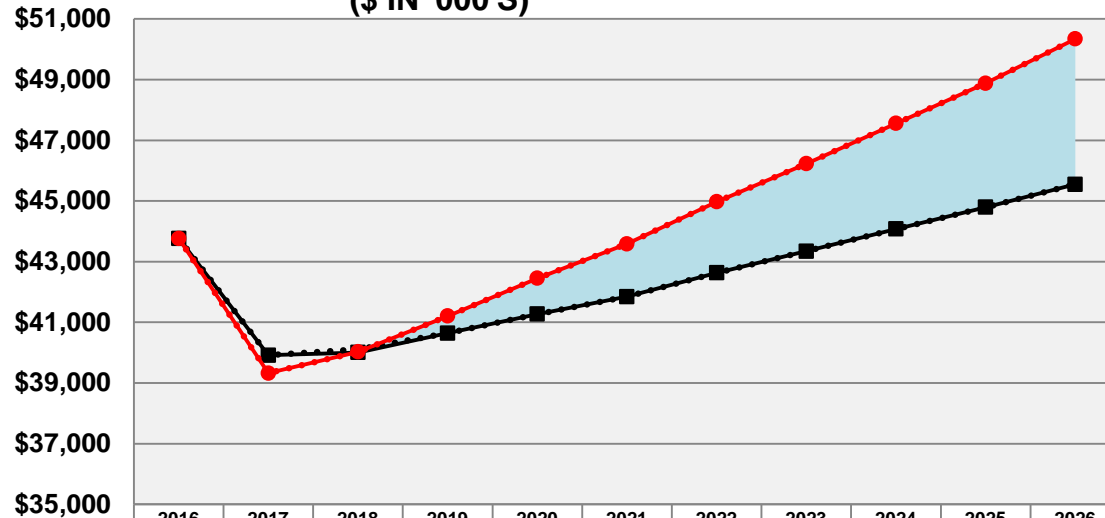
Assumes the 2017 Median Home Value will be \$388,300

Strategy 7: Levy Lid Lift - No Action

- Growth returns to statutory 1% + new construction



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



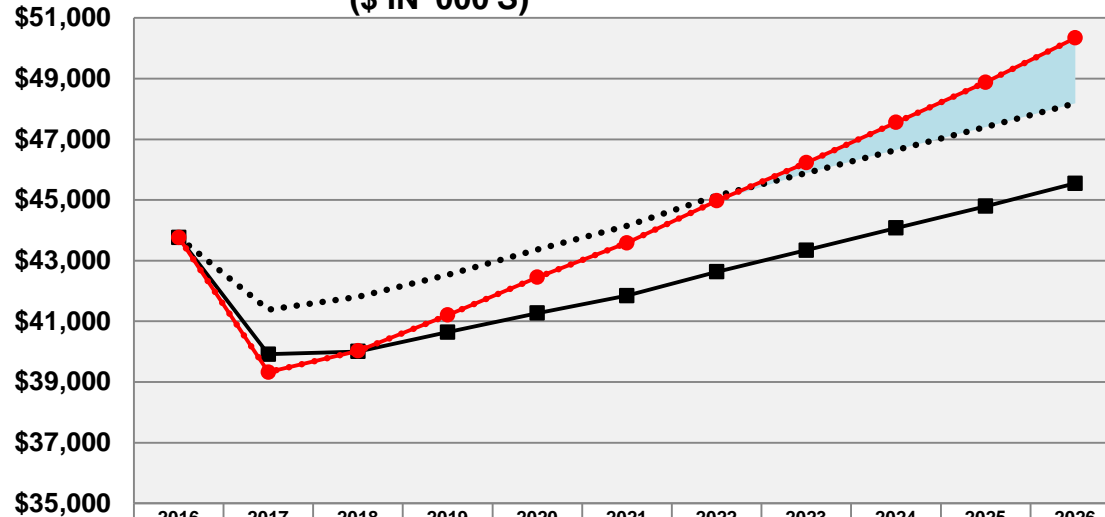
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	589	83	(564)	(619)	(559)	(601)	(543)	(595)	(605)	(709)
CUMULATIVE (GAP)	0	0	0	(564)	(1,183)	(1,743)	(2,344)	(2,887)	(3,482)	(4,087)	(4,796)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343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

- Levy Rate Set at \$1.39
- Growth based on percentage change of June-to-June CPI-U



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



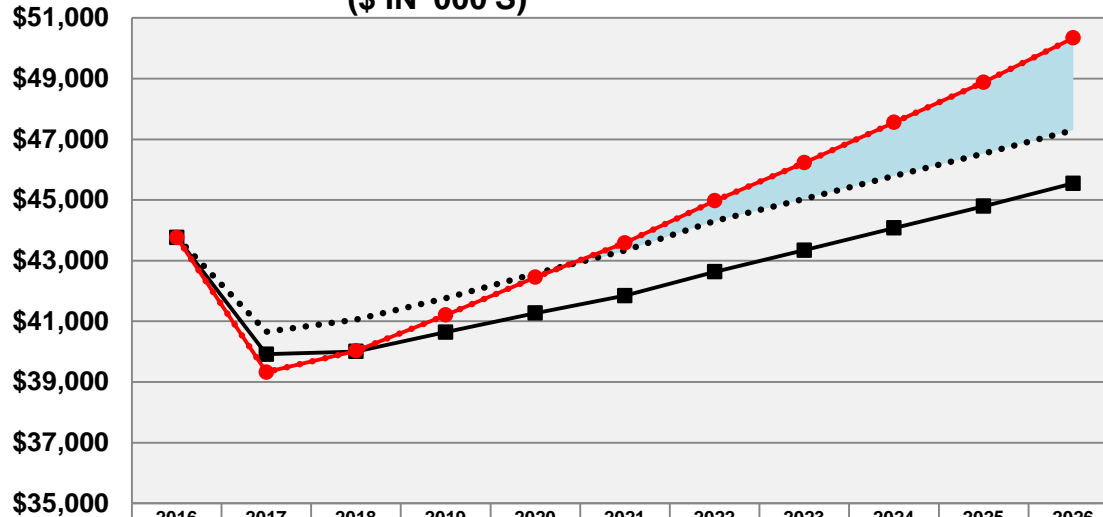
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ANNUAL SURP/(GAP)	0	2,062	1,777	1,330	917	557	166	(345)	(562)	(572)	(676)
CUMULATIVE (GAP)	0	0	0	0	0	0	0	(345)	(907)	(1,480)	(2,156)
VARIANCE BASE	43,765	39,326	40,024	41,206	42,453	43,586	44,973	46,230	47,560	48,883	50,343
SCENARIO REVENUES	43,765	41,387	41,801	42,536	43,369	44,143	45,139	45,885	46,652	47,404	48,187
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 – Citizen Proposal

- Levy Rate Set at \$1.31
- 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	1,333	1,027	559	124	(256)	(413)	(523)	(574)	(584)	(688)
CUMULATIVE (GAP)	0	0	0	0	0	(256)	(669)	(1,192)	(1,766)	(2,350)	(3,038)
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	40,659	41,051	41,765	42,577	43,330	44,304	45,039	45,794	46,534	47,305
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

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 restore Shoreline's levy rate to fund 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 set Shoreline's maximum property tax rate to ~~\$1.48~~ \$1.39/\$1,000 of assessed valuation for collection in 2017; set the limit factor for 2018-2022 at 100% plus annual inflation (Seattle CPI-U); and use the 2022 levy amount to calculate subsequent levy limits.

Should this proposition be approved?

YES[___]

NO[___]

Proposed Amendment

To accommodate the change in AV assumption, Council would, by motion, recommend the following amendment:

*I move to replace all references to \$1.48 in the resolution with **\$1.39**, beginning after the fourth recital; strike the words “which was the 2011 property tax levy rate” from the seventh recital; and replace all references to fifteen cents (\$0.15) in the resolution with six cents (**\$0.06**).*



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
- Residents have a desire to maintain current services
- FSCAC Majority (11 of 13) supported renewal at \$1.48 under original AV growth rate
 - Equivalent to \$1.39 under the revised assessed valuation assumptions

Strategy 7: Levy Lid Lift Renewal

Date	Item	Action
July 25, 2016	Adoption of Levy Lid Lift Renewal Resolution	Adoption
August 1, 2016	Appointment of Pro and Con committees	Motion
November 8, 2016	General Election	N/A

Questions/ Discussion



Proposed Amendment

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