

2017 Preliminary Budget Discussion

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Purpose

- 2016: Provide Preliminary Estimates
- 2017: Preview Proposed Budget
- 2017 – 2026: Monitor 10 YFSP Progress

- City Manager Proposed Budget on October 10

2016 Budget Priorities

The Council's priorities as outlined in your 2016-2018 goals and in Vision 2029.

- Goal 1:** Strengthen Shoreline's economic base to maintain the public services that the community expects
- Goal 2:** Improve Shoreline's utility, transportation, and environmental infrastructure
- Goal 3:** Prepare for two Shoreline light rail stations
- Goal 4:** Expand the City's focus on equity and inclusion to enhance opportunities for community engagement
- Goal 5:** Promote and enhance the City's safe community and neighborhood initiatives and programs.



2017 Budget Priorities

ORGANIZATIONAL GOALS

Delivery of Public Services: Continue to make Shoreline a desirable place to live and invest by providing public services that are valued by our community.

Organizational Strength: Enhance the effectiveness of our organization through development of employee skills and knowledge.

Fiscal Sustainability: Secure and sustain long-term financial sustainability to ensure delivery of public services to our community.

Achieve Council Goals: Complete action steps included in the adopted City Council Goals.



2016 General Fund Overview

Projected Ending Fund Balance (\$ in '000's)			
	Current	Projected	Variance
Beginning	\$12,499	\$12,499	\$0
Budgeted:			
Revenues	36,800	37,213	413
Expenditures	(39,726)	(37,707)	2,019
Transfers In	1,712	1,712	0
Transfers Out	<u>(4,884)</u>	<u>(4,884)</u>	<u>0</u>
Ending	<u>\$6,401</u>	<u>\$8,833</u>	<u>\$2,432</u>



2017 General Fund Reserves

Fund Balance / Reserve Policy (\$ in '000's)	
Projected 2017 Ending Fund Balance	\$6,245
Minimum Required Reserves	
General Fund	\$3,000
Plus Insurance Reserve	255
Plus Operational Contingency	<u>791</u>
Total Minimum Required Reserves	<u><u>\$4,046</u></u>



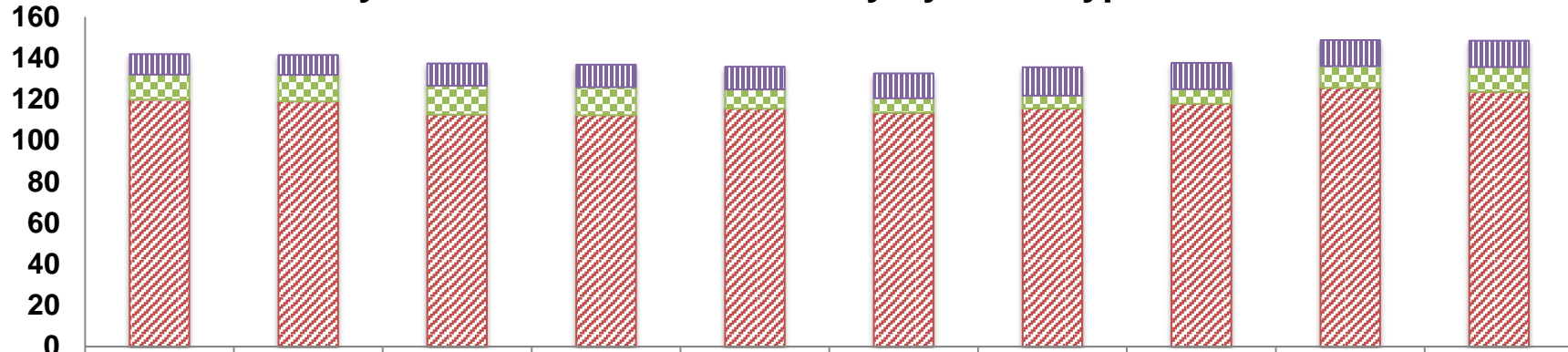
2017 Other General Reserves

Overview (\$ in '000's)	
Revenue Stabilization Fund	\$5,151
2017 Projected General Fund EFB	<u>6,245</u>
Total Projected General Reserves	<u><u>\$11,396</u></u>



2008-2017 Regular FTE Summary

City of Shoreline FTE Summary by Fund Type



	2008A	2009A	2010A	2011A	2012A	2013A	2014A	2015A	2016E	2017B
Utilities	10.02	9.57	10.71	10.86	11.12	12.00	13.70	12.67	12.58	12.81
Capital	12.10	12.95	14.00	13.65	9.39	7.11	6.24	7.11	10.50	11.91
Operating	119.86	118.96	112.62	112.27	115.37	113.45	115.62	117.82	125.65	123.71
Total	141.98	141.48	137.33	136.78	135.88	132.56	135.56	137.60	148.73	148.43
Grant Funded Capital Positions									2.00	2.00
Staffing for Sound Transit Lynnwood Link Extension Project									4.00	3.50
Net FTE	141.98	141.48	137.33	136.78	135.88	132.56	135.56	137.60	142.73	142.93

Salary and Benefit Considerations

- 2017 Cost of Living Adjustment: 1.60% increase
- Health Benefits: 4.5% increase
- Contingency for Minimum Wage Initiative 1433

Operating Budget Supplemental Requests

Category	One-Time	On-Going	Available Revenue/ Expenditure Reductions	Ongoing Net Cost
Implementation of Council Goals	\$60,000	\$52,648	\$0	\$52,648
Maint. of City Assets and Operational Efficiencies	\$397,803	\$20,000	\$0	\$20,000
Technology Investments	\$1,270,030	\$62,000	\$44,050	\$17,950
Budget Neutral	\$192,900	\$9,914	\$11,610	(\$1,696)
Personnel Requests	\$0	(\$23,916)	\$0	(\$23,916)
Totals	\$1,920,733	\$120,646	\$55,660	\$64,986
Use of Fund Balance	\$1,727,833	% of Operating Budget		0.29%

Operating Revenue Forecast

- 2017 Forecast: \$39.561M
 - Increase from 2016 Current Budget: \$2.348M, or 6.3%
- 2017 Forecast Assumptions:
 - Property Tax:
 - Assumes passage of Shoreline Proposition No. 1
 - Levy Rate Reset to \$1.39 / \$1,000 AV
 - Estimated 10.0% AV Increase
 - Total levy increase over 2016: \$1.623M



Operating Revenue Forecast

- 2017 Forecast Assumptions:
 - Sales Tax:
 - Increase from 2016 Current Budget: \$222K
 - 2.9% Growth over 2016 Budget Projection
 - 1.4% Growth over 2016 Revised Projection
 - Criminal Justice Sales Tax:
 - Increase from 2016 Current Budget: \$73K (+5.2%)

Operating Revenue Forecast

- 2017 Forecast Assumptions:
 - Utility Taxes/Franchise Fees:
 - Increase from 2016 Current Budget: \$228K (+2.7%)
 - Based on recent collection experience and anticipated rate increases
 - Liquor Excise Tax:
 - Increase from 2016 Current Budget: \$15K (+6.4%)

Operating Revenue Forecast

- 2017 Forecast Assumptions:
 - Development Revenue
 - Increase from 2016 Current Budget: \$218K (+15.1%)
 - Cost Recovery Evaluation of Permitting and Inspection Fee Revenues Completed in 2016
 - Plan check fee revenue is projected to increase by \$112K (+27.0%)

Operating Expenditure Forecast

- 2017 Forecast: \$45.398M includes
 - One-Time CIP Support: \$0.953M
 - One-Time Supplemental Requests: \$1.728M
 - Net Ongoing Supplemental Request \$0.058M
 - % Change from 2016 to 2017 Budget
 - Excluding One Time CIP Support 1.8%

Operating Expenditure Forecast

- 2017 Forecast Assumptions:
 - Jail Services: -13.6% = (\$300,000)
 - Other Contractual Increases (Inflation)
 - Police Contract: Negotiations for guild contract will be underway later this year; staff anticipates total contract will increase 3.0%.

Fees

- Generally increase by 90% of the June-to-June percentage change of the Seattle / Tacoma / Bremerton CPI-U: 1.60%
- Planning and Community Development: Recommendations from Cost of Service and Cost Recovery Evaluation incorporated
- Transportation Impact Fee:
 - 3 Year Average WSDOT CCI: 6.16% increase from \$6,804.62 per trip to \$7,224.12 per trip

10 Year Financial Sustainability Model Update

- Original Model projected budget gaps in 2018
- April and current update project budget gaps in 2023
 - Assumes passage of Levy Lid Lift
- Strategies to address projected gaps:
 - Business & Occupation Tax
 - Replace GF support of Roads Capital Fund with another dedicated source of funding

Summary

2016 Projected:

- Revenue increase 6.3%
- Expenditure growth (w/o One Time CIP): 1.8%
- General Reserves: \$11.4M

2017-2022 CIP

New Projects

General Capital	Facilities Major Maintenance	Roads Capital	Surface Water Capital
Ridgecrest Park Master Plan	Duct Cleaning	Aurora LED Light Conversion	Boeing Creek Restoration
		Light Rail Bike Trail	
		NE 145 th St and I-5 Interchange	
		N 160 th St and Greenwood/Innis Arden intersection	
		Aurora Median retrofits	

CIP Policy Issues

- Grant match
 - No General fund contribution
 - use of REET (\$500k in 2017, \$100-250k/yr 2018-2022)
- General fund contributions to capital projects
 - North Maintenance Facility (\$2.2 million in 2017-2018)
 - Police Station at City Hall (\$1.78M in 2017)
 - Light Rail Bike Trail (\$275k in 2017)
 - N 160th at Greenwood/Innis Arden Intersection (\$125k in 2017)
 - Curb, Ramp Sidewalk Replacement (\$152k/year)

2017 Budget & CIP Review Schedule

- October 10 Transmittal of 2017 Proposed Budget and 2017-2022 CIP
- October 17 Review of Department Budgets
- October 24 Continued Review of Department Budgets and Review of 2017-2022 CIP
- November 7 Public Hearing on 2017 Proposed Budget and 2017-2022 CIP
- November 14 Public Hearing on 2017 Property Tax Levy & Revenue Sources
- November 21 Adoption of 2017 Budget, Adoption of 2017 Property Tax Levy, and Adoption of 2017-2022 CIP

Discussion / Questions