

2019-20 Preliminary Budget Discussion

September 17, 2018

Presented by

Sara Lane, Administrative Services Director

Rick Kirkwood, Budget Supervisor

Tricia Juhnke, City Engineer



Purpose

- 2018: Provide Preliminary Estimates
- 2019-20: Preview Proposed Budget
- 2019 – 2028: Monitor 10 YFSP Progress

Presentation of City Manager's Proposed 2019-20
Budget scheduled on October 15

2019-20 Budget Priorities

The Council's priorities as outlined in your 2018-2020 goals and in Vision 2029.

- Goal 1:** Strengthen Shoreline's economic climate and opportunities
- Goal 2:** Improve Shoreline's infrastructure to continue the delivery of highly-valued public service
- Goal 3:** Continue preparation for regional mass transit in Shoreline
- 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 programs and initiatives



2019-20 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.



2018 General Fund Overview

Projected Ending Fund Balance (\$ in '000's)			
	Current	Projected	Variance
Beginning	\$14,050	\$14,050	\$0
Budgeted:			
Revenues	43,004	43,232	228
Expenditures	(45,211)	(42,783)	2,428
Transfers In	1,833	1,833	0
Transfers Out	<u>(4,203)</u>	<u>(4,047)</u>	<u>156</u>
Ending	<u><u>\$9,473</u></u>	<u><u>\$12,285</u></u>	<u><u>\$2,812</u></u>



2019-20 General Fund Reserves

Fund Balance / Reserve Policy (\$ in '000's)	2019	2020
Projected Ending Fund Balance	\$10,578	\$9,833
Minimum Required Reserves		
General Fund	\$3,000	\$3,000
Plus Insurance Reserve	255	255
Plus Operational Contingency	<u>884</u>	<u>890</u>
Total Minimum Required Reserves	<u>\$4,139</u>	<u>\$4,145</u>

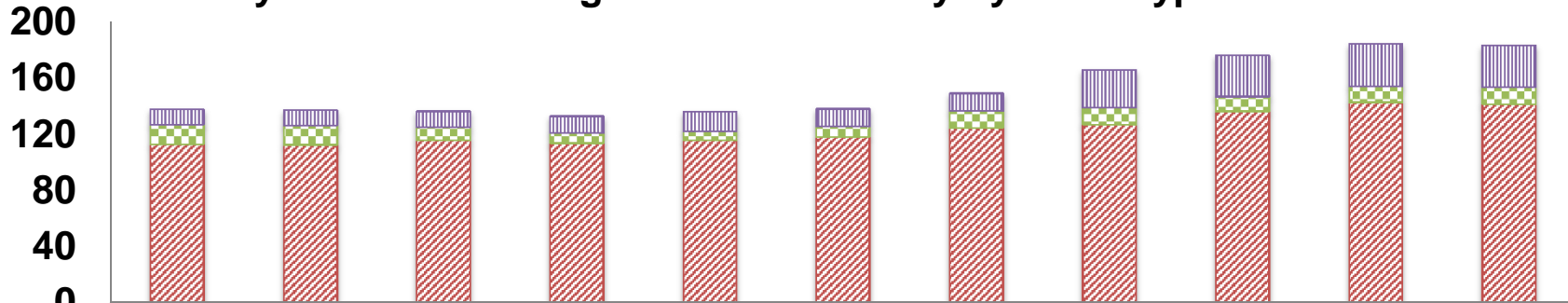
2019-20 General Reserves

Overview (\$ in '000's)	2019	2020
Revenue Stabilization Fund	\$5,465	\$5,825
Projected General Fund EFB	<u>11,718</u>	<u>12,117</u>
Total Projected General Reserves	<u>\$14,961</u>	<u>\$17,942</u>



2010-2020 Regular FTE Summary

City of Shoreline Regular FTE Summary by Fund Type



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Utilities	10.71	10.86	11.12	12.00	13.70	12.55	12.62	26.69	29.05	29.91	29.61
Capital	14.00	13.65	9.39	7.11	6.24	7.11	12.09	11.91	10.41	11.64	12.04
Operating	112.62	112.27	115.37	113.45	115.62	117.94	124.02	126.58	135.99	142.23	141.00
Total	137.33	136.78	135.88	132.56	135.56	137.60	148.73	165.18	175.45	183.78	182.65
Staffing for Sound Transit Lynnwood Link Extension Project							4.00	3.75	4.75	4.12	2.50
Net FTE	137.33	136.78	135.88	132.56	135.56	137.60	144.73	161.43	170.70	179.66	180.15

Salary and Benefit Considerations

- 2019 Cost of Living Adjustment: 2.95% increase
 - Reflects 90% of CPI – 3.28%
 - Estimated to be 2.20% in 2020 (95% of forecast CPI)
- Health Benefits: Return to allotment strategy included in Ordinance No. 799
- Extra Help Salary Table Adjustment

Operating Expenditure Forecast

- 2019-20 Forecast Assumptions:
 - Electricity Cost Increases
 - Landscaping Maintenance
 - Jail Services: Costs anticipated to remain @ 2018 level.
 - Other Contractual Increases (Inflation)
 - Police Contract:
 - 2019-20 budget includes addition of one officer in 2020
 - Negotiations for guild contract are underway; staff anticipates total contract will increase year-over-year by 4.3% and 4.0% for 2019 and 2020, respectively.

Supplemental Requests

- Implementation of Council Goals
- Organization Goals:
 - City Asset Maintenance & Efficiencies
 - Operational Cost and Workload Increases
 - Efficiency & Effectiveness
 - Organizational Development
- Technology Investments
- One-Time General Fund Support to CIP

Operating Revenue Forecast

- 2019-20 Forecast: \$91.326M
- 2019-20 Forecast Assumptions:
 - Property Tax: ↑ 7.4% | Levy Rate ↓ to \$1.25 over Biennium
 - Sales Tax: ↑ 5.7% over 2017-2018
 - Utility Taxes/Franchise Fees: ↑ 3.9%
 - Business & Occupation Tax – New 2019
 - Criminal Justice Sales Tax: ↑ 7.8%
 - Liquor Excise Tax: ↑ 11.0%

Fee Schedules

- Generally increase by June-to-June percentage change of the CPI-U: 3.28%
- Schedules with Notable Changes:
 - Business License Fee
 - Park, Aquatic and Recreation
 - Impact Fees
 - Vehicle Impound Fees

10 Year Financial Sustainability Model Update

- Original Model projected budget gaps in 2018
- September 2017 update project budget gaps in 2020
- September 2018 update projects budget gaps pushed out to 2023
- Final Strategies:
 - B&O – Implementation in 2019
 - General Fund contribution to Roads Cap
 - 100% in 2019 | 50% in 2020



Key CIP Issues

- Reduction in forecast for Real Estate Excise Tax (REET) impacts General Capital Fund and Roads Capital Fund

2018-2023 New Projects and Significant Changes

General Capital Fund

- Community and Aquatics Center – added acquisition and future construction
- Playground replacement – 2019 and 2020
- Moved RB Fire Suppression Line beyond 6 year CIP



New Projects and Significant Changes (Cont.)

Surface Water Capital

- No significant changes

Facilities

- No significant changes

New Projects and Significant Changes (Cont.)

Roads Capital

- Reduced funding for Annual Road Surface Maintenance (2023 and 2024)
- Eliminated funding for Aurora Median Retrofits
- Added 1st Ave NE Sidewalks
- Added 5th Ave NE Sidewalks
- New Sidewalk Rehabilitation Program

2019-20 Budget & CIP Review

- October 15 Transmittal of 2019-20 Proposed Budget and 2019-2024 CIP
- October 22 Review of Department Budgets
- October 29 Continued Review of Department Budgets and Review of 2019-2024 CIP
- November 5 Public Hearing on 2019-2020 Property Tax Levy & Revenue Sources and Continued Discussion
- November 19 Public Hearing on 2019-20 Proposed Budget and 2019-2024 CIP and Continued Discussion
- November 19 Adoption of 2019-20 Budget, Adoption of 2019-20 Property Tax Levy, and Adoption of 2019-2024 CIP

Discussion / Questions