

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of the 2024 Second Quarter Financial Report and a Preliminary View of the 2025-2026 Biennial Budget and 2025-2030 Capital Improvement Plan
DEPARTMENT:	Administrative Services
PRESENTED BY:	Sara Lane, Administrative Services Director Christine Hopkins, Budget & Tax Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

Tonight, staff will provide an update on fiscal year 2024 revenues and expenditures through the second quarter, a preview of the proposed preliminary 2025-2026 Biennial Budget, and an update to the long-term operating budget financial projections. The proposed preliminary 2025-2026 Biennial Budget is balanced, maintains services levels, and allocates resources to support the City’s operations and Council’s goals and priorities.

The proposed preliminary Budget includes the addition of 7.75 FTE’s, five (5) Limited Term Employees, and a net increase in ongoing operating expenses in the General Fund of \$1.19 million and One-Time costs of \$9.69 million to support Council and operational priorities. The City Manager will transmit the proposed 2025-2026 Biennial Budget and 2025–2030 Capital Improvement Plan to the City Council on October 14, 2024, with adoption currently scheduled for November 18, 2024.

The City continues to maintain a healthy financial position, including maintenance of its AA+ bond rating and a Standard & Poor’s (S&P) ratings outlook of “stable.” The proposed 2025-2026 Biennial Budget will continue to be balanced and in compliance with the City’s financial and reserve policies.

RECOMMENDATION

This report related to the preview of the proposed 2025-2026 Biennial Budget is information only for tonight. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this review. The proposed 2025-2026 Biennial Budget will be transmitted to the City Council on October 14, 2024.

Approved By: City Manager **BE** City Attorney **MK**

BACKGROUND

Staff is preparing the City Manager’s proposed 2025-2026 Biennial Budget (Budget), 2025 – 2030 Capital Improvement Plan (CIP), and updating the City’s 10-year financial projections as part of the budget process. Tonight’s discussion will provide an opportunity for staff to share the latest financial projections and introduce the City Manager’s recommendations and major policy issues that will be discussed during the 2025-2026 budget process.

The 2025-2026 Biennial Budget review and adoption schedule is as follows:

Meeting Date	Subject
<i>Tonight (September 16)</i>	Discussion of the 2024 Second Quarter Financial Report and a Preliminary View of the 2025-2026 Biennial Budget and 2025-2030 CIP
October 14	Transmittal of the 2025-2026 Proposed Biennial Budget and Proposed 2025-2030 CIP
October 21	Discussion of the 2025-2026 Proposed Biennial Budget – Department Presentations
October 28	Discussion of the 2025-2026 Proposed Biennial Budget – Continued Department Presentations and CIP
November 4	Public Hearing and Discussion of Ordinance No. 1021 – 2025-2026 Proposed Biennial Budget with Special Emphasis on 2025 Regular and Excess Property Tax Levies, Ordinance No. 1022 - Impact Fee Schedule, and Resolution No. 530 – Fee Schedules
November 4	Public Hearing on the 2025-2026 Proposed Biennial Budget and 2025-2030 CIP, to be set by Ordinance No. 1019
November 4	Discussion of Ordinance No. 1020 – 2023-2024 Biennial Budget Amendment – Amending Ordinance No. 1006
November 18	Public Hearing on the 2025-2026 Proposed Biennial Budget and 2025-2030 Capital Improvement Plan, to be Set by Ordinance No. 1019
November 18	Action on Ordinance No. 1021 – Setting the 2025 Regular and Excess Property Tax Levies
November 18	Action on Resolution No. 530 – 2025 Fee Schedule
November 18	Action on Ordinance No. 1022 – 2025 Impact Fee Schedule
November 18	Action on Ordinance No. 1019 – Adopting the 2025-2026 Biennial Budget, the 2025 Salary Schedules, and the 2025-2030 Capital Improvement Plan
November 18	Action on Ordinance No. 1020 – 2023-2024 Biennial Budget Amendment – Amending Ordinance No. 1006

Following tonight’s presentation, the City Council will have the opportunity to ask for additional information or provide additional budget direction. The proposed preliminary budget will be presented to the Council on October 14, 2024.

DISCUSSION

2023-2024 Operating Budget – 2nd Quarter Financial Report

The 2nd Quarter Financial Report is attached to this staff report as Attachment A. Additional revenue and expenditure information for the current year are provided below.

Revenues

As part of the 2025-2026 budget process, departments were asked to provide updated estimates for 2023-2024 revenues and expenditures. Based on these estimates, General Fund revenue collection is estimated to exceed that planned for 2023-2024 primarily because of the following sources:

- *Sales Tax Revenue:* In 2023, staff estimated sales tax revenue conservatively and forecasted 2023 sales revenue to be \$13.577 million and 2024 sales revenue to be \$13.725 million. The actual for the City's 2023 sales tax revenue came in stronger than expected at \$14.325 million, mainly due to strong growth in the Construction sector, representing 24.5% growth from same period in the prior year. However, as the impact of Sound Transit's Lynnwood Link Extension Light Rail construction comes to an end and sales tax revenue growth slows based on actual growth rates in 2024, staff is forecasting 2024 sales tax revenue to remain flat at 2023 levels, or \$14.325 million. The 2023 and 2024 sales tax revenue is budgeted at \$11.117 million and \$11.584 million respectively, the latest estimate projects \$5.949 million additional revenue for the 2023-2024 biennium.
- *Business & Occupational Tax and Gambling Tax:* The 2023 Business & Occupational Tax (B&O) continues to surpass the budget. The 2023 actual revenue was \$2.229 million, compared to a budget of \$1.594 million. For 2024, staff is forecasting revenue to be at the same level, compared to a budget of \$1.651 million. However, this is partially offset by a decrease in gambling tax due to one card room no longer operating in the City.
- *Utility Tax:* Utility tax on natural gas and solid waste has been steadily increasing over the past few years and is adjusted in this biennium to true-up to actual experience. The utility tax for cable television and telecommunication continues to decrease due to changes in technology in the sector. The net impact is a \$0.241 million increase in overall utility tax revenue for 2023, and an increase of \$0.035 million in 2024.
- *Development Revenue:* The 2023 actual development revenue including right-of-way permits is \$5.030 million, which is \$1.749 million higher than budgeted. However, the forecast is anticipating a moderate slowdown in new development activity, which is a continuation of the current trend observed over the last 12-18 months as broader economic trends related to high construction costs and increased interest rates have resulted in many larger projects in the development pipeline to slowdown or go on hold. These trends are reflected in the permit activity forecasts which anticipate revenue for the remainder of 2024 to remain relatively flat, with a modest increase (but lower overall growth rate than recent years) projected for 2025 and 2026. Staff will monitor permit activity and make recommendations on necessary adjustment in the Mid-Biennial Budget process in 2025.

The City’s capital funds are funded primarily through REET, Grants, and General Fund Contributions. Grant funds are typically budgeted as awarded and General Fund transfers are made as project costs are incurred.

- *Real Estate Excise Tax (REET)*: Due to its volatility as a revenue source supporting capital projects, the City conservatively budgets REET revenue. Receipts through June, reflecting activity for January through May, shows a decrease in number of transactions of 24.4% and a decrease in total transaction value of 24.8% comparing to the same month in 2023. However, as the City has budgeted conservatively, the actuals are 5% higher than the current 2024 budget. Staff will continue to monitor this revenue source and its impact on the General Capital and Roads Capital Funds.

Expenditures

Departments continue to closely monitor their expenditures in 2024. Staff currently anticipate under-expenditures in the general fund largely attributable to a favorable 2023 police services contract reconciliation credit and minor savings in salaries and benefits due to vacancies.

Summary of General Fund Results

August 2024 Forecast	2023-2024 Budget	2023 Actual	2024 Year -End Estimate	2023-2024 Projected Total	2023-2024 Projected vs. 2023-2024 Budget
+ Revenues	\$120.868M	\$64.835M	\$62.894M	\$127.729M	\$6.861M
+ Transfers In	\$5.254M	\$2.463M	\$2.791M	\$5.254M	(\$.000M)
- Expenditures	(\$118.131M)	(\$49.990M)	(\$62.371M)	(\$112.361M)	\$5.770M
- Transfers Out	(\$19.662M)	(\$7.626M)	(\$12.036M)	(\$19.662M)	(\$.000M)
= Provision/(Use) of FB	(\$11.671M)	\$9.682M	(\$8.722M)	\$.960M	\$12.631M
- Use of GF to balance SF	\$.000M	\$.000M	\$.000M	\$.000M	
= Est. Provision/(Use) of FB	(\$11.671M)	\$9.682M	(\$8.722M)	\$.960M	

Overall Financial Health

The City continues to maintain a healthy financial position. As a result of the Council’s strong financial policies, diligent financial management, and conservative budget planning, the City continues to maintain its AA+ bond rating and a Standard & Poor’s (S&P) ratings outlook of “stable”. The 2025-2026 Biennial Budget will continue to comply with the City’s financial and reserve policies with projected ending General Fund and Street Fund reserves in excess of requirements.

2025-2026 Proposed Preliminary Biennial Budget

As part of the 2025-2026 Biennial Budget process, staff have reviewed the existing budget and future work plans to make necessary recommendations and adjustments for both base budget adjustments and supplemental budget requests. Base budget adjustments are changes to the existing budget to support the City’s current level of services and activities. Supplemental budget requests are additional resources needed to support new or expanded services that aligns with the City’s Council Goals and Action Steps.

The Council Goals are listed below, and more information is available from the following link:

<https://www.shorelinewa.gov/government/elected-and-appointed-officials/shoreline-city-council/city-council-goals>.

- *Goal 1: Strengthen Shoreline’s economic climate and opportunities*
- *Goal 2: Manage and develop the City’s infrastructure, steward the natural environment and address climate impacts*
- *Goal 3: Prepare for regional mass transit in Shoreline*
- *Goal 4: Expand the City’s focus on equity and social justice and work to become an Anti-Racist community*
- *Goal 5: Promote and enhance community safety, healthy neighborhoods, and a coordinated response to homelessness and individuals in behavioral health crisis*

FTE Impact Summary

The following table summarizes the impacts of the City Manager’s proposed preliminary 2025-2026 Biennial Budget on the City’s Full Time Equivalent (FTE) counts as well as Limited Term Employee (LTE) counts. Details of these changes are discussed later in this report and in Attachment B.

2025 FTEs by Fund and Department										
Department	General Fund	Street Fund	Public Arts Fund	General Capital Fund	City Facilities Major Main. Fund	Roads Capital Fund	Surface Water Utility	Wastewater Utility		Total
City Council	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.00
City Manager	23.95	0.00	0.00	0.15	0.00	0.58	0.07	0.75		25.50
Parks, Recreation, & Community Services	47.00	0.00	0.50	2.10	0.00	0.00	0.00	0.00		49.60
City Attorney	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		3.00
Administrative Services	28.08	0.00	0.00	0.50	0.00	0.00	0.00	4.80		33.38
Human Resources	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		4.00
Planning & Community Development	28.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		28.00
Public Works	21.64	9.87	0.00	0.20	0.00	13.18	20.41	15.46		80.75
2025 TOTAL	162.66	9.87	0.50	2.95	0.00	13.76	20.48	21.00		231.23
2024 TOTAL	153.66	9.72	0.50	6.17	0.00	13.30	16.85	21.19		221.38
Difference between 2025 and 2024*	9.01	0.15	0.00	-3.22	0.00	0.47	3.63	-0.19		9.85

*Difference due to reduction of 1.5 Light Rail staff as project is nearing completion, reduction of 1.4 ARPA funded positions, additions of 1.0 Housing & Human Services Mgr, 1.0 Parks MWII, 1.0 Construction Inspector, .75 Grounds MWI, 1.0 PW MWII, 1.0 SW Inspector, 1.0 System Analyst, 1.0 Staff Accountant, 1.0 LT AAI, 1.0 LT Environmental Srvs Coordinator, 1.0 LT Sen Mgmt Analyst, 1.0 LT GIS Analyst, 1.0 LT Senior Planner

2026 FTEs by Fund and Department									
Department	General Fund	Street Fund	Public Arts Fund	General Capital Fund	City Facilities Major Main. Fund	Roads Capital Fund	Surface Water Utility	Wastewater Utility	Total
City Council	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.00
City Manager	23.95	0.00	0.00	0.15	0.00	0.58	0.07	0.75	25.50
Parks, Recreation, & Community Services	47.10	0.00	0.50	2.00	0.00	0.00	0.00	0.00	49.60
City Attorney	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
Administrative Services	27.41	0.00	0.00	0.50	0.00	0.00	0.00	4.80	32.71
Human Resources	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
Planning & Community Development	28.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28.00
Public Works	21.61	9.87	0.00	0.20	0.00	14.78	19.09	15.21	80.75
2025 TOTAL	162.07	9.87	0.50	2.85	0.00	15.36	19.16	20.75	230.56
2026 TOTAL	162.66	9.87	0.50	2.95	0.00	13.76	20.48	21.00	231.23
Difference between 2025 and 2026*	-0.60	0.00	0.00	-0.10	0.00	1.60	-1.32	-0.25	-0.67

*Difference due to reduction of .67 LT Grant Administrator end of 3-year limited term position

Expenditure Impact Summary

The following table summarizes the total expenditure and transfer outs of all supplemental requests, both one-time and ongoing, included in the City Manager’s proposed preliminary Biennial Budget for operating and enterprise (utility) funds.

Supplemental Type	Operating	Surface Water	Wastewater	Total
One Time	\$9,857,896	\$877,123	\$151,516	\$10,886,535
Ongoing	\$1,193,703	\$518,366	\$119,133	\$1,831,202
Total	\$11,051,599	\$1,395,489	\$270,649	\$12,717,737

Details of both base budget adjustments and recommended supplemental budget requests are detailed in the following section of this staff report. Staff has also incorporated the changes of these adjustments to create two outlooks of the City’s 10-Year Financial Sustainability Model. At this time, the preliminary 2025-2026 Biennial Budget is balanced in all funds.

10-Year Financial Sustainability Model

The City utilizes a 10-year long range forecast, our 10-Year Financial Sustainability Model (10yfsm), to model the long-term impacts of budget decisions on the City’s finances. This includes updating revenue forecasts and modeling potential revenue and expenditure scenarios. The following section of this report discusses the revenue assumptions that staff used as the basis for the preliminary budget.

2025-2026 Revenue Updates

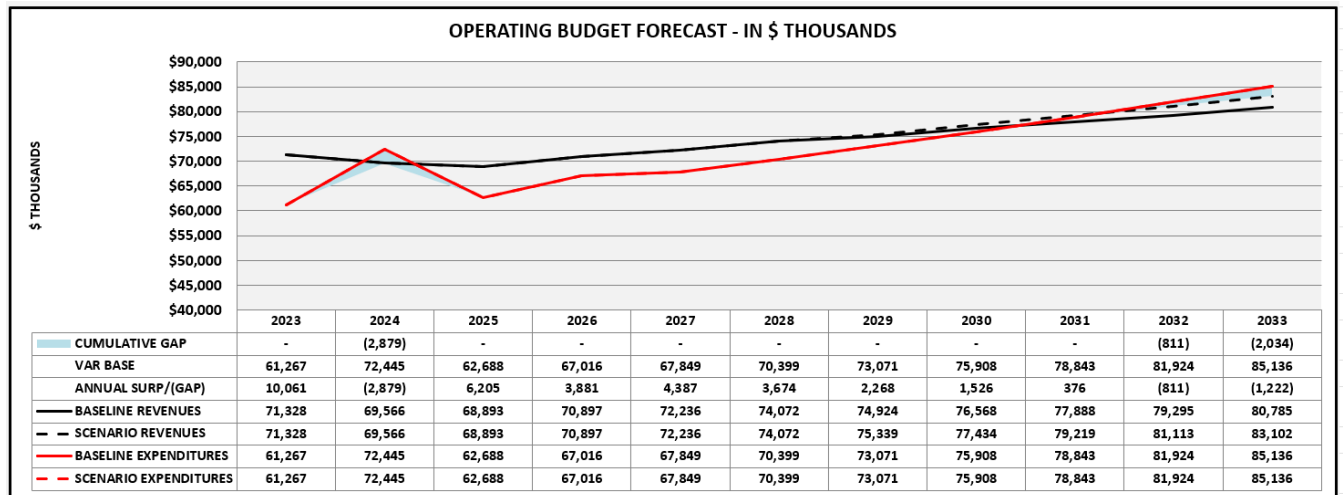
The City’s Operating Budget forecast for revenue sources is updated in August 2024. Revenue assumptions are based on staff review of various sources of economic forecast data including the Municipal Research Service Center (MRSC), Puget Sound Economic Forecaster (PSEF), and City of Seattle economic forecast, the June-to-June percentage change of the Seattle-Tacoma-Bellevue Consumer Price Index for All Urban Consumers (CPI-U), King County Assessor’s Office, and the City’s historical experience.

Property tax is the largest revenue source for the City. In the 2023 mid-biennial update, the City received a decrease in property tax assessed value from the King County Assessor for property tax in 2024, resulting in the tax rate per \$1000 assessed valuation (AV) to be much higher than initially forecasted at the time of the 2022 levy lid lift. At the

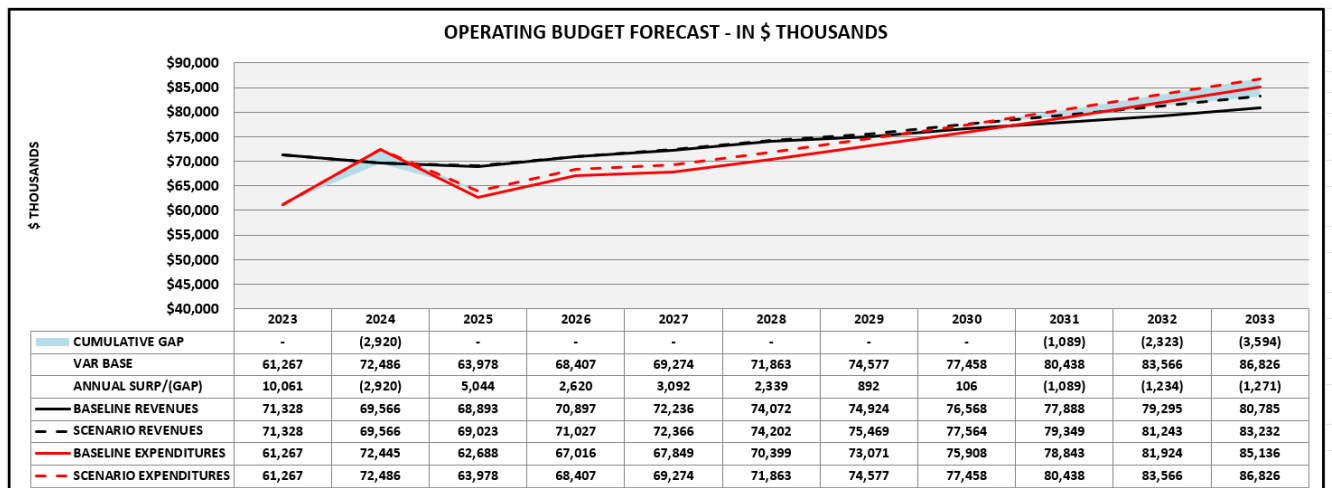
time of the levy lid lift, the 2023 tax rate per \$1000 AV was set at \$1.39; the decrease in AV in 2023 resulted the tax rate per \$1000 to be \$1.62. While this is allowable as the City belongs to a fire and library district and both special districts are currently not levying their maximum levy rate, there is higher risk for the City to reach the maximum limit property tax increase should the other special districts increase their levy rates and/or further decline in county assessed value occurs. In addition, there is continued uncertainty in the economy with some forecasters anticipating a recession in 2025 or 2026 at about 30-45% probability. If recession does occur, it could have significant impact to economically sensitive revenue sources, in which case the City may need to take prompt cost containment efforts such as instituting a hiring freeze, spending limits, and potential use of General Fund Balance or the Revenue Stabilization Fund to allow time to assess the length and depth of the recession and determine if more permanent action is necessary. To be cautious of these factors, the revenue forecast for 2025-2026 is conservative and may deviate from assumptions that the City typically uses for revenue forecasting. Below are updates on the key revenue sources:

- *Property Tax* - Staff reviewed PSEF, King County, and Seattle Case-Shiller Home Price Index for the projection of property tax revenue for 2025-2026. These data sources have significant disparity between them. For instance, PSEF is projecting a decrease in property value of -8.01% in 2025, and an increase of 8.3% for 2026. This is contrary to the projection from King County, as well as the Seattle Case-Shiller Home Price Index, where there are modest increases projected for 2025 and 2026. Given the local property sales data, it appears that the current market demonstrates stable property values with no clear signs of property value decline. As such, staff has aligned the 2025-2026 property tax projection closer to King County and Seattle Case-Shiller Home Price Index, with projected property valuation increases of 5% for 2025 and 3.75% for 2026. This results in property tax revenues of \$24.596 million and \$25.407 million for 2025-2026 respectively. King County will be expected to provide preliminary property tax assessed value in the fall. Should the county assessed value vary greatly from the current forecast, staff will provide an amendment as required. It is also important to note that with our current, conservatively forecasted, property valuation increases, staff does not anticipate having rate capacity to do a rate “reset” or “bump” with the next levy lid lift.
- *Sales Tax* - Forecasts from various sources projected a varied degree of growth ranging from 2.5% to 9% for 2025 and 2026. However, given signs of slowdown in sales tax revenues in recent months and for conservatism in the face of continuing economic uncertainty, staff is projecting no growth for this revenue source in 2025 with modest growth in future years. When coupled with the City’s practice of assuming that 25% of construction sales taxes are one-time revenues, this creates a decrease in in the overall sales tax forecast of 6.5% in 2025.
- *Development Revenue* - In the last few years, development revenue has surpassed the budget due to significant increase in development activities due to the anticipation of mass transit coming to the City. This level of activity is expected to slow down in 2025-2026. To be conservative, staff has only projected an increase in this revenue source based on CPI-U for 2025 and 2026.

Incorporating all the City Manager recommended base budget adjustments in the 10yfsm, using the revenue assumptions discussed above and projecting a successful levy lid lift in 2028 for CPI only, the City is projected to have annual surplus through 2031 (see chart below). It is also important to note that, because of the City's conservative budget practices, in a time of growth revenues are generally higher than projected and expenditures are lower. When this happens the gaps in subsequent years are minimized.

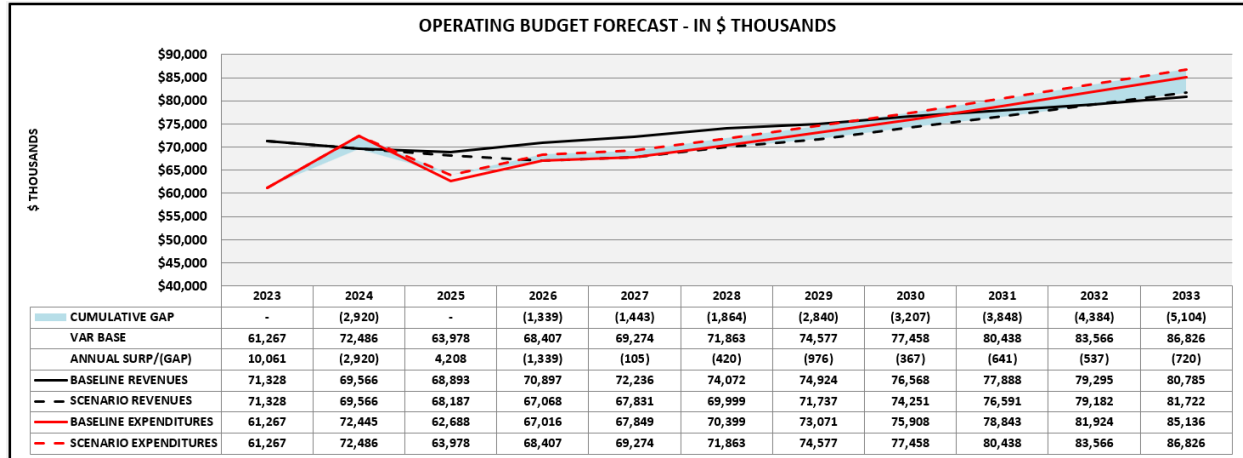


When staff additionally includes all the City Manager recommended supplemental budget requests however, the projected deficit in 2031, and later years, increased (see chart below). It should be noted that the 10yfsm only incorporates ongoing impacts from supplemental requests, as one-time requests are funded by fund balance or other saving/funding source. This scenario would require the use of one-time funds to balance the forecast in the final years of the levy lid lift, like the 2022 levy lid lift.



Staff also modeled a recession scenario where we anticipated that property values decreased by 9% and economically sensitive revenues decreased by 11% in 2025. While the preliminary budget is not based on this scenario, staff recognize that should a recession occur, the City would need to reduce expenditures and/or utilize General Fund Balance or Reserves to balance the budget beginning in 2026. As was noted

earlier, should staff notice a decline in revenues, staff will take prompt action to curtail spending and evaluate the appropriate short- and long-term actions.



Unassigned and Undesignated Ending Fund Balance (UUEFB)

The 2024 ending fund balance is anticipated to be \$53.6 million. This includes fund balance that is earmarked for General Fund support for Parks Bond Projects, the City Maintenance Facility, and the 148th bridge and 145th corridor. Including the supplemental requests in this report, the UUEFB for 2026 is projected to be \$10.503 million.

Intended Use of General Fund Reserves	
GF Estimated Ending Fund Balance -December 31, 2024	53.602M
Issue Debt -Shoreline Business Center	4.500M
Less Required General Fund Operating Reserve:	
Cash Flow Reserve	3.000M
Budget (Operating) Contingency	1.293M
Insurance Reserve	0.255M
Less 23-24 Budgeted Fund Transfers Not in Estimates	5.990M
Less 2025-2026 Transfer to Revenue Stabilization Fund (See Below)	1.027M
Less One-Time Support for Park Bond Projects	5.096M
Less Potential Net Interfund Loan/Contribution for West Side Transformation Project	9.692M
Less Designated/Assigned One-Time Support for City Maintenance Facility (including additional 5.2 million, see below)	12.582M
Less Assigned for One-Time Outlays through 2025-2026 Biennial Budget Adoption	8.666M
2026 GF Unassigned and Undesignated Ending Fund Balance	10.501M

Revenue Stabilization Fund	
Projected 2024 EFB	Target = 30% of Annual Economically Sensitive Revenues (2026)
6.832M	7.858M

Base Budget Adjustments and Impacts

Fee Schedules

- *Fee Schedules* - Generally, fees included in the fee schedules increased from the current year’s level by the June-to-June CPI-U. Unless otherwise discussed below, many fees presented in the 2025 proposed schedule will be increased by 3.83%. While 2026 fees are projected to be increased by the forecasted CPI of 2.45%, the 2026 fee schedules will be finalized in 2025 as part of the mid-biennium review.
- *Planning and Community Development Fees* - The land use and non-building permit fees are based on an hourly rate, which increased from \$250.00 to \$260.00 based on the increase in the CPI-U and rounded to the nearest whole dollar. Building permit fees are based on the value of construction. Therefore, inflationary increases or decreases are automatically considered within the fee calculation. Plan check fees are based on the building permit fee and therefore no adjustment is needed to these fees.
- *Park Rental and Recreation Fees* - Some adjustments to these fees are proposed including new fees related to Small Picnic Shelters and Pickleball Courts, where a smaller fee is applied as opposed to the higher fees from prior years. In addition, several fees are adjusted to reflect a more reasonable cost recovery, such as the Richmond Highlands room rental and fees for audio/visual support.
- *Impact Fees* - The Park and Transportation Impact Fees are adjusted by the percentage changes in the most recent annual change of the Construction Cost Index (CCI) published in the Engineering News-Record (ENR) for the Seattle area. Application of the ENR CCI results in a year-over-year increase of 2.10% for 2025, and projected increase of 5.26% for 2026. Currently, Park Impact Fees are undergoing a rate study, which may result in an amendment to the fees upon completion by end of the year.
- *Surface Water Management Rates* - On July 22, 2024, Council approved the Surface Water Master Plan to develop Surface Water Management (SWM) Fee rates for 2025-2030 with an increased service level to reflect community priorities. This will increase fees by 12.5% for 2025 and 8.5% for 2026. The Surface Water 2025-2026 Biennial Budget will provide funding to achieve the enhanced service level for operation and complete planned capital projects.
- *Wastewater Utility Fees* - Guided by the rate study from 2022, the annual system-wide rate increase for most wastewater fees is 15.97% for 2025, and 13.77% for 2026.

Highlights of Significant 2025-2026 Base Operating Expenditure Adjustments

Compensation Considerations:

- *Group 2 Salary Survey* - The City conducts salary surveys on an annual basis for a portion of the positions in the salary table; separated into three groups. This year, the City will be conducting the annual salary survey on the Group 2 positions (roughly the middle third of the salary table). This includes 55 positions in the 46-63 and 67 salary ranges. This salary survey work will be completed by the end of September and will be incorporated into the final salary table to be adopted by Council on November 18th. A contingency of \$75,000 has been budgeted to address the results of the salary survey.
- *Cost of Living Adjustments (COLAs)* - The City typically aligns non-represented employees with a COLA equal to 100% of the June-to-June percentage change of the Seattle-Tacoma-Bellevue Consumer Price Index for All Urban Consumers (CPI-U). Represented employees went through collective bargaining in 2023 and negotiated COLA increases for represented staff at the same rate as CPI-U for 2024-2026. For 2025, staff is recommending a COLA increase of 3.83% to be applied to non-represented, represented, and Extra Help staff. For the purpose of projecting future COLA increases, staff has updated the CPI-U forecast in the 10yfsm discussed earlier in this report.

Human Services Funding:

The 2025-2026 Proposed Budget sets base budget funding for human services funding at 1.0% of recurring General Fund revenues, with the allocation for 2025 at \$624,112 and 2026 at \$643,594. In addition to the existing level of funding, the proposed budget includes supplemental budget requests for an ongoing increase of \$125,000 a year in competitive human services funding from the General Fund, the addition of Housing and Human Services Manager FTE, and \$100,000 in one-time funding for an Affordable Housing Feasibility Study to support the Human Services Strategic Plan. These investments are discussed in more details later in this report.

Information Technology:

To maintain existing service levels to internal staff and ensure the City's technology connectivity and security, a number of base budget increases, totaling \$142.5k annually, are included in the base budget. Highlights of these increases include:

- *Software Licensing* - The number of licenses has increased over the past the years due to the City's increased workforce. Furthermore, several products have changed their service model to subscription licensing, resulting in ongoing annual subscription fees as opposed to one-time implementation costs.
- *Replacement of VPN and Multi-Factor Authentication* – The previous VPN solution is no longer supported by Microsoft. As a result, there is a need to replace the VPN and multi-factor authentication client to secure the City's remote connection to staff while safeguarding adequate IT security.
- *Advanced Network Support* – The advanced network support consulting contract rate has not been updated since 2019. Since then, the rate for consulting and the City's network complexity has increased.

- *Parking Enforcement Program Software* – The annual cost for the Parking Enforcement Program software AIMS is expected to be \$58,000 higher than initially budgeted.

Insurance, Membership, Voter Registration:

WCIA pools premium increases and anticipated membership increases. Projections include WCIA assessments, various memberships (AWC, NLC, etc.), voter pamphlets and registration. For 2025-2026, it is anticipated that base budget will require additional budget of \$664k. This is mainly driven by a significant increase for the WCIA liability assessment for the City (including Surface Water and Wastewater). The 2025 liability assessment is \$861k, \$284k higher than the 2024 budget, with 2026 seeing a potentially similar level of increase to 2025. This represents a General Fund impact of \$635k, with some impact to the Surface Water and Wastewater funds as well.

Significant Traffic Asset Increases:

By 2025, there will be a significant increase in new traffic assets from a variety of capital projects, including the Sound Transit Lynnwood Link Extension, Meridian Avenue Safety (155th - 170th), Richmond Beach Midblock Crossing, Ridgecrest Safe Routes to School, 1st Ave Sidewalk (145th - 155th), 5th Ave Sidewalk, and various redevelopment projects. Assets include two (2) new signalized intersections, 66 new rectangular rapid flashing beacon (RRFB) units, over 100 new city-owned/city-maintained street and pedestrian lights, five (5) new radar speed feedback signs, two (2) new school zone flashers, and various new pavement markings. To maintain these assets, it is estimated an additional of \$271k for 2025-2026 is needed.

Major Contracted Programs:

- *Police* – Due to the timing of the King County budget and ongoing King County Sheriff's Office Police Officers Guild union contract negotiation, the City may not receive an estimate of the Police contract cost for the next biennium before the City's budget deliberation. Based on historical information and through discussion with the King County Sheriff's Office, the current anticipated increase is projected to be 6.5% in 2025 and 5.8% in 2026. Including the adjustment to maintain the 0.97/1000 ratio for number of officers, the 2025 police contract is anticipated to be \$17.632 million for 2025, and \$18.691 million for 2026, representing an increase of \$1.153 million for 2025 and \$2.212 million for 2026. If staff receive the preliminary estimate from the County in time, we will adjust the proposed budget.
- *Public Defense* - On March 8, 2024, the Washington State Bar Association (WSBA) adopted revised Standards for Indigent Defense Services (WSBA Standards). The WSBA Standards provide caseload limits and other requirements related to public defense services. In particular, the revised standards will, over a three-year period, drastically reduce the number of public defense cases an attorney is able to accept in a given year. This will contribute to the existing attorney shortage and case backlogs, and further increase costs. For the City, the anticipated increase for 2025 and 2026 is \$36k and \$151k respectively.
- *Inmate Housing Services* – The 2025 daily bed rate and booking fee for the City's primary jail for both pre- and post-sentencing have increased. The costs will

continue to increase in 2026 based on trends over the past several years. While the daily jail population decreased significantly during the COVID-19 pandemic, the City now consistently has about 40 people booked into jail each month with varying length of stays. Many of these individuals also need medical and mental health care while housed in jail, which is included in this cost of jail housing services. The anticipated increase for the City is estimated to be \$65k in 2025, and \$132k in 2026.

- *Animal Control* - The City's animal control contract with the Regional Animal Services of King County is built on usage (80%) and population (20%). The contract cost is the net amount of animal control licensing fees collected. The costs have risen about 15% since 2019, while animal licensing revenue has stayed steady. This will result in an increase of \$45k for 2025, and \$49k for 2026.
- *Regional Crisis Response (RCR) Agency Contract* - The 2025-2026 RCR Agency cost will increase from \$814k to \$1.104 million. This is due to the transition of program cost sharing. In 2023-2024, the City of Kirkland covered 3.5 FTE and two vehicles, with the remaining program cost allocated equitably on a per-capita basis among all five cities. However, the cities have agreed that starting in the 2025-2026 biennium, all program cost will be shared equitably on a per-capita basis, resulting a higher increase for the four other cities in 2025-2026.

Supplemental Budget Requests

The City Manager's proposed 2025-2026 Biennial Budget will include a recommendation to fund the following supplemental budget requests in the following investment categories:

- Maintain What We Have
- Ensure a Stable Foundation
- Prepare for the Future
- Address Council & Operational Priorities

All amounts are listed as a biennial total for one-time costs and 2026 annual amount for ongoing costs.

City Manager Recommended Investments to Maintain What We Have

Requests with Ongoing Impact:

- *Park Bond Improvement Support (1.0 FTE, \$169.8k Ongoing, \$123k One-Time)* - With the completion of the Parks Bond Projects and anticipated expansion of undeveloped park sites funded by the Bond, there is a need to increase staffing levels for parks maintenance. The Parks, Fleet and Facilities Division is requesting to add one FTE and associated operating costs (utilities, supplies, chemicals) to maintain the new infrastructure in parks. This position will also require an Aquatic Facility certification to ensure the operations and maintenance of the spray parks, which includes the irrigation, plumbing, and mechanical systems, meets the safety standards of these park amenities. In addition, this request includes a new vehicle to enhance the efficiency and productivity of the FTE's daily operations which include on-call repair work, monitoring, and turning the water on/off at the beginning and end of the day.

- *Grounds Maintenance Worker I (0.75 FTE, \$60k Ongoing funded by the General Fund, \$11k Ongoing funded by the Surface Water Utility, \$8.9k One-Time)* - This position is required to meet the additional labor needs created due to Parks Bond improvements. This will result in new landscape features, additional turf areas, and tree maintenance in designated parks throughout the City. This position will also support some additional Street maintenance needs such as implementation of the Integrated Pest Management policy.
- *Recreation Specialist I (1.0 FTE, \$87.5k ongoing)* - In 2020, the City piloted two part-time Youth and Teen Development Recreation Specialist 1 positions to full-time in response to evolving community needs and school schedule changes. These positions were able to continue in 2023-2024 as ARPA (America Rescue Plan Act) Youth funds became available. These positions have proven instrumental in addressing the growing and complex needs of Shoreline's youth, including a rise in mental health concerns. The positions also contributed to the success of comprehensive youth programs like Hang Time, SAGE, and YOLO, which provide safe spaces, engagement, and specialized support at the Shoreline Teen Center and other locations. To ensure the continuity of these youth services, the City Manager is recommending these positions continue on a full-time basis.
- *2025-2026 Vehicle Replacements (\$112k Ongoing, \$1.26 million One-Time)* - Fourteen (14) City vehicles and pieces of equipment have reached the end of their useful life. The estimated one-time replacement cost is \$1.26M. Currently, the City has collected \$833k in replacement reserves, with an estimated \$43.8k in revenue anticipated from the sale of surplus existing vehicles. This reflects a budget shortfall of \$389.8k. This gap is primarily due to the extraordinary replacement cost escalation and the effort to expand the electrification of the fleet. However, staff estimate that electric vehicles will cost 20-25% less in annual maintenance costs than that of a similar petroleum-powered vehicle, thus creating savings on ongoing basis over time.
- *Grounds Maintenance Dump Truck (\$17.3k Ongoing funded by the Surface Water Utility Fund, \$17.3k Ongoing funded by the General Fund, \$213.7k One-Time)* - Grounds maintenance needs an additional dump truck to efficiently complete its work. Currently, Grounds staff share vehicles and with the addition of a 0.75 FTE, the additional vehicle is critical for efficiency. The vehicle is needed to haul arbor chips and mulch to job sites and take away debris. The dump truck will also need to be configured to support snow and ice control operations and provide more reliability for this emergency service.
- *Salary Survey Contingency (\$75k Ongoing)* – *As indicated in the above section “Compensation Consideration”,* the City is currently conducting salary survey on Group 2 positions with an estimated completion of that work by end of September. This request provides a contingency for the outcome of the salary survey.

One-Time Requests:

- *Tree Maintenance (\$140k)* - This request will supplement ongoing budget to perform backlogged maintenance work along roads and transportation corridors at key locations. The work would include structural pruning, raising of tree canopy for improved vehicle sight lines, as well as pruning to reduce conflict with utilities.

This one-time funding will inform the level of funding needed for additional ongoing right-of-way tree maintenance in the future.

- *Land Banked Parks Properties Conservation and Maintenance (\$50k)* - The City has purchased multiple parcels for future park development in areas around the City. This one-time request supports conservation/land banking through seasonal periodic work to reduce or eliminate invasives pending development of the properties.
- *Transfer to Revenue Stabilization Fund (\$1.027 million)* - The Revenue Stabilization Fund was created in late 2007 as an outcome of the revised reserve policy adopted by the City Council that same year. The Revenue Stabilization Fund accumulates a reserve equal to thirty percent (30%) of annual economically sensitive revenues within the City's operating budget to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods. Due to an increase in economically sensitive revenues, an increase of \$1.027 million is needed to meet the City's financial policies target and these funds will be transferred from the General Fund to the Revenue Stabilization Fund.
- *Mental Health Services for Youth (\$130k)* - The Mental Health Therapist contracted position at the Shoreline Teen Center and Ballinger Homes provides crucial mental health support and counseling services to youth. Established in 2018 through a King County Best Starts for Kids grant and secured by the Youth and Teen Development Program (YTDP), this position has become an indispensable resource for both youth and staff, as the demand for mental health services has grown significantly in recent years. Continuing funding for this position will ensure that this essential service remains available to support the emotional and psychological well-being of Shoreline's youth community.
- *Support for Events (\$40k)* - In 2023 and 2024, a combination of funding from the Economic Development Office, Recreation, Cultural, and Community Services (RCCS) Department, and a grant from the Port of Seattle Economic Development Partnership Program were used to fund city events, including the Pride festival and the Juneteenth celebration, mural, and arts. These events demonstrated the City's commitment to become an anti-racist community and being a Welcoming Place for All. Although the Port of Seattle has to date been supportive of the use of its grant dollars for this event, the Port grant criteria does specifically list as ineligible projects "Underwriting general or capital expenses associated with an event or program already in progress." As the event has been highly successful and integrated into the City's annual calendar of events, using City funding to continue these events in 2025-2026 will make it possible for the limited grant dollars to support other currently unfunded initiatives identified to support the City's Economic Development priorities. This \$40k in one time funding will support the following activities:
 - Pride Festival (\$20k)
 - Juneteenth Marketplace, Mural, Music, and Video (\$20k)
- *Echo Lake Mural (\$15k, fully funded by the Municipal Arts Fund)* - The Echo Lake mural has been a landmark and source of pride for Echo Lake residents, visitors, and all those that travel along 205th Street. However, due to weathering and the passage of time, the mural has significantly faded and deteriorated. Revitalizing the wall and hiring an artist to create a new mural will renew this

important community asset, enhance the visual appeal of the area, and continue to reflect our community.

- *Aurora Avenue Landscape Bed Improvements (\$80k)* - The 2023 Aurora Avenue Retrofit Report documented that many landscape plant beds along the Aurora Avenue corridor require rehabilitation. This funding will be used to begin the rehabilitation process by providing plant in-fill in the beds where plantings have either died or been destroyed by vehicle damage using in-house staff and this work will inform the 2027-2028 Biennial Budget.
- *Park Landscape Bed Improvements (\$35k)* - Over the years, many park landscape beds have become overgrown and need to be rehabilitated. This rehabilitation effort is geared to reestablish plants that have been outcompeted by weeds and grasses or have died off. This funding will allow the work already underway to continue in 2025 and ramp up further in 2026 to continue the effort to make these landscape beds more attractive to the public and easier to maintain by City maintenance crews.

City Manager Recommended Investments to Ensure a Stable Foundation

Requests with Ongoing Impact:

- *IT Systems Analyst Support (1.0 FTE, \$158.4k Ongoing, \$8.5k One-Time)* – In 2022, the City conducted an IT Workload and Staffing Analysis. That analysis recommended the addition of between 3-5 positions to meet the City's then current IT Workload. The Council added 1.0 FTE in IT staffing plus extra help in the 2023-2024 budget. The City is still in need of an ongoing IT System Analyst however to support applications and databases. The City currently has 37 software applications. The increased complexity in our IT environment has not been matched with additional support and is increasing the City's risk in data loss and application down-time for major applications.
- *Staff Accountant (1.0 FTE, \$127.8k Ongoing, \$5.3k One-Time)* - In recent years, there has been increased demand on staff and an increased workload due to new GASB (Government Accounting Standards Board) pronouncements, increased financial transaction volume, and additional essential training to staff across the organization due to high number of new staff entering the organization. This additional FTE will ensure adequate resources are allocated to maintain the City's financial records, support the annual audit process, and ensure the City's ability to maintain its great bond rating. To support the onboarding of this new staff member, a separate one-time budget request for consulting support for 2025 financial statements has also been made.

One-Time Requests:

- *Financial Statement Prep Consulting (\$58k)* – As noted directly above, funding for consulting services is being requested to support the accounting team in the preparation of the City's 2025 Financial Statements reporting package in the interim as a new Staff Accountant is being onboarded.
- *IT Enterprise System & Network Support (\$400k)* – The City's enterprise software systems require maintenance, upgrades, and improvements to support daily operations. An estimated \$400k for the biennium is required to provide

essential support to the City's enterprise systems to ensure ongoing reliability, functionality and usability of these core systems.

- *IT Equipment Replacement Fund (\$198.3k)* - During the COVID-19 pandemic, the organization had purchased a large number of laptops to support the swift switch to remote work. As laptops generally are on a five-year replacement cycle, a higher-than-normal number of replacements is anticipated for 2025. This will be a one-time adjustment as staff has set up a reserve sub-fund to put funding aside annually based on the anticipated replacement schedule of IT assets.
- *Web Project Support Extra Help (\$110k)* – There are several major web projects expected and required to be implemented in 2025-2026: 1) City website redesign and content management; 2) implementation of Americans with Disabilities Act (ADA) compliance requirements; and 3) internal SharePoint modernization project. This funding will support the use of extra-help or contracted staffing to support these projects.
- *IT Operations Copier Leases (\$66.6k)* – The City has been leasing its copier/printers for the past eight (8) years. Most of the leasing costs have been supported by funds in the Equipment Replacement Fund that are now depleted. This one-time funding will support the annual costs while the City conducts a review to consolidate copiers to reduce the fleet to stay within existing ongoing budget.
- *HR/Finance Software Market Analysis (\$40k)* - Financial sustainability relies on dependable and accurate financial data. The City's current vendors have struggled to support the City in implementation of enhancements to our Finance and Human Resources systems. As the City has not evaluated external software options to address major Finance needs in over eight years, this proposal supports a market analysis to determine if there are viable software solutions that will meet the City's needs for Finance, Human Resources, Business & Occupation Tax Administration and Utility Billing. The outcome will allow the City to develop a roadmap and funding plan for replacement or upgrade of our current systems.
- *Extra Help Staffing for City Hall Reconfiguration and PC/Laptop Deployments (\$60k)* - This request is for Extra Help staffing to support an anticipated higher workload on the IT Service Desk due to the City Hall Reconfiguration project as well as an anticipated uptick in PC/Laptop replacements as a result of the large number of laptops purchased at the beginning of the pandemic in 2020.
- *IT GIS Analyst (1.0 LTE, \$300.6k)* - The new ESRI ArcGIS environment is more complex and has added many more capabilities for the City. Supporting this environment will require GIS Analyst effort and time. The Public Works Department has increased their GIS demand as they mature and improve their asset management of critical City infrastructure. Finally, the major plans produced by the City to support programs have become more complex as the City added more tracking components such as equity, tree canopy, and asset management. This limited term position will enable the team to build processes and procedures to better support the work and determine the ongoing support needs for this new more complex environment.
- *Permit Cost Recovery Study (\$75k)* - The last complete review of development permit fees was conducted in 2017. One of the recommendations from the State Performance Audit on the City's permit processes was to analyze the cost of

service and staffing levels, such as direct labor and overhead for each type of permit needed to achieve the state-mandated review timelines. As a best practice, it is important to periodically review the development permit fee schedule to determine whether, and to what level, the permit fees are supporting the cost to review and process permits. Staff is recommending a consultant evaluate the permit fee schedule, typical staff time review times and effort to process permit applications, and make recommendations to adjust fees, as necessary. This evaluation will be timed to occur after any significant or priority process streamlining efforts are implemented as part of the permit process review effort.

City Manager Recommended Investments to Prepare for the Future

One-time Requests:

- *Aquatics Facility Planning (1.0 LTE, \$720.9k)* – The Parks, Recreation, Open Space and Art (PROSA) Plan Strategic Action Initiative #4 is to continue to pursue opportunities to provide access to aquatic and recreation facilities for residents. The City Council has indicated a desire to present voters with an aquatics facility option on the November 2026 general election ballot. This funding would support public engagement, planning, conceptual design, cost estimating, ballot measure development, and preparation for design development and permitting to begin in 2027 should the measure be successful. This request includes a limited term Senior Management Analyst position to manage the planning aspect of this project.
- *Tree Code Update (\$200k)* - There have been several amendments to the City's tree code in SMC 20.50, which regulates trees on private property and in development. As a result, the tree code has become difficult for applicants to understand and can be difficult for staff to administer. This effort would develop code amendments to holistically update the City's tree regulations to streamline administration and improve outcomes. It would also audit existing code issues and evaluate best practices from other cities. The project would include forming a stakeholder advisory committee to work with staff and a consultant to develop a draft recommendation of tree code amendments for Planning Commission and City Council review.
- *Subarea Planning (\$600k)* - As established in the draft 2024 Comprehensive Plan, policies support subarea planning to occur in and around the City's high activity areas such as neighborhood commercial centers. Subarea planning will provide opportunities to engage with the community at a smaller scale and to develop plans that define and differentiate the City's neighborhood centers, while also advancing ideas around housing choice, multimodal connectivity, and design.
- *Development Code modernization (\$200k)* - The City's Development Code in SMC Title 20 is the primary tool used to implement zoning and development regulations for new and existing development. The Development Code contains standards for land uses, parking, and outlines the review procedures for permits and land use decisions among countless other regulations. The Development Code was originally adopted in 2000 via Ordinance No. 238. More than two decades of Development Code amendments have resulted in inconsistencies in

the Code, while other standard practices and how and what is regulated has changed. An audit of the Development Code and complete rewrite would improve clarity, remove inconsistencies, evaluate the broad range of development incentives, consolidate land uses and parking standards, find areas to streamline and simplify regulations, and make the Code more approachable for applicants.

- *Senior Planner (1.0 LTE, \$341.9k)* - The City's planning team is primarily resourced to accommodate current planning work in the form of development review of permit applications. However, there remains a growing need to focus on long range planning in the form of plan updates and amendments to the Development Code in order to be responsive to the community and Council goals and adapt to changing regulatory changes from the state. This new position would add a limited-term third planner to support the updates to City codes described above.

City Manager Recommended Investments to Address Council & Operational Priorities

Requests with Ongoing Impact:

- *Human Services Plan Implementation (\$323.4k Ongoing)* - The Human Services Strategic Plan was adopted by the City Council on April 8, 2024. There are two requests recommended by staff to add additional human services resources with ongoing impacts.
 - *Increase in Program Funding (\$125k Ongoing)* - As part of the base budget, the City allocates 1% of reoccurring General Fund revenue to Human Services, estimated to be equivalent of \$567k for 2025. While recognizing the need to add additional funding to support the approved Human Services Strategic Plan, due to limited available funding, staff is recommending a 15% increase to the current base budget, equivalent to \$125k annually. This additional funding will go towards supporting the Shoreline-LFP Senior Center, homelessness programs (outreach and severe weather sheltering), utility assistance, and the holiday basket grocery card program, as well as additional funding for the Human Services Community Fund. A full recommendation list of specific programs will be presented at the October 21, 2024, City Council meeting.
 - *Housing and Human Services Manager (1.0 FTE, \$198.4k Ongoing, \$5.4k One-Time)* – The top priority identified by staff out of the Human Services Strategic Plan process was to increase human services administrative staffing levels. By doing so, staff will be able to focus on the provision of human services and the development of metrics to ensure the success of the implementation of the Human Services Strategic Plan. This new position will focus on human services contracting, metric and data tracking and technical assistance to community agencies.
- *Climate Action Plan/SWM Master Plan Implementation* -
 - *Street Sweeper (\$107.1k Ongoing funded by the Surface Water Utility Fund, \$496k One-Time)* - The City's NPDES (National Pollutant Discharge Elimination System) permit renewal is requiring additional street sweeping focus to ensure permit compliance and reduce environmental impact to our waterways by removing pollutants associated with motor vehicle traffic. This equipment is part of the Surface Water Master Plan and

Climate Action Plan. The street sweeper has a replacement schedule of seven (7) years with an annual replacement reserve charge of \$66k per year and another \$41k per year in operation and maintenance (fuel and repairs) costs. If acquired, a 0.7 FTE will also be required to operate the equipment, which is included in the request for the Public Works Maintenance Worker II position described below.

- *Public Works Maintenance Worker II (1.0 FTE, \$15.2k Ongoing, \$5.4k One-Time funded by the General Fund, \$80.4k Ongoing, \$3.3k One-Time, funded by the Surface Water Utility Fund)* – This position addresses program needs to meet increased NPDES permit requirements for street sweeping within the Surface Water/Roads work unit and the needs of the Traffic Services work unit to comply with the Manual of Uniform Traffic Control Devices (MUTCD) criteria for the pavement marking and other ancillary traffic service programs. The position is to receive 70% of its funding from the Surface Water Utility (street sweeping) and 30% from the General Fund for the Traffic Services program elements, partially offset by a reduction in other Budget line items.
- *Surface Water Soak It Up (LID Rebate) Program Expansions (\$92k, funded by the Surface Water Utility Fund)* - This is an expansion of the Soak it Up Program LID Rebate, authorized and funded by the Surface Water Master Plan. Additional annual funding will increase the rebate amount, add language services, and add a contract for the City to fund retrofits in bulk. These changes will collectively make the program's offerings more appealing and easier to access to a wider section of utility ratepayers, including historically marginalized communities. Further, the additional funding will more than double the total citywide area target for converting private property pavement and lawn to raingardens and native plants and trees, including for larger sites which typically have not participated in the program. These changes will enhance the City's climate resilience.
- *Surface Water Inspector (1.0 FTE, \$148k Ongoing, \$92.8k One-Time, funded by the Surface Water Utility Fund)* - This position would provide construction stormwater (TESC) inspections for private redevelopment, Source Control and Pollution Prevention Assistance (PPA) program inspections, and support for other Surface Water programs. This position is part of Surface Water Master Plan (SWMP) service level increases proposed for Council authorization via the SWMP rate study. A new vehicle F150 Ford Lightning will be required as part of this request.
- *Wastewater Operations Extra Help (\$79k Ongoing, funded by the Wastewater Utility Fund)* - Wastewater Operations needs two Extra Help positions to perform routine work. One Extra Help position would perform tasks such as traffic control set up, flagging, grounds maintenance for sewage lift stations and other similar manual labor type taskings. The other Extra Help position will support organization and modernization of the wastewater utility records.

One-Time Requests:

- *Human Services Plan Implementation -*
 - *Affordable Housing Feasibility Study (\$100k)* – Housing affordability has been identified by community partners as the top need as part of the Human Services Strategic Plan. While the City contracts with local non-profit organizations to provide rental assistance to residents, it does not address the underlying systemic lack of affordable housing. This feasibility study would explore options and tools available to cities to support affordable housing and make recommendations to the Council for implementation.
 - *Food Stamp Match (\$16k)* - Under the Washington State Department of Health’s SNAP Market Match Program, all SNAP/EBT purchases are matched dollar for dollar, capped at \$25, doubling the purchasing power for low-income customers. This program was supported by the Shoreline Farmers Market; however, the Farmers Market does not put a cap on EBT purchases and goes above and beyond by supporting an unlimited match for lower-income community members. The cost of this is approximately \$8k annually, which Council has expressed an interest to potentially support utilizing City funding.
 - *Spartan AC Feasibility and Costs Assessment Request (\$30k)* - Extreme heat is on the rise and during these instances, temperatures within the Facilities are too high to continue programming. Air conditioning will lessen the impact on programming at the Facility. This request is to hire a consultant to perform the AC feasibility study and installation costs estimate.
- *Climate Action Plan -*
 - *One-Time Climate Action Plan Implementation (\$460k)* -The Shoreline Climate Action Plan (CAP), approved by City Council on December 12, 2022, has 90 actions across five different focus areas. All 90 actions in the plan support Shoreline in achieving the overarching goals of the CAP. There are 35 high priority actions that were identified to support emissions reduction and resilience efforts. This requested one-time funding will be allocated to three programs to support the implementation of some of the high priority actions in the CAP:
 - Expand the Energize Shoreline Program to electrify residential homes with heat pumps, prioritizing low to moderate income homes (\$300k).
 - Support solid waste policy and program development to achieve a 70% waste diversion rate by 2030 (\$150k).
 - Expand the Environmental Mini-Grant program to support new and innovative ideas for community projects that support climate resiliency (\$10k).
 - *Environmental Sustainability Coordinator (1.0 LTE, \$296.7k)* - The Environmental Sustainability program is requesting a limited term FTE to take on the management of the Recology contract and subsequent work items associated with contract management, lead other environmental programs focused on solid waste and healthy ecosystems to support the

implementation of the CAP, and to lead internal City efforts around sustainability. This will allow existing environmental program staff to have sufficient capacity to take on new and innovative environmental projects and implement the CAP more efficiently.

- *Water Quality Monitoring Equipment (\$176.6k, funded by the Surface Water Utility Fund)* - This program expansion, including equipment and other necessary purchases, is proposed as part of the Surface Water Master Plan, to be authorized for funding this year. This budget expansion is necessary for meeting the requirements to maintain the City's Salmon Safe Certification.
- *Clean Building Energy Auditor (\$30k)* - In 2019, the Clean Buildings Bill was signed into law. The objective of this law is to limit costs and pollution from fossil fuel consumption in the state's existing covered buildings, multifamily buildings, and campus district energy systems. This act requires buildings with more than 20,000 sq. ft. to report their Energy Use Intensity Target (EUIT) by the compliance deadlines which vary from 2026 to 2028, according to the building size. Shoreline City Hall and the Shoreline Business Center buildings fit the Tier 2 criteria and will need to comply with the law. These buildings are currently undergoing the energy benchmarking process.
- *Public Tree Planting (\$183k, funded by the Tree Fund)* - The City's Tree Fund collects fees for in-lieu of tree fees and fines for non-compliance with the City's Tree Code. These funds are restricted to be applied to tree planting in the city. This request is to fund tree planting in 2025-2026 with these funds.
- *Energy Efficiency Conservation Block Grant (\$117k, fully grant funded)* - The City has received a \$117,000 federal Energy Efficiency and Conservation Block Grant. This request is fully grant-funded to support the expansion of the Energize Shoreline Program, which is a program to electrify residential homes with heat pumps, prioritizing low to moderate income homes. This will allow the City to reduce Shoreline's greenhouse gas emissions, while providing residents with the benefits of electrification, including improved comfort, air-conditioning, reduced indoor air pollution, and potentially lowered heating costs in their homes.
- *Organizational Priorities -*
 - *Human Resources Training Budget for Citywide Training (\$80k)* - As part of City Council Goal #4, the City is focused on equity and social justice and is working to become an Anti-Racist community. As a first step, the City has held Citywide foundational training for the City Council and staff on Equity and Social Justice in 2023-2024, funded by one-time funding. To continue to meet this Council Goal, the Human Resources Department is requesting to continue this training in 2025-2026. In addition, to support staff's professional development and improve how the City works together as a whole, this budget may be used to support Citywide organizational development training.
 - *Grant Coordinator Limited Term (1.0 LTE, \$206k)* - A limited term FTE Grant Administrator position was funded during the 2023-2024 Biennium. The addition of this resource has allowed staff capacity to evaluate and

seek grant funding for additional grants that they would not have had capacity to pursue without the additional staff capacity. It is recommended that this position be extended for another 15 months to complete the approved 3-year limited term from 2023-2024 Biennial Budget. Staff will evaluate the ability to fund this position on an ongoing basis during the Mid-Biennial Budget process in 2025.

- *Performance Management and Continuous Improvement Management Analyst (1.0 LTE, \$341k)* - The limited term FTE Performance Management and Continuous Improvement Management Analyst was approved for a 3-year limited term in 2023 during the Mid-Biennial Budget process. The position facilitates the internal work related to the City's strategic planning process to ensure key priorities and goals are connected to performance measures. This serves as a basis for how the City intends to transparently share our performance, engage in continuous improvement projects, and share other data with residents, businesses, and other interested stakeholders. Staff will evaluate the ability to fund this position on an ongoing basis during the Mid-Biennial Budget process in 2025.
- *Strategic Planning (\$100k)* - Strategic planning is an organizational management activity that is used to set priorities, focus resources, improve operations, and ensure that the City Council, Board and Commissioner members, and staff are aligned and working toward common goals. When done well, it will guide decision-making, serve as the foundation for departmental and individual work plans, and align with performance measures. A consulting firm will lead this work supported by the Performance Management and Continuous Improvement Management Analyst.
- *Small Business Advising and Outreach (\$204k)* – For the past three years, the City utilized ARPA funds to fully fund the new Small Business Development Center (SBDC) small business advisor for the Shoreline area and the small business outreach program. Going forward, without the availability of federal ARPA grant funds, the City will need to provide direct general funding, with the Shoreline Chamber of Commerce making a small contribution. Both of these programs have seen success in supporting local small businesses in getting connected to resources and help them overcome challenges, including securing capital, creating jobs, helped with business start-up, and advising on financing, marketing, and business planning.
- *Extra Help Staffing to Support Economic Development and Property Management (\$48k, fully covered by rental revenue)* – This funding will support the success of small business outreach, creative economy initiatives, and non-parks property acquisitions and property management. In the past several years, the City has engaged in additional small business outreach, including partnership with the Shoreline Chamber of Commerce and the SBDC, to provide meetings and numerous resource events. This Extra Help position will provide administrative support of contracts and vendor payments. This will create additional capacity to continue the outreach effort, allow staff to reach out to other potential partners and identify other potential longer-term funding sources. An

- assessment for the long-term needs of this program will be conducted in the next biennium.
- *Retail Recruitment, Employer Recruitment, Sales Tax Estimation, Event, and Parks Data Service – Pilot Project (\$48k)* –Having adopted citywide ground floor commercial requirements in multifamily buildings, the City needs more effective tools to understand retail demand, reveal sales tax leakage, and target ‘best fit’ retailers. By piloting the use of Placer.AI, a data subscription platform, the City could obtain better data for business, recruitment, parks, and events. This platform will enhance sales tax estimation and workforce analysis, and the City’s Transportation Division, Parks Division, and Police Department would be able to use the data to optimize resource allocation based on activity and use levels. Additionally, staff would be able to measure equity and access data, including home locations, ethnicity, race, gender, and distance traveled.
 - *Permit Process Improvement Implementation (\$50k)* - The City was one of six local jurisdictions audited in 2024 for compliance with the 120-day permit review timeline. The audit report identified six (6) recommendations for all the jurisdictions to support in meeting permit review timeframes. With a new State bill (SB 5290) going into effect in 2025, additional requirements for new shortened permit review timeframes and reporting will be needed. Currently, staff is working with a consultant to evaluate and develop a roadmap to streamline the permit review process. The implementation roadmap is anticipated to be completed in Fall 2024. This request will support the initial implementation of process improvements, while an additional request is anticipated as part of either a future budget amendment or the Mid-Biennium Budget process in 2025.
 - *Consolidated On-Call Contingency for Development Related Work (\$150k)* - This on-call consultancy support is utilized during times of peak workload demand or short-term staff vacancies to allow the City to meet permit application timelines. The contingency will cover development related work including building inspections, permitting technician work, and plans examinations.
 - *Prosecuting Attorney Services (\$75k)* – The King County Sheriff’s Office has implemented body worn cameras for all of its officers. Officers are now taking witness statements through video using their cameras, rather than detailed written witness statements from a witness or victim. This change in procedure has resulted in contracted prosecuting attorney needing to sift through video to obtain more than summary witness/victim statements. Anticipating this potential increase in workload, a contingency of \$75k per year is requested. The ongoing need for this funding will be evaluated during this biennium for inclusion in the next budget.

2025 – 2030 Capital Improvement Plan (CIP)

The proposed 2025-2026 Biennial Budget will include the proposed 2025-2030 Capital Improvement Plan (CIP). Its development included staff’s review of the current 2023-2028 CIP, City Council direction, the City’s various master plans, and projected available revenues. As Council is aware, there are limited capital funds available for the many capital needs of the City. New projects recommended in the CIP are funded

through a combination of increased revenues, grants, and, in some instances, General Fund contributions.

One –Time Capital Improvement Plan General Fund Support

General Fund Contributions to Projects	2025-2026 Proposed Budget Requesting General Fund Support	2027-2030 Proposed Budget Requesting General Fund Support
General Capital Projects		
FACILITY TECHNOLOGY IMPROVEMENTS	\$547,536	
FACILITY SECURITY IMPROVEMENTS	\$1,545,300	
CITY MAINTENANCE FACILITY	\$1,000,000	\$11,535,084
MIYAWAKI FOREST	\$25,000	
Roads Capital Projects		
145TH AND I5 INTERCHANGE	\$5,139,210	
Total	\$8,257,046	\$11,535,084

Real Estate and Excise Tax (REET) is a primary revenue source for the General Capital and Roads Capital Funds. 2023 and 2024 actual collections are below that of 2021-2022 collections, likely due to high interest rates. While the PSEF projected real estate transactions to grow 15.84% from 2024, staff has tempered the growth by only applying a more modest 5% growth in the 2025-2030 CIP. Following is a brief discussion on the personnel changes funded by CIP and other major changes for each Capital Fund:

Personnel Changes Funded By Capital Funds:

- *Convert Parks Project Manager from LTE to FTE (1.0 FTE, \$2.7k funded by the General Fund, \$181k funded by the Parks Bond & General Capital Fund) -* The limited term FTE Parks Project Manager position will be ending in the first quarter of 2025. This position was added in 2022 to complete the eight large-scale park projects from the voter-approved Park Bond measure. However, there is work identified in the PROSA Plan that needs a project manager on an ongoing basis to ensure implementation. If this limited term FTE position is converted to an on ongoing regular FTE, the position will be funded by capital funds, such as bond funding, Park Impact Fees, grants, and General Capital Fund balance. For the 2025-2026 biennium, this position would manage the remaining Park Bond park design and development projects, playground replacements, lighting replacements at turf fields, parks restroom renovations, and other large scale project management needs in parks and facilities.
- *Community Engagement Coordinator (\$122k Ongoing, various Capital Funds) -* This request converts the current 3-year term limited FTE position into an ongoing regular FTE, funded by 80% Capital Funds and 20% General Fund. General Fund dollars would largely come from reallocating funds within the Communication Program’s budget. The position will coordinate with project staff, other city departments, outside agencies, consultants, and residents to sustain consistent communication on capital projects with an emphasis on outreach to

communities who have not typically participated in City government, whose input has often been marginalized, and who have the potential to be most negatively impacted by City projects.

- *Construction Inspector (1.0 FTE, \$142k Ongoing funded by various Capital Funds, \$1.1k funded by the General Fund, \$9.2k One-Time)* - The Construction Services group supports capital projects during construction. This position will provide construction inspection, office engineering and constructability review. The current group does not have adequate staffing to take on and has been reliant on consultants to perform these services.

General Capital Fund:

Key elements in the General Capital Fund include:

- *Park Bond Projects* – Two of the eight parks’ projects funded by the voter-approved Park Bond are complete and work is continuing on the remaining six parks, which are expected to be complete by the end of 2025. These projects are expected to be fully funded by the Parks Bond, \$5.01 million in General Fund contribution previously approved by the City Council, and interest earnings from Bond Proceeds.
 - The Park Bond measure also provided funding for design of newly acquired park properties. Early stages of the design process for Westminster Park, West Echo Lake Park, and 192nd & Hemlock Park have begun with the goal of having designs completed in 2025. The design of these three parks is funded by the Park Bond and two state grants. Funding for construction of improvements for these future parks will depend upon construction cost estimates and availability of Park Bond funding. Additional design work for other newly acquired park properties will occur during the 2025-2026 biennium.
- *Maintenance Facilities (MF; additional General Fund contribution of \$3.2 million)* – This program supports multiple facilities and continues to need additional funding. Based on Council direction, staff is re-assessing alternatives that provide adequate maintenance facilities while not eliminating the opportunity to proceed with the 25th Avenue Flood Reduction Program adjacent to the North Maintenance Facility (NMF). Historically, the General Fund has been setting aside at least \$1 million annually for this program for a total of approximately \$14 million through the end of 2024. Upon completion of the Ballinger Maintenance Facility in 2024, an estimated \$7 million will be remaining. With current available general fund balance projections, staff plan to set aside another \$1 million dollars a year for 2025-2026, and to further build the available funding, the City Manager is recommending allocating an additional \$3.2 million from the General Fund and \$1 million each from Roads and General Capital Funds. Additional funding will also come from the Surface Water and Wastewater Utilities based on a shared distribution model. Next steps for phased improvements include:
 - Completion of the Ballinger Maintenance Facility; and
 - Development of new concept plans for the NMF.
- *Parks Minimum Amenities (New, \$652.7k)* – This is a new program to implement elements of the 2024-2030 PROSA Plan that will be focused on existing park improvements and the addition of new amenities. This program is expected to be

primarily funded by Park Impact Fees (PIF) as most of the work will involve expanding parks amenities.

- *Playground Replacements (New, \$6.081 million)* – After the completion of the Park Bond projects, additional large scale playground replacements will be needed for seven play areas in six parks from 2025 through 2030, due to replacement schedules and safety considerations. An estimated \$1.6 million will be needed in 2025 for two play areas, which will be funded by General Capital fund balance. An estimated \$4.4 million will be needed for five play areas in 2026-2030. Staff plan to seek out grants and other funding opportunities to support these costs, which will decrease the General Capital fund balance needed if successful. If additional funding opportunities are not successful, General Fund contributions may be requested.
- *Facility Technology Improvements (New, \$547.5k)* – This is a new project to implement the recommendations from Shoreline’s Facility Technology Improvements study performed in 2024. This project will enhance internet connectivity and communications between City facilities, an enclosed space for IT equipment and cooling, and various improvements to the existing systems with an estimated total cost of \$547,536 General Fund contribution. The facilities include the Hamlin Maintenance Facility, North Maintenance Facility, City Hall, Richmond Highlands Recreation Center, and Spartan Recreation Center.
- *Facility Security Improvements (1.0 LTE, New, \$1.545 million)* – This is a new project to implement the recommendations from Shoreline’s Facility Security Improvements study performed in 2024. This project will be executed by phase to enhance Facility access control, intrusion control, remote monitoring, lighting, and medium to high-risk assets security with an estimated total cost of \$1,545,300 in General Fund contribution. The facilities include the Hamlin Maintenance Facility, North Maintenance Facility, City Hall, Richmond Highlands Recreation Center, Spartan Recreation Center, Kruckeberg Garden, and Parks Restrooms. The south end of the Hamlin Maintenance Facility fence was determined to be in replaceable condition and is included as part of the security improvement project. Policy related to security enhancements at City Hall are still under evaluation. An alternative to physical enhancements at City Hall is being considered, which if chosen, a portion of the funding would be used to support a 1.0 limited term FTE Administrative Assistant II to provide guest management support at City Hall. The proposed budget will include the addition of the limited term position in the General Fund to allow flexibility to pilot this option if desired. If this option is pursued, the transfer to the Capital Fund would be reduced.
- *Miyawaki Forest (New, \$25k)* - This is a new project to establish a Miyawaki Forest in the City of Shoreline that utilizes afforestation technique for cultivating fast-growing groves of native plants, with dense, mixed planting intended to simulate the layers of a natural forest. The estimated total cost of \$25,000 would come from a General Fund contribution.
- *Public Art Fund Contribution* - Based on the number and size of the projects, the arts contribution is an average of \$34,377 per year for the 2025-2030 CIP. The 1% contribution for Municipal Arts is not an eligible expense for grants or bond funds and must be funded by other eligible funding sources, generally the City’s General Fund contributions to the General Capital Fund.

Facilities Major Maintenance:

Key elements addressed in Facilities Major Maintenance include:

- Given the strong health of the fund balance, the long-term major maintenance reserve contribution, originally established in 2021, has been discontinued. Future large-scale improvements are anticipated to rely on the projected fund balance.
- Routine maintenance projects were reappropriated from CIP to Facilities Operating, decreasing the annual general contribution fund by 19% for the fund. A projected 3% inflation factor is applied to the annual general contribution for the year 2026 thereafter.
- The City Hall Reconfiguration Project 2023-2024 budget balance will be carried over to the 2025-2026 biennial budget. The design phase has been put on hold pending security enhancement decisions and is anticipated to resume in late 2024 with the installation phase starting in 2025 and completing in 2026.
- *Roof Replacement and Major Repair (New, \$80k)* – this is a new project to support facility roof maintenance. For the 2025-2026 biennium, the City plans to replace the Kruckeberg Cottage and Sunset Park Shelter roofs.

Roads Capital Fund:

Key elements addressed in the Roads Capital Fund include:

- *148th Pedestrian Bridge* - This project is being built in two phases with the first phase currently in construction on the east side of I-5. The second phase is scheduled to be constructed in 2025-2026 in order to be completed prior to the WSDOT project to daylight Thornton Creek in the area of the west abutment that is part of phase 2.
- *Phase 1 of the 145th Corridor and the 145th Interchange* - Bids were higher than the engineer's estimate by \$2.8 million, and based on the open risks entering construction, \$4.3 million was allocated for contingency and management reserve. These increases necessitated the use of \$5.3 million in a General Fund contribution. With the General Fund contribution, both projects are fully funded. Construction began April 1st and is expected to end in Fall 2025.
- *Phase 2 and 3 and the Westside Corridor Bike Network* – This project is now fully funded based on multiple grants with the \$20 Million RAISE grant being the most significant. Design and Right of Way Acquisition will proceed in this biennium.
- *175th Street Corridor* - This project has progressed to 60% design but is limited in funding to proceed to construction of the full corridor. The City was awarded an \$8.8 million grant from Federal Emergency Management Agency (FEMA) for the replacement of unsuitable soils around Ronald Bog (seismic mitigation). The FEMA grant also comes with a commitment from the state legislature to contribute \$1.5M. These grant funds cover a portion of the first phase of the project along Ronald Bog and the intersection with Meridian. Transportation Impact Fees (TIF) will support \$13 million. In 2024, the project was awarded a \$5.5M FHWA/WSDOT Surface Transportation Block grant to fund all future phases of right of way acquisition for the corridor. The remainder of the corridor will remain at 60% until additional funding is secured including review and reassessment of tree impact.
- *Annual Road Surface Program (ARSM)* - A pavement survey was completed in 2022, which identified significant funding needs and backlog of work to maintain

existing service/condition levels (Pavement Condition Index; PCI). More data collection is necessary to establish economical/sustainable/fundable service level PCI, which will contribute to the development of a five-year plan. This plan is still under development and has not been incorporated fully into the CIP. The current budget for the program is based on historical funding from a combination of REET and vehicle license fees (VLF), plus the addition of VLF revenue bonds. Additional REET has been programmed in 2028-2030 based on known needs. An STP grant was awarded to partially fund the overlay of N 155th Street from 1st Ave NE to 15th Ave NE.

- *N 155th Street Overlay Phase III Project* – This is a new project added to the ARSM Program with the aim to enhance road safety and accessibility along NE 155th Street, between 1st Avenue NE and 15th Avenue NE. Key components of the project include HMA overlay, upgrading existing curb ramps to comply with ADA standards, and implementing additional roadway improvements, such as pedestrian push buttons, crosswalks, pavement markings, and curb and gutter. This project is partially funded by a \$900k FHWA STP grant and \$2.250 million of local funding. The estimated project cost is \$3.150 million.
- *New Sidewalk Program* - The schedule/order that each of these projects is delivered has been modified. Three segments have been completed, one is in design, and two are preparing to begin design. All routes are scheduled to be completed within this 6-year CIP. A Transportation Improvement Board (TIB) grant was awarded to the 8th Avenue Sidewalk Project. The TIB grant will cover 17.6% of eligible project costs, up to \$330k, towards design and construction of sidewalks. The TIB is funded by revenue from three cents of the statewide gas tax. The TIB distributes grants to cities and counties for transportation projects, selecting these projects based on specific criteria.
- *Public Art Contribution* - Based on the number and size of the projects in the CIP, the arts contribution is an average of \$275,994 per year for the 2025-2030 CIP. Within the Roads Fund, a high percentage of funding comes from grants. The 1% contribution for the Municipal Arts Fund is not an eligible expense for grants and must be funded by other eligible funding sources, generally the City's General Fund contributions to the Roads Capital Fund.
- *28th Avenue NE Bikeway (New, \$32k)* – This project will install a new bikeway (sharrows) on 28th Avenue NE from NE 145th Street to NE 150th Street, connecting the bicycle facilities on NE 150th Street and NE 145th Street. The project fills a gap in the bike network that serves the 30th Avenue NE Bus Rapid Transit (BRT) station and uses available right-of-way. This project is funded by Sound Transit (ST) to support the ST BRT/STRIDE project.
- *30th Avenue NE Sidewalks (New, \$1.265 million)* – This project installs new sidewalks on 30th Avenue NE from NE 145th Street to NE 147th Street to link existing and planned high-density residential and mixed-use development to the NE 145th Street/30th Avenue NE BRT station. The project includes curb, gutter, sidewalk, and drainage infrastructure to provide a safe connection to nearby neighborhoods. This project is funded by Sound Transit to support the ST BRT/STRIDE project.
- *Aurora Decorative Street Lights (New, \$212k)* - The decorative street light fixtures installed along the Aurora corridor have been failing, including soon after

retrofit attempts. The top-mount design, in spite of retrofit attempts to seal and lock elements into place, allows for water intrusion, which is causing failure within approximately 1 year, well short of the anticipated life span. This project will replace failed lights along the corridor and will replace remaining lights that are anticipated to fail within the next year using standard cobra head fixtures, which are half the price of the decorative fixtures, have shorter lead times, and have a life span that is approximately double that of the decorative fixtures.

- *Eastside Off Corridor Bike Network (New, \$184k)* – Conceived during the 145th Street Multimodal Corridor Study, the Off-Corridor Bike Network is a collection of slower-paced streets and paths intended to provide bicyclists and pedestrians with alternate, parallel routes to 145th Street as well as key connections to the Shoreline South/148th light rail station, future 148th Street Non-Motorized Bridge, Interurban Trail, parks, and the Burke-Gilman Trail. Improvements to these streets and paths will include bicycle facilities such as pavement markings (e.g., sharrows or bike lanes), shared-use paths, and signage. The pre-design study will utilize public input and analysis to determine the exact location and type of facilities to be designed. This project is funded through a grant.
- *Meridian Avenue Bicycle Lanes (175th-200th) (New, \$630k)* – The Transportation element (TE) adopted into the City’s Comp Plan indicates that portions of the Meridian corridor will need to implement capacity improvements to meet the City’s proposed/forecasted standard by 2044. The sections from N 175th Street to N 200th Street are identified in the TE for bicycle facilities. The re-channelization and bicycle facilities that are part of this project will provide safer space for users. Community Transit will be routing its Swift Blue Line along Meridian Avenue between N 185th and N 200th Streets to access the Shoreline North/185th Station until future improvements are completed on 185th Street. the project is funded by a FHWA Highway Safety Improvements Program Grant in the amount of \$515,000.
- *Trail Along the Rail Master Study (New, \$500k)* - The Trail Along the Rail in the City of Shoreline will be an approximately 2.5 mile multi-use trail that runs alongside the Lynnwood Link light rail alignment connecting to the City of Seattle’s bike facilities along 5th Avenue NE to the south, the Shoreline South/148th Station, the Shoreline North/185th Station, and then north to the 195th Street Ped/Bike Overcrossing of I-5 (further improvements are already in place on 195th Street connecting the facility with the Interurban Trail). Several sections have been built in partnership with Sound Transit. The Master Plan will support development of the remaining portions of the Trail, identifying such elements as a final feasible alignment, property acquisition requirements, cost estimates, phasing and scheduling, and providing direction and Council approval of alignment to move into the design phase.

Surface Water Capital Fund:

Key elements addressed in the Surface Water Capital Fund include:

- The 2025-2030 CIP is based on the Surface Water Master Plan (SWMP) currently being finalized. New Surface Water CIP projects are aligned with service level increases for identified priorities and the rates needed to fund this work, as discussed with Council earlier this year.
- The following new projects have been added:

- *Boeing Creek Basin Retrofit Studies (New, \$300k)* – In 2023, the Surface Water Utility finished the City’s Stormwater Management Action Plan (SMAP) as required under the City’s Western Washington Phase II Municipal Stormwater (a.k.a. NPDES) Permit. The SMAP identified Boeing Creek as the City’s highest priority basin for improving surface water quality. Two of the highest priority recommendations from the SMAP were for the City to study potential stormwater retrofits within Boeing Creek, both for potential new facilities and potential enhancements for existing facilities (originally SMAP-proposed as separate studies but combined by the SWMP into a single project for the purposes of CIP budgeting). As recommended in the SMAP, the SWMP provided funding for this work to begin in 2025. The final studies will feature lists of prioritized retrofit projects throughout the basin to be implemented by the new Greenworks Program or other means as appropriate to the retrofit type and size.
- *Citywide Stream Characterization & Habitat Study (New, \$500k)* – The City achieved Salmon Safe certification in 2019, with conditions that included incorporating habitat and fish use information into the SWMP and advancing projects with habitat restoration elements. Under the recent SWMP process and after receiving community input emphasizing stream restoration as a Utility priority, staff recognized that a key step to advancing stream restoration priorities and clarifying other questions about stream issues and management in the City would require a new citywide study to characterize streams and habitat. During the recent Salmon Safe recertification process, the City committed to completing this study and the SWMP has provided funding for this work to begin in 2025. The final study will feature lists of prioritized stream restoration opportunities on City-managed lands, with restoration work to be implemented by the new Stream Habitat Repair Program or other means as appropriate to the restoration needed.
- *Echo Lake Algae Management (New, \$327k)* – In 2021, with the encouragement of community members interested in the health of Echo Lake, the City created a successful grant application for funding to study root causes of recurring harmful algae blooms at the lake and propose solutions. The Echo Lake Cyanobacteria Management Plan was completed in 2024 and recommended that the City consider various treatment approaches to improve the health of the lake. The Echo Lake Algae Management Project is aligned with the SWMP and identified community priorities to protect and restore the health of local receiving waters and provides funding for the City to further develop approaches to address these issues. The project funding is expected to finalize the City’s approach on preferred treatment options – which could include installing physical treatment features and/or chemical treatments - and begin implementation in 2026-2027.
- *Greenworks Program (New, \$4.463 million)* - The SWMP identified service level increases for implementing green stormwater infrastructure to improve alignment with community priorities for stream protection, climate resilience, and a greener City overall. Staff elected to bring back a refreshed, revamped, and amplified version of the City’s 2010-2016 Greenworks program – which installed many of the City’s first bioretention

facilities - as the primary vehicle to deliver the desired increase in green stormwater infrastructure within public rights-of-way. Program delivery will focus on design and construction of batches of smaller-scale green stormwater features, including bioretention and other plant- and/or infiltration-based stormwater best management practices (BMPs). Program inputs will include recommendations from the Boeing Creek Basin Retrofit Studies and other sources and will be implemented citywide (not just in the Boeing Creek basin). 2025 will be the initial design year for the program, with initial program construction scheduled for 2026 and future construction packages planned for even-numbered years going forward. For greater efficiency, Greenworks program delivery may be combined with similar Surface Water Capital Programs such as Small Projects and/or Open Cut Pipe Replacements, as feasible.

- *Light Rail Station Area System Improvements (New, \$1.229 million)* – In 2022, the City completed stormwater system capacity modeling for high priority development areas (including the recently up-zoned large subareas around the Sound Transit Light Rail Stations at 148th and 185th). This effort identified several areas where the City’s stormwater system is inadequate for redevelopment and other needs. The first project of this type will install a new stormwater system on 6th Avenue NE between NE 148th Street and NE 145th Street, where there is no existing drainage system at all. The SWMP identified addressing such system inadequacies as a priority and provided funding for the first project to begin in 2027, with construction scheduled for 2029. Multiple other projects serving similar needs are expected to follow, outside of the current 6-year CIP window.
- *N 149th Street/Evanston Avenue N Bioretention Retrofits (New, \$767.8k)* - This project in the Westminster Triangle neighborhood will address multiple long-standing drainage issues by upgrading and replacing poorly functioning existing stormwater assets. The project will expand and improve an existing shallow, overgrown, underperforming bioretention facility into a deeper, larger, cross-connected bioretention facility to improve function and increase the area this facility can treat, while collecting local drainage and overflows from nearby infiltration systems prone to backing up. Project design will be largely funded by a grant from the Washington State Department of Ecology (Ecology), and construction is expected to also receive funding from a future Ecology grant application. This project supports objectives to protect streams, increase climate resilience, and make the City greener. Design begins in 2025, with construction expected in 2027.
- *NE 175th Street/10th Avenue NE Flood Reduction (New, \$2.995)* - Flooding along NE 175th Street principal arterial just east of the intersection of 10th Avenue NE in the North City neighborhood is a long-standing issue that poses a recurring hazard to roadway and sidewalk users and adjacent residential properties. This project will reduce flooding at this location by designing a large flow control facility to hold peak stormwater flows that would otherwise flood the roadway. The flow control facility would likely be a large vault, and may also include infiltration, water quality treatment, public art, and/or other public amenity functions as feasible. The Project would target the purchase of an undeveloped property just west of NE

175th Street and 12th Avenue NE for siting the facility if possible. Design is expected to be in 2026, with construction scheduled for 2028. The Project is expected to compete for King County Flood Reduction Grant and Ecology Water Quality funding.

- *Serpentine Gravity Line (New, \$8.309 million)* - The Surface Water Utility currently operates the Serpentine Pump Station on 5th Avenue NE near NE 178th Street to pump stormwater up a relatively low rise approximately 175 feet south to a shallow stormwater system flowing to the southwest under NE Serpentine Place. A large amount of stormwater converges along this stretch of 5th Avenue NE from wide areas to the east and north, including from the densely developed North City commercial district and the southern portions of the 185th Light Rail Street Station subarea, expected to dramatically redevelop in coming years. The aging pump is due for replacement, requires ongoing maintenance, and is inadequate to pump all in-system peak flows during larger storms, sending high flows to a problematic bypass system which crosses private property and creates flooding issues. The pump station presents further flooding risks when operational issues arise (power outages, broken parts, etc.). In lieu of a traditional pump replacement, a gravity line would eliminate the need for the Serpentine Pump Station and reduce flooding risks, reduce on-going pump maintenance and operation costs, reduce dependency on the problematic bypass pipe through private property, and increase climate resiliency. Deep excavations (>20') are anticipated for a large portion of the gravity main project. Design is scheduled to begin in 2026 and will include an alternatives evaluation to ensure selection of the best long-term approach.
- *Stream Habitat Repair & Restoration Program (New, \$1.426 million)* - This new program was created to deliver priority recommended habitat projects from the 2025-2026 Citywide Stream Characterization & Habitat Study. During the recent Salmon Safe recertification process, the City committed to implementing this program, and the SWMP has provided funding for this new program to begin designing stream habitat restoration work by 2028, with initial construction in 2029-2030. This program is expected to be roughly 50% funded by future habitat grants.

Wastewater Capital Fund:

The Wastewater Capital Fund is still based on the most recent rate study and aligned with the most current Wastewater Comprehensive Plan. The following new projects have been added to this CIP:

- *147th Street & 3rd Avenue Sewer Relocate (WSDOT Fish Passage) (New, \$2.160 million)* - WSDOT is designing a box culvert for Thornton Creek to be installed underneath the southbound ramp to Interstate 5 as part of the federally mandated fish-passage project. The City's franchise agreement with WSDOT requires that the City relocate a sanitary sewer main that conflicts with the box culvert placement. The City will explore four alternatives to relocating the sewer main, after which a design approach will be selected. The City will manage the design of the relocation, and coordinate with WSDOT who will manage the installation of the new main as part of the Thornton Creek improvements they

plan to perform in 2026. The City will enter into an agreement to reimburse WSDOT for the cost of constructing and managing the relocation project.

- *Linden Facility Technology Improvements (New, \$600.9k)* – This project will implement the recommendations from Shoreline’s Facility Technology Improvements study performed in 2024 at the Linden Maintenance Facility. This project will enhance internet connectivity and communications between City facilities and create an enclosed space for IT equipment and cooling, and various improvements to the existing systems.
- *Linden Facility Security Improvements (New, \$152k)* – This is a new project to implement the recommendations from Shoreline’s Facility Security Improvements study performed in 2024. This project will be executed by phase to enhance Facility access control, intrusion control, remote monitoring, lighting, and medium to high-risk assets security.

The timing of various projects has shifted and is reflected in the attached fund summaries (Attachment C). The discussion of the 2024 ending fund balance for the General Fund discussed in the 2023-2024 Operating Budget section above does not reflect the shift of the programmed use of General Fund contributions from 2023-2024 to the 2025-2026 proposed budget accordingly with the timing of certain projects. Additionally, the proposed 2025-2030 CIP reflects this shift.

Other Items for Council Consideration

Updates to Current Financial Policies

The City periodically reviews its financial policies to ensure polices are up to date and appropriate updates are made to align with best practices. Staff has reviewed existing financial policies this year. Recommended changes are reflected in Attachment D with ~~striketrough~~ and **red** edits. While most edits are minor, key notable changes are highlighted below. The changes in financial policies will be brought back for action together with 2025-2026 Biennial Budget adoption scheduled for November 18, 2024.

Update on General Fund Operating Reserves:

Currently, the City maintains several reserves and contingencies

- \$3 million cash flow reserve;
- Budget Contingency equivalent of 2% of operating revenues; and
- Insurance Deductible Reserve of \$255k.

In addition, the City’s Revenue Stabilization Fund currently has a fund balance of \$6.813 million, which is equal to thirty percent (30%) of annual economically sensitive revenues.

The City’s current policy specifically notes that the Cash Flow reserve is \$3 million and goes on to note that it is roughly 1.5 months of operating expenditures. Based on review of current expenditures, 1.5 months of expenditures would be \$6.598 million. As the City typically has a healthy working cash flow and there are other contingencies and reserves set aside, the Administrative Services Director determined that the existing \$3 million is sufficient for the City’s cash flow needs and has made edits to the existing policy to reflect that.

Update on Capital Improvement Program Plan Policies:

Unlike accounting policies that must follow specified accounting standards, governments can develop and adopt capital planning policies that accounts for unique organizational characteristics. Upon completing a scan of CIP policies of cities of similar size, staff is recommending changes to the criteria of a project included in the CIP with the following key changes:

- Increase estimated cost to \$25,000 (previously \$10,000);
- Provides clarity that projects that extend the useful life of assets are included; and
- Provides clarity that regular routine maintenance is excluded from the CIP and should be included in the Operating Budget as an ongoing expenditure (this excludes capital programs that systematically repair and replace existing facilities and infrastructure).

It is important to note that it is challenging to have CIP criteria that is all encompassing. From time to time, there will be exceptions that will require some level of discretion on whether a project should be included in the CIP from the City Manager.

Reorganization of the Parks, Fleet and Facilities Division

This year, staff from the Administrative Services Department (ASD), Parks, Fleet and Facilities (PFF) Division, the Recreation, Cultural and Community Services (RCCS) Department, the Public Works Department, and the City Manager’s Office have worked to evaluate potential organizational changes that would provide the most efficiencies while retaining the highest level of service delivery to the community. Effective January 1, 2025, the PFF Division, which is currently in ASD, will be merged with RCCS, which will be renamed to the Parks, Recreation and Community Services Department.

RECOMMENDATION

This report related to the preview of the proposed 2025-2026 Biennial Budget is information only for tonight. Staff anticipates that Council may provide additional budget direction to the City Manager as a result of this review. The proposed 2025-2026 Biennial Budget will be transmitted to the City Council on October 14, 2024.

ATTACHMENTS

- Attachment A: 2024 Second Quarter Financial Report
- Attachment B: City of Shoreline Budgeted Positions and FTEs
- Attachment C: 2023-2028 Capital Improvement Plan Fund Summaries
- Attachment D: Updates to Current Financial Policies

TABLE OF CONTENTS

1. Performance at a Glance.....	1
2. All Funds Overview.....	2
3. General Fund Financial Overview.....	3
a. <i>Property Tax</i>	6
b. <i>Sales Tax</i>	7
c. <i>Intergovernmental, Grants, and State Shared Sales Taxes</i>	8
d. <i>Business & Occupation Taxes and Franchise Fee & Contract Payments</i>	9
e. <i>Development Revenue</i>	10
f. <i>Parks and Recreation</i>	11
4. Street Fund.....	12
5. General Capital Fund.....	13
6. Park Bond Fund.....	14
7. Roads Capital Fund.....	16
8. Sidewalk Expansion.....	17
9. Enterprise Funds.....	18
10. Investment Report.....	19



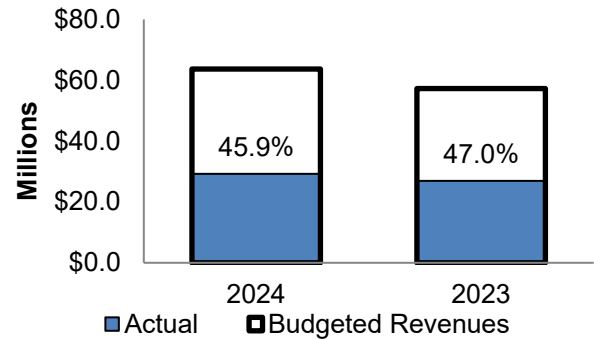


2024 SECOND QUARTER FINANCIAL REPORT

PERFORMANCE AT A GLANCE

The City of Shoreline adopted its 2023-2024 Biennial Budget on November 21, 2022. While the budget is adopted for the biennium, each year has a plan for revenues and expenditures. This report reflects unaudited preliminary revenue collections and expenditures through June 30, 2024, as compared to the 2024 Plan as amended through June 30, 2024.

General Fund Overview

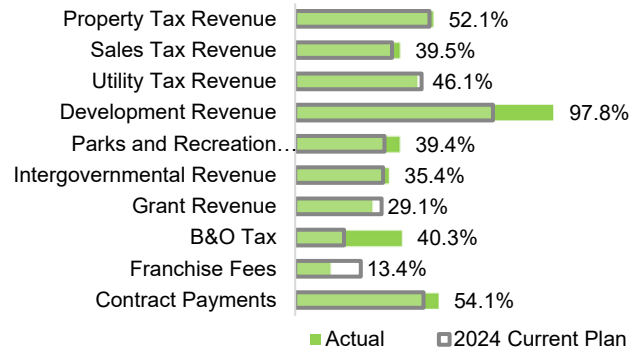


General Fund Revenues	Compared to 2024 Current Plan	Compared to 2023 Actuals as of June
Property Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Sales Tax Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Intergovernmental Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Grant Revenue	▼ NEGATIVE ▼	▲ POSITIVE ▲
B&O Tax	▲ POSITIVE ▲	▲ POSITIVE ▲
Franchise Fees	▼ NEGATIVE ▼	▼ NEGATIVE ▼
Contract Payments	▲ POSITIVE ▲	▲ POSITIVE ▲
Utility Tax	► NEUTRAL ►	► NEUTRAL ►
Development Revenue	▲ POSITIVE ▲	▼ NEGATIVE ▼
Parks and Recreation Revenue	▲ POSITIVE ▲	▲ POSITIVE ▲
Interest Income	▲ POSITIVE ▲	▼ NEGATIVE ▼

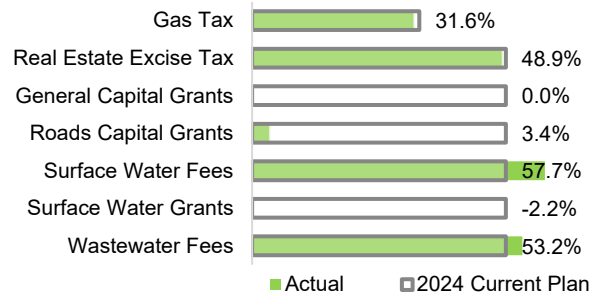
General Fund	Revenues	Dept. Exp.
2024 Operating Plan	\$63,625,522	\$62,344,162
2024 Actual	\$29,195,866	\$22,085,159
% of 2024 Operating Plan	45.9%	35.4%
2023 Operating Plan	\$57,212,340	\$55,786,641
2023 Actual	\$26,870,413	\$15,909,552
% of 2023 Operating Plan	47.0%	28.5%
Actual 2024 v. 2023 \$ Change	\$2,325,453	\$6,175,606
Actual 2024 v. 2023 % Change	8.7%	38.8%

Key to revenue trend indicators:	
▲ POSITIVE ▲	= Variance/Change of > +2%
◄ NEUTRAL ►	= Variance/Change of -1% to +2%
● WARNING ●	= Variance/Change of -1% to -4%
▼ NEGATIVE ▼	= Variance/Change of >-4%

Non-General Fund Revenues		
Gas Tax	● WARNING ●	● WARNING ●
Transportation Benefit District Sales Tax	▲ POSITIVE ▲	▲ POSITIVE ▲
Real Estate Excise Tax	► NEUTRAL ►	● WARNING ●
Surface Water Fees	▲ POSITIVE ▲	▲ POSITIVE ▲
Wastewater Fees	▲ POSITIVE ▲	▲ POSITIVE ▲



Non-General Fund Revenues



Variance Highlights

- General Fund Grant Revenue is lower than anticipated due to the timing of project completion and related grant billings. The revenues are anticipated to be collected in 2024 as projects are completed
- General Fund Franchise Fees is lower than anticipated due to the timing of receipts collection adding in an additional receipt of 188,434 we are ahead of budget by 1% and less than of last year by 1%.
- While Interest and Development Revenues are below June 2023 levels, they are still far exceeding the plan for 2024.



2024 SECOND QUARTER FINANCIAL REPORT

ALL FUNDS BUDGET AND YEAR-OVER-YEAR COMPARISON

The following table presents the 2024 Current Plan as amended by Ordinance No. 1015.

REVENUES & OTHER SOURCES

FUND TYPE Fund Title	2023 Current Plan	2023 Actual as of June 30	% of 2023 Current Plan	2024 Current Plan	2024 Actual as of June 30	% of 2024 Current Plan	2024 v. 2023 \$ Change	2023 v. 2024 % Change
OPERATING FUNDS	\$60,026,088	\$28,019,970	46.7%	\$66,582,137	\$30,352,563	45.6%	\$2,332,593	8.3%
General Fund	\$57,212,340	\$26,870,413	47.0%	\$63,625,522	\$29,195,866	45.9%	\$2,325,453	8.7%
Shoreline Secure Storage Fund	1,500,000	685,906	45.7%	1,500,000	662,518	44.2%	(23,389)	-3.4%
Shoreline Business Center	0	0	0.0%	0	18,102	0.0%	18,102	0.0%
Street Fund	1,247,505	406,630	32.6%	1,242,760	396,399	31.9%	(10,231)	-2.5%
Code Abatement Fund	30,000	11,005	36.7%	30,000	10,774	35.9%	(231)	-2.1%
State Drug Forfeiture Fund	18,243	41,973	230.1%	18,243	65,933	361.4%	23,960	57.1%
Public Arts Fund	5,000	2,706	54.1%	5,000	2,254	45.1%	(453)	-16.7%
Federal Drug Forfeiture Fund	13,000	207	1.6%	13,000	181	1.4%	(26)	-12.7%
Federal Criminal Forfeiture Fund	0	1,130	0.0%	0	537	0.0%	(592)	-52.4%
Tree Fund	0	0	0.0%	147,613	0	0.0%	0	0.0%
DEBT SERVICE FUNDS	\$5,339,596	\$4,217,744	79.0%	\$5,419,428	\$2,796,266	51.6%	(\$1,421,478)	-33.7%
CAPITAL FUNDS	\$45,349,037	\$11,717,088	25.8%	\$57,298,819	\$7,181,323	12.5%	(\$4,535,765)	-38.7%
General Capital Fund	7,257,738	3,085,809	42.5%	4,696,103	943,861	20.1%	(2,141,947)	-69.4%
General Capital Fund-Parks Bond	0	844,806	0.0%	598,451	654,694	109.4%	(190,111)	-22.5%
City Facility-Major Maintenance Fund	3,639	2,607	71.6%	4,302	6,629	154.1%	4,022	154.3%
Roads Capital Fund	33,841,694	3,128,786	9.2%	51,999,963	3,159,216	6.1%	30,430	1.0%
Sidewalk Expansion Fund	0	205,702	0.0%	0	123,929	0.0%	(81,773)	-39.8%
Transportation Impact Fees Fund	0	1,897,017	0.0%	0	1,080,950	0.0%	(816,067)	-43.0%
Park Impact Fees Fund	4,245,966	2,552,362	60.1%	0	1,212,044	0.0%	(1,340,318)	-52.5%
ENTERPRISE FUNDS	\$30,550,561	\$16,381,171	53.6%	\$32,868,999	\$17,753,395	54.0%	\$1,372,224	8.4%
Surface Water Utility Fund	9,980,038	5,286,482	53.0%	10,259,119	5,587,253	54.5%	300,772	5.7%
Wastewater Utility Fund	20,570,523	11,094,689	53.9%	22,609,880	12,166,141	53.8%	1,071,452	9.7%
INTERNAL SERVICE FUNDS	\$732,106	\$485,745	66.3%	\$809,640	\$419,052	51.8%	(\$66,693)	-13.7%
TOTAL REVENUE	\$141,997,388	\$60,821,717	42.8%	\$162,979,023	\$58,502,599	35.9%	(\$2,319,118)	-3.8%
OTHER SOURCES								
Proceeds from Capital Assets	\$1,000,000	\$33,780	3.4%	\$1,084,851	\$1,068,278	98.5%	\$1,034,498	3062.5%
Transfers In	30,324,731	7,845,840	25.9%	16,857,268	5,449,388	32.3%	(2,396,452)	-30.5%
Other Financing Sources	11,025,404	3,372,262	30.6%	22,101,290	0	0.0%	(3,372,262)	-100.0%
Budgeted Use of Fund Balance	52,383,207	0	0.0%	31,568,394	0	0.0%	0	0.0%
TOTAL RESOURCES	\$236,730,731	\$72,073,598	30.4%	\$234,590,827	\$65,020,265	27.7%	(\$7,053,334)	-9.8%
EXPENDITURES & TRANSFERS OUT								
OPERATING FUNDS	\$59,148,415	\$17,466,298	29.5%	\$65,881,582	\$23,407,800	35.5%	\$5,941,502	34.0%
General Fund	\$55,786,641	\$15,909,552	28.5%	\$62,344,162	\$22,085,159	35.4%	\$6,175,606	38.8%
Shoreline Secure Storage Fund	1,085,000	483,852	44.6%	1,085,000	318,290	29.3%	(165,562)	-34.2%
Shoreline Business Center	0	0	0.0%	0	3,378	0.0%	3,378	0.0%
Revenue Stabilization Fund	0	0	0.0%	0	0	0.0%	0	0.0%
Street Fund	2,016,543	1,006,547	49.9%	2,028,408	941,110	46.4%	(65,437)	-6.5%
Code Abatement Fund	100,000	5,000	5.0%	100,000	0	0.0%	(5,000)	-100.0%
Public Arts Fund	100,165	28,849	28.8%	145,156	34,462	23.7%	5,613	19.5%
State Drug Forfeiture Fund	18,243	3,676	20.2%	18,243	6,713	36.8%	3,037	82.6%
Federal Drug Forfeiture Fund	13,000	0	0.0%	13,000	0	0.0%	0	0.0%
Federal Criminal Forfeiture Fund	28,823	28,823	100.0%	0	0	0.0%	(28,823)	-100.0%
Tree Fund	0	0	0.0%	147,613	18,688	12.7%	18,688	0.0%
DEBT SERVICE FUNDS	\$6,205,383	\$1,576,026	25.4%	\$6,233,503	\$1,540,110	24.7%	(\$35,916)	-2.3%
CAPITAL FUNDS	\$82,049,502	\$10,744,614	13.1%	\$86,369,670	\$13,890,277	16.1%	\$3,145,664	29.3%
General Capital Fund	22,494,605	3,463,760	15.4%	2,740,571	2,479,161	90.5%	(984,599)	-28.4%
General Capital Fund-Parks Bond	20,455,894	878,261	4.3%	17,283,127	3,193,033	18.5%	2,314,772	263.6%
City Facility-Major Maint. Fund	157,810	7,715	4.9%	1,207,215	17,767	1.5%	10,051	130.3%
Roads Capital Fund	33,799,953	4,952,812	14.7%	56,882,279	8,146,721	14.3%	3,193,909	64.5%
Sidewalk Expansion Fund	5,141,240	1,442,065	28.0%	8,256,479	53,595	0.6%	(1,388,470)	-96.3%
Transportation Impact Fees Fund	0	0	0.0%	0	0	0.0%	0	0.0%
Park Impact Fees Fund	0	0	0.0%	0	0	0.0%	0	0.0%
ENTERPRISE FUNDS	\$38,154,699	\$12,798,189	33.5%	\$44,272,862	\$13,235,273	29.9%	\$437,084	3.4%
Surface Water Utility Fund	12,169,135	3,270,151	26.9%	15,731,301	2,774,471	17.6%	(495,680)	-15.2%
Wastewater Utility Fund	25,985,565	9,528,038	36.7%	28,541,561	10,460,802	36.7%	932,764	9.8%
INTERNAL SERVICE FUNDS	\$872,211	\$219,587	25.2%	\$1,447,992	\$240,507	16.6%	\$20,920	9.5%
TOTAL EXPENDITURES	\$186,430,210	\$42,804,714	23.0%	\$204,205,609	\$52,313,967	25.6%	\$9,509,253	22.2%
TRANSFERS OUT	\$30,324,731	\$19,118,662	63.0%	\$16,857,268	\$5,449,388	32.3%	(\$13,669,274)	-71.5%
TOTAL EXPENDITURES & TRANSFERS OUT	\$216,754,941	\$61,923,376	28.6%	\$221,062,878	\$57,763,355	26.1%	(\$4,160,021)	-6.7%



2024 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND BUDGET AND YEAR-OVER-YEAR COMPARISON OVERVIEW

RESOURCES

GENERAL FUND RESOURCES	2023 Current Plan	2023 YTD Actual	% of 2023 Current Plan	2024 Current Plan	2024 YTD Actual	% of 2024 Current Plan	2024 v. 2023 \$ Change	2024 v. 2023 % Change
Property Tax	\$22,146,717	\$10,120,337	45.7%	\$23,306,460	\$12,282,722	52.7%	\$2,162,385	21.4%
Sales Tax	11,117,540	4,254,982	38.3%	11,584,398	4,573,813	39.5%	318,831	7.5%
Local Criminal Justice	2,232,358	684,374	30.7%	2,317,074	678,438	29.3%	(5,935)	-0.9%
B&O, Utility, and Gambling Taxes	7,742,577	2,994,956	38.7%	8,020,337	3,191,814	39.8%	196,858	6.6%
Franchise Fees & Contract Payments	4,009,947	1,631,966	40.7%	4,108,227	1,543,346	37.6%	(88,620)	-5.4%
Development Revenue	3,281,716	3,680,802	112.2%	3,336,250	3,263,608	97.8%	(417,194)	-11.3%
Park and Recreation Revenue	1,741,153	602,240	34.6%	1,762,328	695,121	39.4%	92,881	15.4%
Intergovernmental Revenue	2,407,762	802,879	33.3%	1,870,632	688,197	36.8%	(114,681)	-14.3%
Grant Revenue	1,044,267	261,580	25.0%	1,388,281	404,209	29.1%	142,629	54.5%
Fines and Licenses	601,550	82,099	13.6%	642,775	98,935	15.4%	16,836	20.5%
Miscellaneous Revenue	816,153	369,739	45.3%	718,160	479,107	66.7%	109,368	29.6%
Interest Income	70,600	1,384,460	1961.0%	70,600	1,296,556	1836.5%	(87,904)	-6.3%
TOTAL REVENUES	\$57,212,340	\$26,870,413	47.0%	\$59,125,522	\$29,195,866	49.4%	\$2,325,453	8.7%
Proceeds from Capital Assets	0	0	0.0%	0	0	0.0%	0	0.0%
Operating Transfers In	2,463,129	1,231,565	50.0%	2,791,020	1,368,510	49.0%	136,946	11.1%
Other Financing Sources	15,000	0	0.0%	4,515,000	0	0.0%	0	0.0%
Budgeted Use of Fund Balance	14,831,243	0	0.0%	10,207,660	0	0.0%	0	0.0%
TOTAL RESOURCES	\$74,521,712	\$28,101,977	37.7%	\$76,639,202	\$30,564,376	39.9%	\$2,462,399	8.8%

EXPENDITURES & TRANSFERS OUT

DEPARTMENT	2023 Current Plan	2023 YTD Actual	% of 2023 Current Plan	2024 Current Plan	2024 YTD Actual	% of 2024 Current Plan	2024 v. 2023 \$ Change	2024 v. 2023 % Change
City Council	\$280,094	\$148,440	53.0%	\$296,014	\$189,224	63.9%	\$40,783	6.2%
City Manager's Office ¹	5,882,237	2,619,341	44.5%	5,424,921	2,648,354	48.8%	\$29,013	15.7%
City Attorney	992,631	318,673	32.1%	1,034,366	407,383	39.4%	\$88,711	101.8%
Administrative Services ²	10,219,428	4,291,685	42.0%	11,060,221	4,788,739	43.3%	\$497,054	18.0%
Citywide	1,584,067	1,130,369	71.4%	7,480,793	5,732,645	76.6%	\$4,602,276	1.6%
Human Resources	829,495	366,031	44.1%	823,219	292,006	35.5%	(\$74,025)	40.5%
Police	14,896,996	(398,953)	-2.7%	15,980,168	10,973	0.1%	\$409,925	-1.0%
Criminal Justice	2,435,517	523,192	21.5%	2,435,517	579,072	23.8%	\$55,881	27.5%
Recreation, Cultural & Community Services ³	8,239,193	2,802,607	34.0%	7,462,379	3,111,185	41.7%	\$308,578	24.5%
Planning & Community Development	5,547,413	1,987,123	35.8%	4,960,793	1,996,106	40.2%	\$8,983	15.6%
Public Works	4,879,570	2,121,044	43.5%	5,385,771	2,329,473	43.3%	\$208,429	22.2%
DEPARTMENTAL EXPENDITURES	\$55,786,641	\$15,909,552	28.5%	\$62,344,162	\$22,085,159	35.4%	\$6,175,606	38.8%
Operating Transfers Out	11,558,973	3,048,836	26.4%	8,102,788	1,706,749	21.1%	(1,342,087)	-44.0%
TOTAL EXPENDITURES AND TRANSFERS OUT	\$67,345,615	\$18,958,389	28.2%	\$70,446,951	\$23,791,908	33.8%	\$4,833,519	25.5%

1. City Manager's Office includes City Clerk, Communications, Code Enforcement Customer Response Team, Intergovernmental Relations, Economic Development, Property Management, and Light Rail Stations.

2. Recreation, Cultural and Community Services includes Neighborhoods, Emergency Management Planning, Human Services, Diversity Inclusion, Environmental Services, Recreation, Youth & Teen Development, and Cultural Services.

3. Administrative Services includes Finance, Budget, Purchasing, Information Systems, Parks, Fleet & Facilities, and Recreation Facility Rentals.



2024 SECOND QUARTER FINANCIAL REPORT

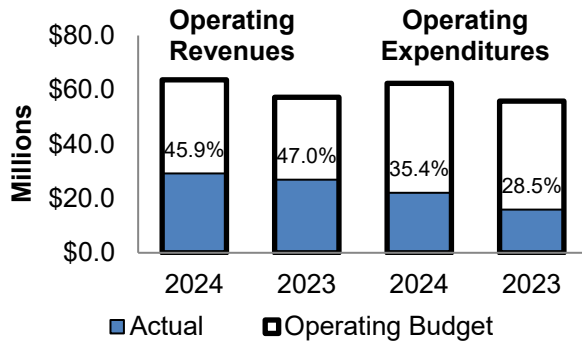
ALL GENERAL FUND CONTRIBUTIONS

	2023-2024 Budgeted General Fund Support	2023-2024 Amount Transferred
General Fund Contributions to Projects		
Street Fund Projects		
Street Fund Projects	\$2,432,668	\$2,031,231
Tree Fund		
Restricted Tree Fund	\$0	\$63,486
Public Art Funds		
Public Art Projects	\$40,000	\$0
Revenue Stabilization Fund Projects		
Revenue Stabilization Fund	\$1,205,584	\$1,205,584
Debt Service		
LTGO BOND 2009/2019	\$847,343	\$479,748
Limited Tax GO Bond 2013	\$515,676	\$296,106
General Capital Projects		
City Hall	\$448,672	\$93,848
City Maintenance Facility	\$5,797,024	\$4,073,171
Parks Repair & Replacement	\$450,000	\$104,164
PROS Plan Acquisitions	\$100,000	\$55,882
General Capital Projects	\$260,000	\$130,000
Major Maintenance Project		
City Facility Major Maintenance	\$294,206	\$294,206
City Hall Long-Term Maintenance	\$1,151,215	\$17,767
Parks Bond Project		
PK BND:Richmond Highlands Park	\$808,054	\$0
PK BND:James Keough Park	\$358,666	\$0
PK BND Bruggers Bog Park	\$470,846	\$0
PK BND Hillwood Park	\$556,548	\$0
PK BND Briarcrest Park	\$681,486	\$0
PK BND Shoreview Park	\$259,724	\$0
PK BND Ridgcrest Park	\$185,516	\$0
PK BND Kruckeberg Park	\$75,444	\$0
Roads Capital Projects		
147 th /148 th Non-Motorized Bridge	\$500,000	\$148,517
Transportation Master Plan	\$518,038	\$65,903
Driveway Relocation Richmond Beach Rd	\$70,000	\$0
Gambling Tax and Grant Match Funding	\$195,302	\$97,651
NE 200th St from 30th to 25th Ave NE	\$890,000	\$4,549
Surface Water Fund Projects		
Surface Water Fund Projects	\$10,680	\$0
Wastewater Fund Projects		
Wastewater Fund Projects	\$10,900	\$0
Equipment Replacement Fund		
Equipment Replacement Fund	\$393,170	\$93,772
Unemployment Fund		
Unemployment Fund	\$135,000	\$77,094
Total	\$19,661,762	\$9,332,679



2024 SECOND QUARTER FINANCIAL REPORT

GENERAL FUND FINANCIAL OVERVIEW



General Fund	Revenues	Dept. Exp.
2024 Operating Plan	\$63,625,522	\$62,344,162
2024 Actual	\$29,195,866	\$22,085,159
% of 2024 Operating Plan	45.9%	35.4%
2023 Operating Plan	\$57,212,340	\$55,786,641
2023 Actual	\$26,870,413	\$15,909,552
% of 2023 Operating Plan	47.0%	28.5%
Actual 2024 v. 2023 \$ Change	\$2,325,453	\$6,175,606
Actual 2024 v. 2023 % Change	8.7%	38.8%

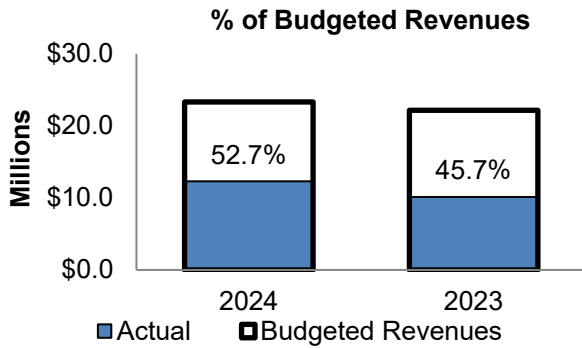
The table on the previous page presents the 2024 planned revenues, expenditures, use of fund balance for one-time investments and transfers in from/out to other funds as approved in the 2023-2024 Biennial Budget. It also compares them to actual for 2024 and 2023 through June 30 of each year.

Revenues:

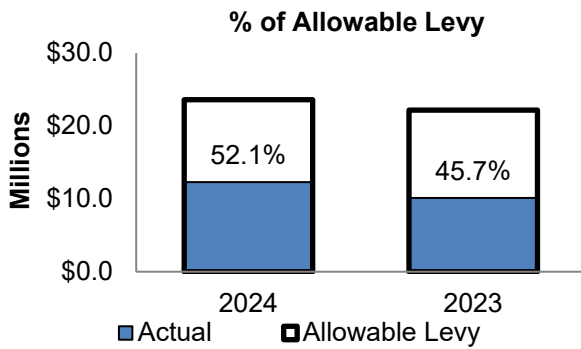
General Fund revenue received reflects a year-over-year increase of 8.7%. The following are highlights comparing actual collections to those projected for 2024 and to 2023 collections for the General Fund:

- Property tax receipts are at 52.7% of the 2024 plan.
- Sales tax receipts for 2024 are 32.9% greater than projected for the same period of the current plan. The Construction sector is 24.5% more than 2023 collections.
- Receipts from the Local Criminal Justice Tax for the reporting period of January through June are \$5,935, or 0.9%, less than the same period for 2023.
- Intergovernmental Revenue receipts are 14.3% less than the year-ago level. The maximum cap of distributions of the Affordable and Supportive Housing State Shared Tax was reached during the state’s fiscal year in March. Distributions will resume in July.
- This report reflects Gambling Tax and B&O Tax receipts collected for 2024 Q1 quarterly tax returns.
- Utility Tax receipts in the amount of \$2.2 million are more than the 2024 plan and 2023 by 0.9% and 1.2%, respectively.
- Local development activity in 2024, in terms of the number of permit applications, is 194, or 9.6%, more than 2023. Total permits issued are 183, or 31.7%, more than 2023.
- Due to the high interest rate environment, interest income is higher than in the prior year; however, this revenue source will have a year-end adjustment for unrealized gains and losses and is volatile given the current uncertainty of the economy. See the Investment Report on page 12 for further details.

PROPERTY TAX



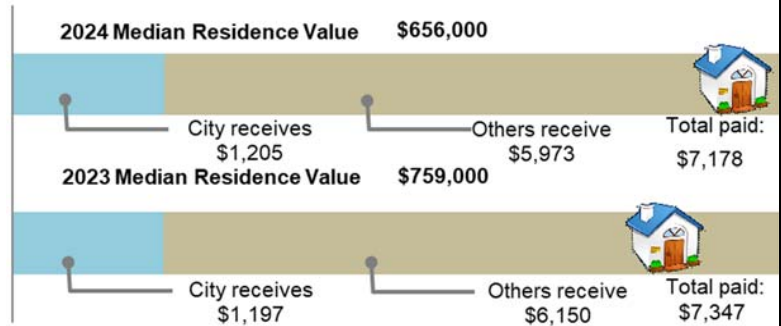
2024 Current Plan		23,306,460
2024 Second Quarter Actual Revenue	\$12,282,722	
% of 2024 Current Plan		52.7%
2023 Current Plan		\$22,146,717
2023 Second Quarter Actual Revenue	\$10,120,337	
% of 2023 Current Plan		45.7%
2024 v. 2023 \$ Change		\$2,162,385
2024 v. 2023 % Change		21.4%



Property tax payments are due to King County in April and October. The County then must remit the City's portion resulting in most collections occurring in the second and fourth quarters. Receipts for 2024 and 2023 as a percentage of the budgeted projection are at 52.7% and 45.7%, respectively. In terms of the allowable levy, which is different than the budgeted projection presented here, receipts for 2024 and 2023 are 52.1% and 45.7%, respectively.

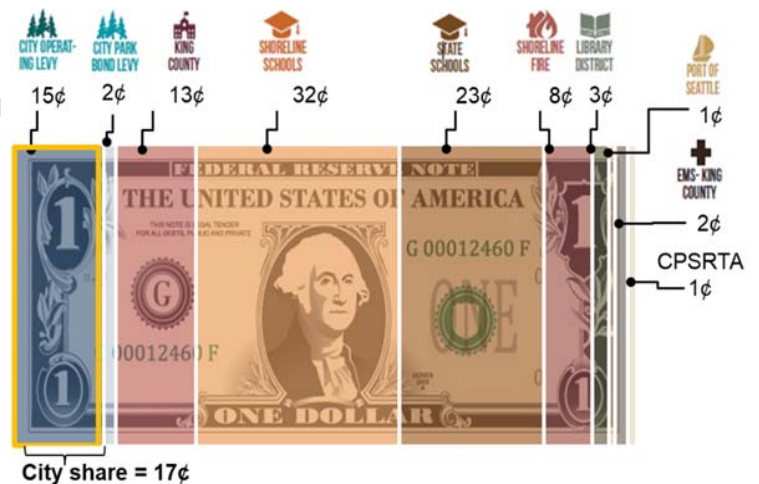
Impact on a median homeowner:

In 2024, the City of Shoreline property tax regular levy and excess voted levy rates increased from \$1.39 to \$1.63 and \$0.19 to \$0.21, respectively. The total levy rate increased from \$9.68 to \$10.94. The chart to the right compares the amount paid by a homeowner of a residence with a median value (as determined by the King County Department of Assessments). The total tax bill is estimated to decrease \$169, or 2.3%, with the City's portion increasing \$8, and all other taxing jurisdictions' portion decreasing \$177.



How \$1 is allocated:

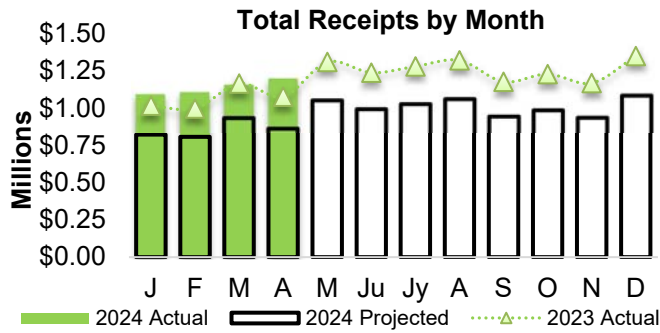
The chart to the left illustrates the allocation of each dollar paid at the 2024 levy rates for all taxing jurisdictions within Shoreline. The City receives 15¢ for the City's regular and 2¢ for the excess voted park bond levy.





2024 SECOND QUARTER FINANCIAL REPORT

SALES TAX



2024 Current Plan	\$11,584,398
2024 Second Quarter Actual Revenue	\$4,573,813
% of 2024 Current Plan	39.5%
2023 Current Plan	\$11,117,540
2023 Second Quarter Actual Revenue	\$4,254,982
% of 2023 Current Plan	38.3%
2024 v. 2023 \$ Change	\$318,831
2024 v. 2023 % Change	7.5%

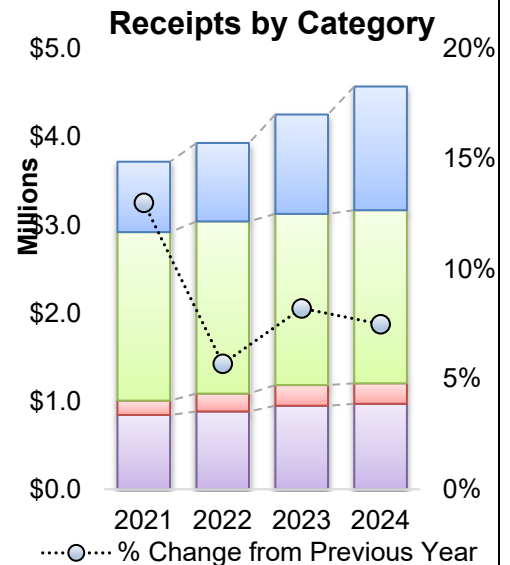
When analyzing monthly sales tax receipts, there are two items of special note: First, most businesses remit their sales tax collections to the Washington State Department of Revenue (DOR) on a monthly basis. Small businesses only have to remit their sales tax collections either quarterly or annually, which can create anomalies when comparing the same month between two years. Second, for those businesses which remit sales tax monthly, there is a two-month lag from the time that sales tax is collected to the time it is distributed to the City. Therefore, the data presented here reflects the distributions from activity for January through April.

Receipts are more than the 2024 Plan and 2023 collections by 32.9% and 7.5%, respectively. The Construction sector, while 24.5% more than 2023 collections, continued to maintain a high level of activity.

The following table and chart illustrate the performance of the primary categories.

SALES TAX BY PRIMARY CATEGORY FOR DISTRIBUTION PERIOD: June

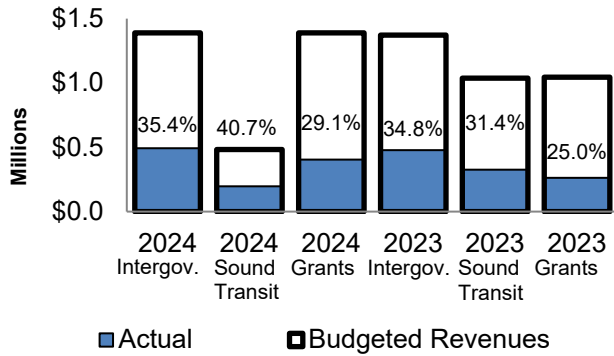
Sector	2020	2021	2022	2023	2024
Construction	\$991,417	\$799,858	\$891,074	\$1,128,645	\$1,405,113
\$ Change		(\$191,559)	\$91,216	\$237,571	\$276,467
% Change		-19.3%	11.4%	26.7%	24.5%
Retail Trade	\$1,474,537	\$1,913,846	\$1,955,794	\$1,944,721	\$1,966,667
\$ Change		\$439,308	\$41,948	(\$11,073)	\$21,946
% Change		29.8%	2.2%	-0.6%	1.1%
Hotels/Restaurant	\$138,389	\$163,404	\$202,118	\$232,985	\$231,388
\$ Change		\$25,015	\$38,714	\$30,867	(\$1,597)
% Change		18.1%	23.7%	15.3%	-0.7%
All Others	\$687,466	\$843,009	\$883,066	\$948,631	\$970,645
\$ Change		\$155,542	\$40,058	\$65,564	\$22,014
% Change		22.6%	4.8%	7.4%	2.3%
Total Revenue	\$3,291,809	\$3,720,116	\$3,932,053	\$4,254,982	\$4,573,813
\$ Change		\$428,306	\$211,937	\$322,929	\$318,831
% Change		13.0%	5.7%	8.2%	7.5%



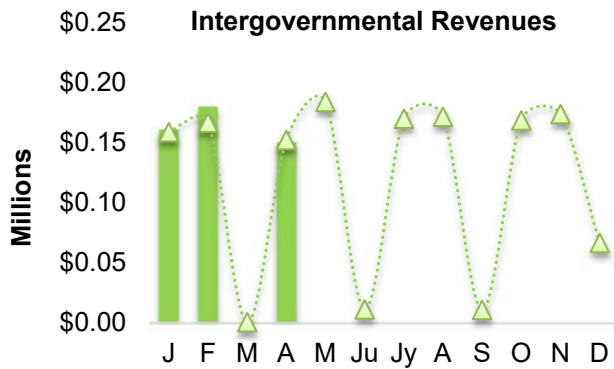


2024 SECOND QUARTER FINANCIAL REPORT

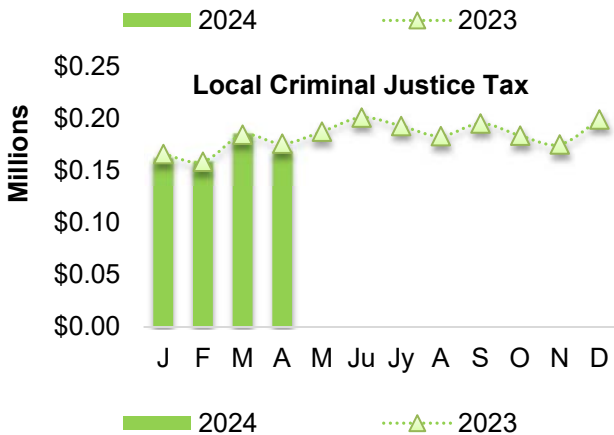
INTERGOVERNMENTAL, GRANTS, AND STATE SHARED SALES TAXES



Intergovernmental revenue sources are comprised primarily of funding for criminal justice programs, contract payments, liquor excise tax, liquor board profits, marijuana excise tax, grants, and reimbursement from Sound Transit per the Expedited Permitting and Reimbursement Agreement. Contract payments are discussed separately in this report. Many grants are applied for and received for specific purposes. The amount of grants received in any year can vary.



Total Intergovernmental receipts are 14.3% less than the year-ago level. Receipts by month from sources other than Sound Transit reimbursements are reflected in the Intergovernmental Revenues chart, which compares disbursements for March through June. Receipts for these revenues in 2024 total \$491,767 and are 3.0% more than 2023.



The result for Local Criminal Justice Sales Tax receipts is not commensurate with the result for Sales Tax receipts because the distribution of Local Criminal Justice Sales Tax is based on the city's population and the amount of sales tax collected throughout all of King County. The Puget Sound Economic Forecaster estimated that retail sales throughout King County would increase year-over-year by 3.0%. Sales tax collected throughout King County was actually 36.5% more than 2023.



2024 SECOND QUARTER FINANCIAL REPORT

BUSINESS & OCCUPATION TAXES AND FRANCHISE FEE & CONTRACT PAYMENTS

2024 Current Plan		\$12,128,564
Business & Occupation Tax		\$642,871
Utility Tax		\$2,230,270
Gambling Tax		\$318,673
Franchise Fee		\$224,024
Contract Payment		\$1,319,322
2024 Second Quarter Actual Revenue		\$4,735,160
% of 2024 Current Plan		39.0%
2023 Current Plan		\$11,752,524
Business & Occupation Tax		\$438,574
Utility Tax		\$2,204,575
Gambling Tax		\$351,808
Franchise Fee		\$415,757
Contract Payment		\$1,216,209
2023 Second Quarter Actual Revenue		\$4,626,922
% of 2023 Current Plan		39.4%
2024 v. 2023 \$ Change		\$108,238
2024 v. 2023 % Change		2.3%

The City has levied tax on gross operating revenues for gambling activities since 1995 and utility operations since 2005. The Business & Occupation (B&O) Tax and in-house processing of business licensing for Shoreline became effective in January 2019.

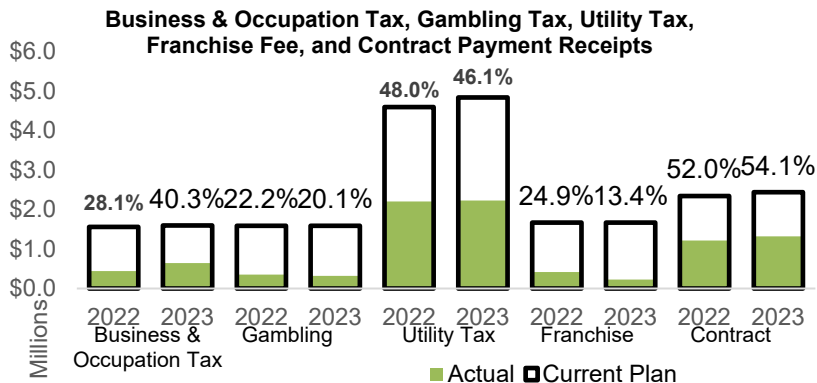
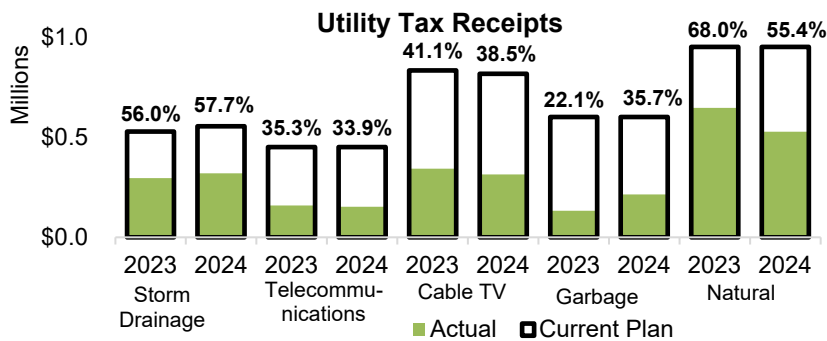
This report reflects Gambling Tax and B&O Tax receipts collected from quarterly tax returns. B&O Tax receipts in the amount of \$0.64 are more than 2023 by 46.58%.

Utility Tax receipts in the amount of \$2.2 million are less than the 2024 Plan by 0.9% but more than 2023 by 1.2%. We continue to experience a significant decline in telecommunications tax as shown in the chart below.

The City has franchises with water and cable services with fees imposed at 6% and 5%, respectively. The City also has agreements with Seattle City Light, which imposes a 6% contract fee on total electrical revenues, and Ronald Wastewater District, which imposes an Interlocal Operating Agreement Fee.

More information is available at <http://www.shorelinewa.gov/government/departments/city-clerk-s-office/agreements-and-contracts/utility-franchise-agreements-document-library/-folder-386>.

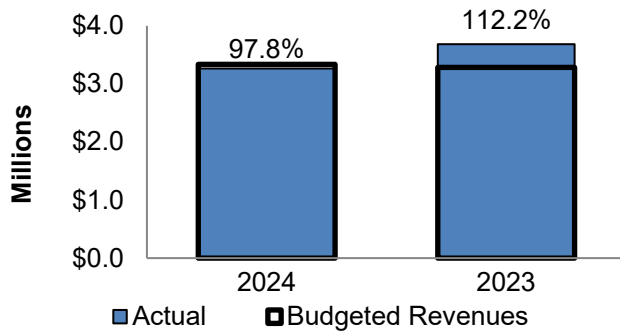
The chart below compares actual receipts to the annual budget for each year and budget projection for 2024.





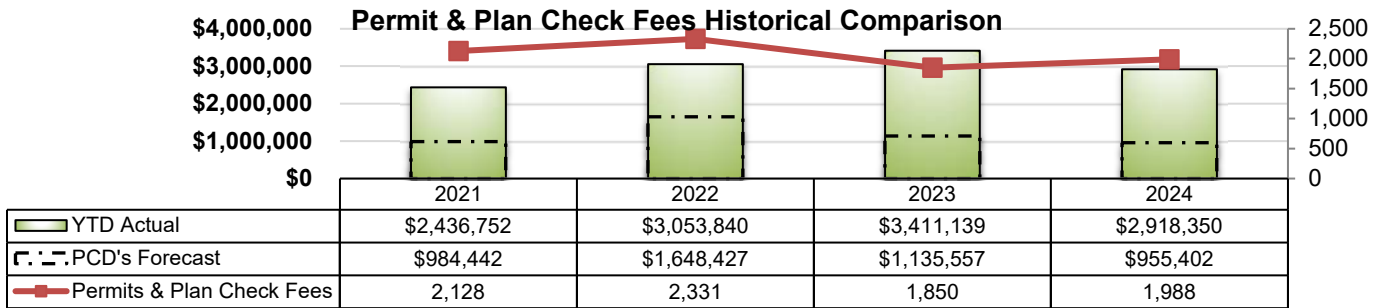
2024 SECOND QUARTER FINANCIAL REPORT

DEVELOPMENT REVENUE

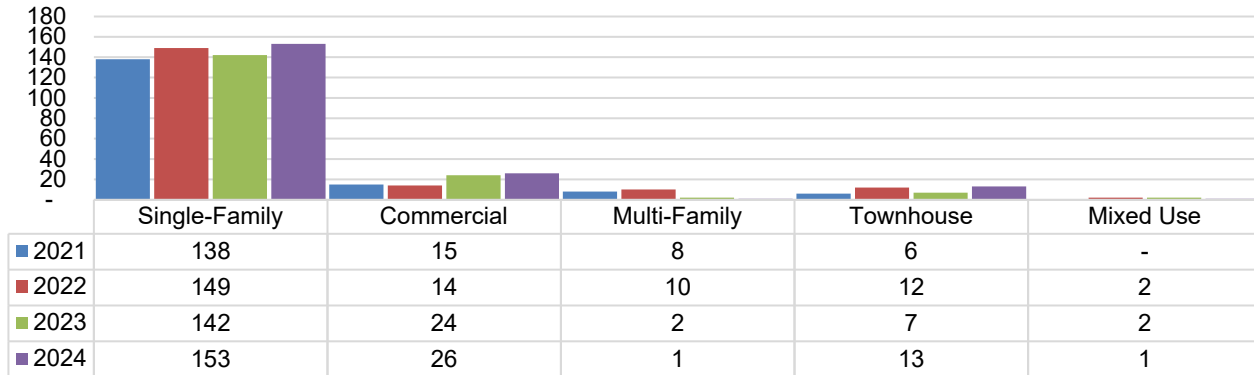


2024 Current Plan	\$3,336,250
2024 Second Quarter Actual Revenue	\$3,263,608
% of 2024 Current Plan	97.8%
2023 Current Plan	\$3,281,716
2023 Second Quarter Actual Revenue	\$3,680,802
% of 2023 Current Plan	112.2%
2024 v. 2023 \$ Change	(\$417,194)
2024 v. 2023 % Change	-11.3%

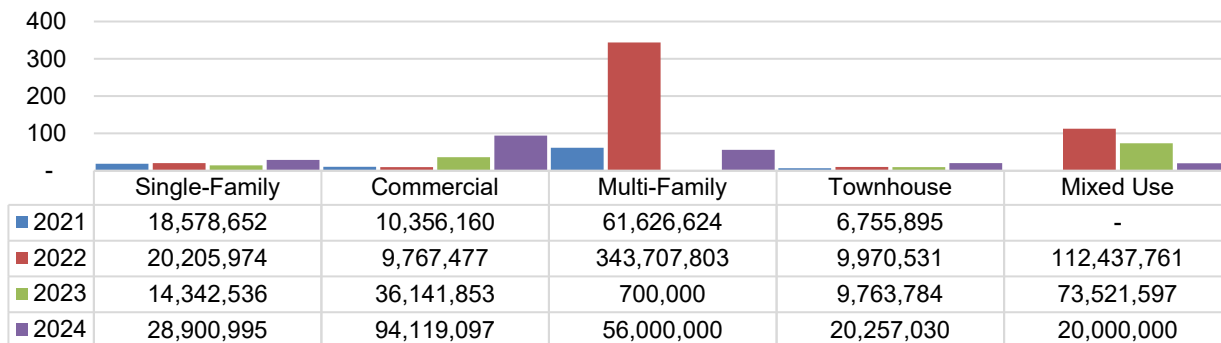
Development revenue receipts, including right-of-way permits, exhibit a year-over-year decrease of 11.3%. Revenues from Permit and Plan Check Fees are less than 2023 by 14.4%. Total permit applications through 2024 are 194, or 9.6%, more than 2023. Total permits issued are 183, or 31.7%, more than 2023. Approximately \$893,763 in revenue from 2021 thru 2023 was deferred to 2024 for inspections that have been paid for but not yet performed.



2Q Historical Applied Permits



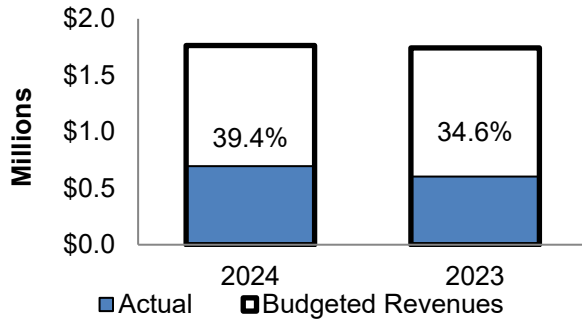
2Q Historical Applied Permits Valuation





2024 SECOND QUARTER FINANCIAL REPORT

PARKS AND RECREATION REVENUE



2024 Current Plan	\$1,762,328
2024 Second Quarter Actual Revenue	\$695,121
% of 2024 Current Plan	39.4%
2023 Current Plan	\$1,741,153
2023 Second Quarter Actual Revenue	\$602,240
% of 2023 Current Plan	34.6%
2024 v. 2023 \$ Change	\$92,881

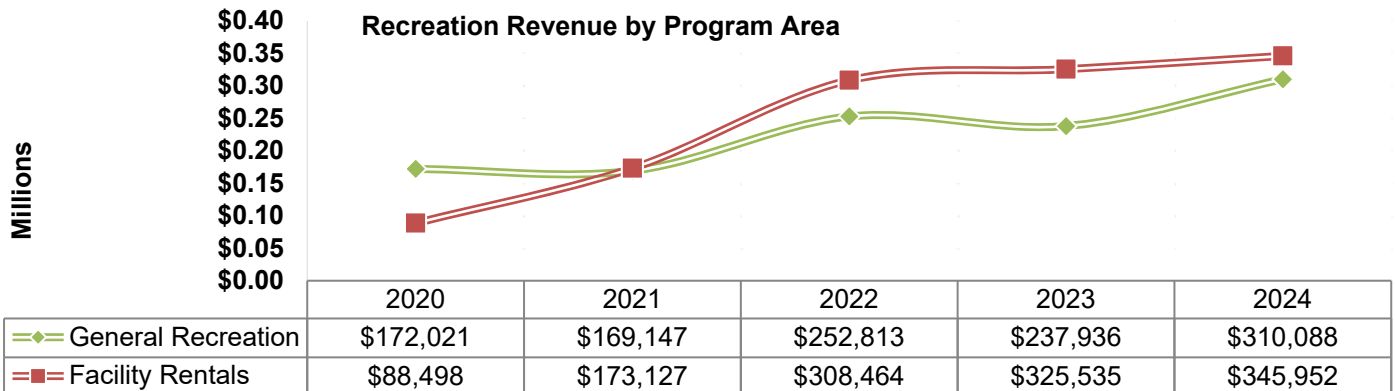
There has been an increase in revenue from the rentals and drop-in use of the City park facilities, fields and open spaces in 2024. Park rental hours are up from year-ago level, despite two field closures for Parks Bond improvements in 2024. Park Rentals have maintained the high levels of reservation hours and revenue achieved in the 2nd quarter of 2024 due to improved rental policies and online rental processes that streamlined the park rental process for customers and made park rentals more accessible.

Registration has increased in active adult, youth enrichment and youth sports programs. An extended school year allowed a longer spring program season.

Parks and Recreation revenue receipts are 15.4% more than the year-ago level with receipts for general recreation programs more than the year-ago level by 30.3% but facility rentals 6.3% more than the year-ago level.

Revenue by Program Area:

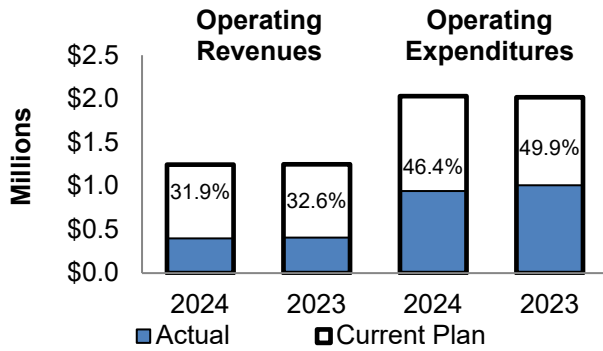
Year	General Recreation	Gen Rec % of Total	Facility Rentals	Fac Rent % of Total	Total Program Revenue	Non-Program Revenue
2020	\$172,021	66.0%	\$88,498	34.0%	\$260,519	\$33,487
2021	\$169,147	49.4%	\$173,127	50.6%	\$342,273	\$26,969
2022	\$252,813	45.0%	\$308,464	55.0%	\$561,276	\$32,270
2023	\$237,936	42.2%	\$325,535	57.8%	\$563,471	\$38,769
2024	\$310,088	47.3%	\$345,952	52.7%	\$656,040	\$39,081





2024 SECOND QUARTER FINANCIAL REPORT

STREET FUND

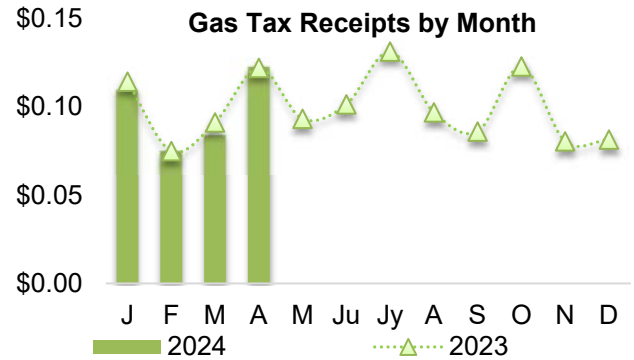
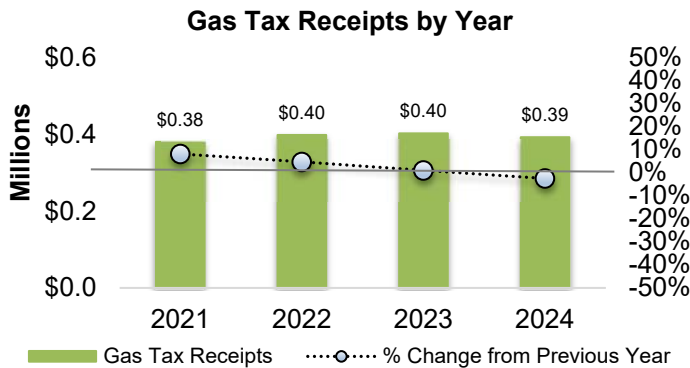


Street Fund	Resource	Expenditure
2024 Operating Plan	\$1,242,760	\$2,028,408
2024 Actual	\$396,399	\$941,110
% of 2024 Operating Plan	31.9%	46.4%
2023 Operating Plan	\$1,247,505	\$2,016,543
2023 Actual	\$406,630	\$1,006,547
% of 2023 Operating Plan	32.6%	49.9%
Actual 2024 v. 2023 \$ Change	(\$10,231)	(\$65,437)
Actual 2024 v. 2023 % Change	-2.5%	-6.5%

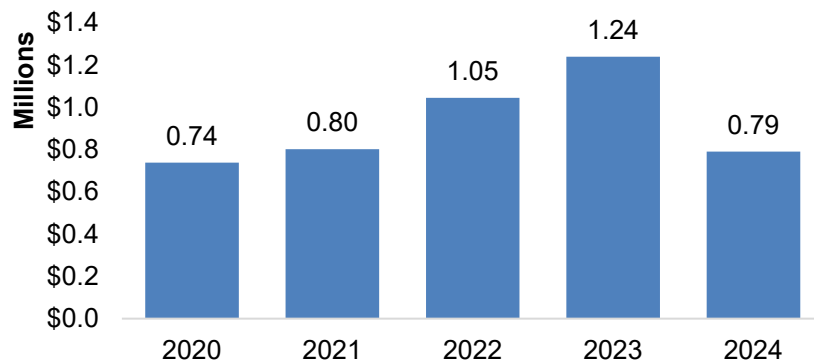
The table shows Street Fund receipts, excluding transfers in, are 2.5% less than 2023. Operating expenditures, excluding transfers out, are 6.5% less than 2023. Expenditures, including transfers out, are 5.8% less than 2023.

The Motor Vehicle Fuel Excise Tax, commonly referred to as Gas Tax, is assessed by the State as cents per gallon so revenue depends on the number of gallons sold, not the dollar value of the sales. It is then distributed monthly on a per capita basis to the City of Shoreline and placed in the Street Fund. When analyzing monthly Gas Tax receipts it is important to note there is a two-month lag from the time that Gas Tax is collected to the time it is distributed to the City. Therefore, the distribution received in March through June 2024 reflects activity from January through April.

Distributions for this period total \$0.393 million, which is 2.5% less than 2023.



General Fund Contribution to Street Fund





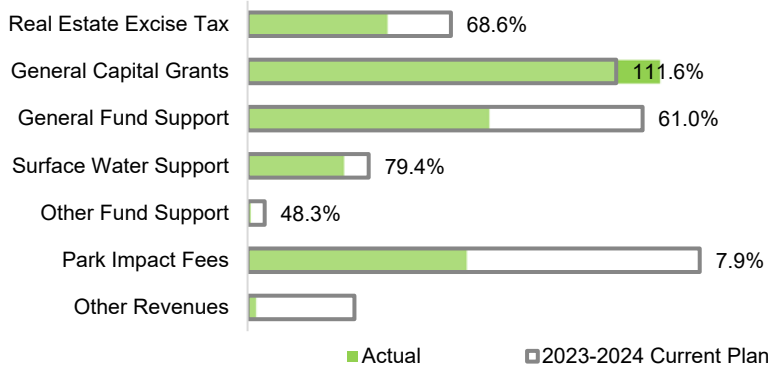
2024 SECOND QUARTER FINANCIAL REPORT

GENERAL CAPITAL FUND

General Capital Fund	Resources	Expenditures
2023 Current Plan Total	\$36,155,325	\$23,347,163
Less:		
2023 Use of Fund Balance	13,453,038	N/A
2023 Other Sources & Transfers	15,444,549	852,558
2023 Capital Plan	\$7,257,738	\$22,494,605
2023 Actual	\$8,906,177	\$12,636,883
% of 2023 Capital Plan	122.7%	56.2%
2024 Current Plan Total	\$21,233,880	\$3,524,145
Less:		
2024 Use of Fund Balance	14,529,542	N/A
2024 Other Sources & Transfers	2,008,235	783,575
2024 Capital Plan	\$4,696,103	\$2,740,571
2024 YTD Actual	\$943,861	\$2,479,161
% of 2024 Capital Plan	20.1%	90.5%
2023-2024 Capital Plan	\$11,953,841	\$25,235,176
2023-2024 Actual	\$9,850,038	\$15,116,045
% of 2023-2024 Capital Plan	82.4%	59.9%

Second Quarter Actual receipts are largely comprised of Real Estate Excise Tax, which is discussed separately in this report. The 2024 plan includes one-time transfers from the General Fund, Park Impact Fee Fund, and Surface Water Utility Fund as well as bond proceeds in support of the following capital projects. Funds are transferred from the General Fund, Park Impact Fee Fund, and Surface Water Utility Fund as expenditures are incurred by the projects.

The table shows capital projects expended 90.5% of the 2024 current plan which is due to the timing of capital spending from 2023 to 2024.





2024 SECOND QUARTER FINANCIAL REPORT

PARK BOND CAPITAL FUND

Project Overview

In February 2022, the Shoreline community passed the Proposition 1 Bond measure, that among other improvements within the City included improvements to eight of the City's parks. Brugger's Bog, Briarcrest, Hillwood, Richmond Highlands, James Keough Park, Ridgecrest, Shoreview, and Kruckeberg Botanic Gardens will all receive capital improvements. To streamline the permitting and construction process, we are bundling projects based on their scope and permitting requirements. We anticipate substantially completing all park improvements by late-Summer or early-Fall 2025, which is 6 months later than originally planned. The delay is primarily due unanticipated additional storm water infrastructure compliance requirements. More information is available on the website below.

<https://www.shorelinewa.gov/government/projects-initiatives/2022-park-bond-projects>

Project Budgets reflect allocations from 2022 Park Bonds as well as General Fund allocations committed by City Council and projected interest earnings. The actual budget allocations for each project have been updated for the 2023-2030 CIP to reflect project allocations based on Council Adopted Guaranteed Maximum Price (GMP) Amendments through June 2024 for Bundles 1 and 2, and estimates for future GMP Amendment. Final budget allocations will be made after the final GMP for Bundle 3 is adopted by Council.

Park Bond Projects	2023-2025 Project Budget Allocations	2023-2024 Actual Expenditures through	Amount Remaining
Parks Bond Project Management	\$1,075,438	\$484,210	\$591,228
PK BND: PROs Plan Parks Acquisitions*	295,300	\$91,144	\$204,156
PK BND: Park Improvements	\$4,000,000	\$0	\$4,000,000
PK BND Public Art	\$1,000,000	\$42,400	\$/57,600
Bundle 1			
PK BND Kruckeberg Park	\$2,650,857	\$1,531,403	\$1,119,454
PK BND Shoreview Park	\$2,091,211	\$340,216	\$1,750,995
PK BND Ridgecrest Park	\$2,746,042	\$1,934,941	\$811,101
Bundle 2			
PK BND: Richmond Highlands Park	\$5,530,856	\$472,419	\$5,058,437
PK BND: James Keough Park	\$4,702,101	\$400,488	\$4,301,613
PK BND Bruggers Bog Park	\$5,187,147	\$421,163	\$4,765,984
Bundle 3			
PK BND Hillwood Park	\$3,781,095	\$141,883	\$3,639,212
PK BND Briarcrest Park	\$6,490,092	\$319,121	\$6,170,971
Total	\$39,550,139	\$6,179,388	\$33,370,751



2024 SECOND QUARTER FINANCIAL REPORT

Project Status Updates

As of August 2024:

Ridgecrest Park and Kruckeberg Gardens are the first of eight 2022 Parks Bond projects to be completed. Come and check out the new amenities including an off-leash dog park and playground at Ridgecrest and a fully accessible boardwalk at Kruckeberg.

Project Phases

Bundle 1:

- Ridgecrest Park - Reopened June 2024.
- Kruckeberg Botanic Garden - New boardwalk reopened August 9, 2024.
- Shoreview Park - Off-leash dog area closed August 12, 2024, through first Quarter 2025.

Bundle 2: Richmond Highlands Park permit issuance is imminent and we anticipate construction to start in late September 2024. James Keough Park permits are in final stages with construction anticipated to begin in November 2024. Brugger's Bog Park permit review is nearing completion with a target construction start date in the beginning of 2025.

Bundle 3:

- Briarcrest Park: In permitting with construction scheduled to begin First quarter of 2025.
- Hillwood Park: In permitting (environmental complexities), construction scheduled to begin late second to third quarter 2025.

Please note that these dates are subject to change.



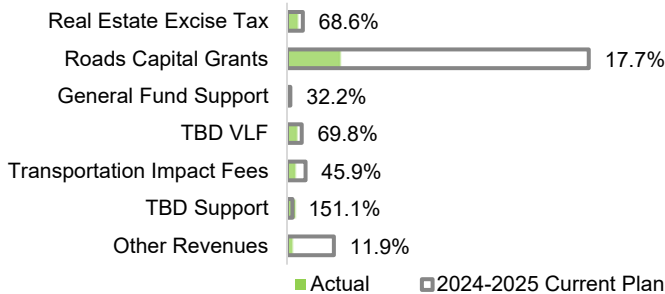
2024 SECOND QUARTER FINANCIAL REPORT

ROADS CAPITAL FUND

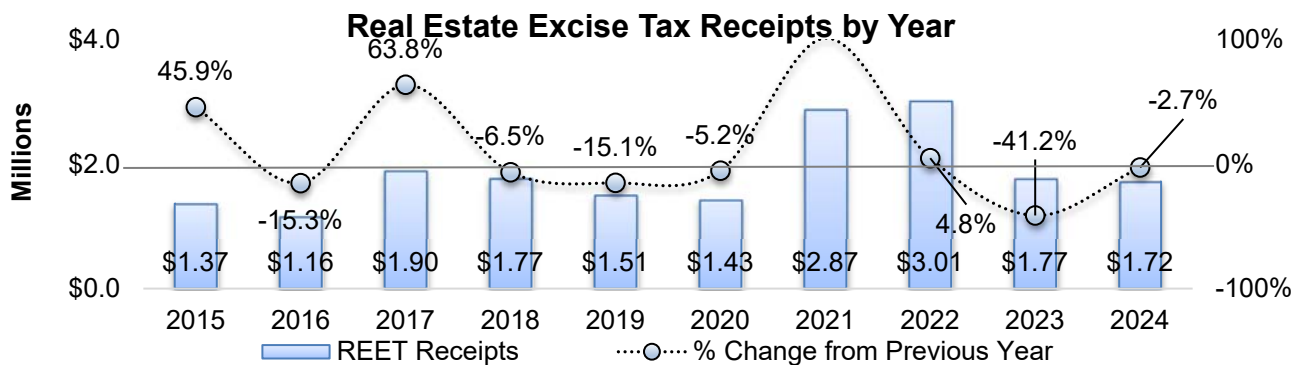
Roads Capital Fund	Resources	Expenditures
2023 Capital Plan Total	\$43,102,326	\$35,191,932
Less:		
2023 Use of Fund Balance	650,448	N/A
2023 Other Sources & Transfers	8,610,184	1,391,980
2023 Capital Plan	\$33,841,694	\$33,799,953
2023 Actual	\$14,973,886	\$16,956,128
% of 2023 Capital Plan	44.2%	50.2%
2024 Capital Plan Total	\$60,056,940	\$60,119,922
Less:		
2024 Use of Fund Balance	4,523,110	N/A
2024 Other Sources & Transfers	3,533,867	3,237,643
2024 Capital Plan	\$51,999,963	\$56,882,279
2024 YTD Actual	\$3,159,216	\$8,146,721
% of 2024 Capital Plan	6.1%	14.3%
2023-2024 Capital Plan	\$85,841,657	\$90,682,231
2023-2024 Actual	\$18,133,102	\$25,102,848
% of 2023-2024 Capital Plan	21.1%	27.7%

Receipts are largely comprised of Real Estate Excise Tax. The 2024 plan includes one-time transfers from the General Fund and Transportation Impact Fee Fund in support of the following capital projects listed in the Summary of Contributions to/other Funding for Roads Capital Projects table later in this report. Funds are transferred from the General Fund and Transportation Impact Fee Fund as expenditures are incurred by the projects.

Capital projects expended 27.7% of the current plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules. Transfers Out are comprised of transfers to the General Fund for overhead. More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 365-409 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.



REAL ESTATE EXCISE TAX



Real Estate Excise Tax (REET) revenue receipts, in the amount of \$1,721,380, are 2.7% less than 2023. However, as REET was budgeted conservatively for the biennial, the actual is 2% higher than budget.



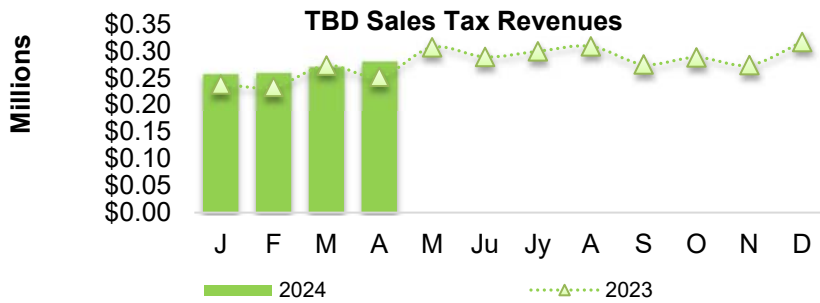
2024 SECOND QUARTER FINANCIAL REPORT

SIDEWALK EXPANSION

2020 LTGO Bond Fund	Resources	Expenditure
2024 Current Plan Total	\$2,391,469	\$896,008
Less:		
2024 Use of Fund Balance	0	N/A
2024 Other Sources & Transfers	0	0
2024 Current Plan	\$2,391,469	\$896,008
2024 Actual	\$3,793,822	\$901,200
% of 2024 Current Plan	158.6%	100.6%
2025 Capital Plan Total	\$2,475,051	\$898,867
Less:		
2025 Use of Fund Balance	0	N/A
2025 Other Sources & Transfers	0	0
2025 Current Plan	\$2,475,051	\$898,867
2025 YTD Actual	\$1,265,024	\$161,102
% of 2025 Current Plan	51.1%	17.9%
2024-2025 Current Plan	\$4,866,520	\$1,794,875
2024-2025 Actual	\$5,058,846	\$1,062,302
% of 2024-2025 Current Plan	104.0%	59.2%

The regular Sales Tax rate is 10.2% with the City's general operation's portion accounting for 0.85% of the rate. At the November 6, 2018 General Election, Shoreline voters approved an additional 0.2% Sales Tax rate for the Shoreline Transportation Benefit District, revenue from which is reported in the Sidewalk LTGO Bond Fund and used to pay the debt service for the bonds issued to fund the New Sidewalks Program. Collections started in April 2019. Receipts for 2024, in the amount of \$1.072 million, are 7.5% more than 2023. In 2020, the City received \$11.539 million in bond proceeds for the New Sidewalks Program.

Capital expenditures are impacted by the timing of construction schedules. More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 376-390 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.



Sidewalk Expansion Fund	Resources	Expenditure
2023 Capital Plan Total	\$5,325,242	\$5,175,242
Less:		
2023 Use of Fund Balance	48,910	N/A
2023 Other Sources & Transfers	5,276,332	34,002
2023 Capital Plan	\$0	\$5,141,240
2023 Actual	\$385,399	\$2,654,940
% of 2023 Capital Plan	0.0%	51.6%
2025 Capital Plan Total	\$9,059,479	\$8,319,479
Less:		
2024 Use of Fund Balance	126,479	N/A
2024 Other Sources & Transfers	8,933,000	63,000
2024 Capital Plan	\$0.00	\$8,256,479
2024 YTD Actual	\$123,929	\$53,595
% of 2024 Capital Plan	0.0%	0.6%
2023-2024 Capital Plan	\$0	\$13,397,718
2023-2024 Actual	\$509,328	\$2,708,535
% of 2023-2024 Capital Plan	0.0%	20.2%



2024 SECOND QUARTER FINANCIAL REPORT

ENTERPRISE FUNDS

SURFACE WATER UTILITY FUND

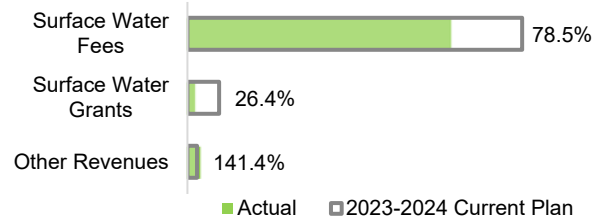
Surface Water Utility Fund	Resources	Expenditures
2023 Current Plan Total	\$15,258,040	\$15,222,497
Less:		
2023 Use of Fund Balance	3,252,255	N/A
2023 Other Sources & Transfers	2,025,747	3,053,362
2023 Operating & Capital Plan Revenues/Expenditures	\$9,980,038	\$12,169,135
2023 Actual	\$9,747,019	\$6,623,209
2023 Actual Transfers	\$27,908	\$2,338,835
% of 2023 Current Plan	97.7%	54.4%
2024 Current Plan Total	\$16,997,521	\$16,791,067
Less:		
2024 Use of Fund Balance	(354,978)	N/A
2024 Other Sources & Transfers	7,093,380	1,059,766
2024 Operating & Capital Plan Revenues/Expenditures	\$10,259,119	\$15,731,301
2024 YTD Actual	\$5,587,253	\$2,774,471
2024 Actual Transfers	\$0	\$666,218
% of 2024 Current Plan	54.5%	17.6%
2023-2024 Operating & Capital Plan Revenues/Expenditures	\$20,239,157	\$27,900,436
2023-2024 Actual	\$15,334,272	\$9,397,681
% of 2023-2024 Current Plan	75.8%	33.7%

The Surface Water Utility Fund (SWM) includes both on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

SWM ongoing revenues include storm drainage fees and investment interest earnings. Surface Water Fee payments are due to King County in April and October. The County then must remit the City's portion resulting in most collections occurring in the second and fourth quarters.

Surface Water Utility operations expended 31.5% of the current plan for the Operating Budget, which is 47.6% less than 2023. Capital projects expended 21.5% of the current 23-24 plan for the Capital Budget. Capital expenditures are impacted by the timing of construction schedules.

More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 410-440 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.



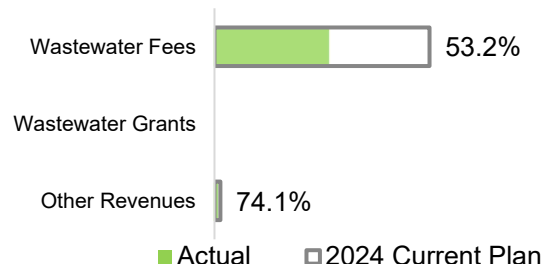
WASTEWATER UTILITY FUND

Wastewater Utility Fund	Resources	Expenditures
2023 Current Plan Total	\$26,753,651	\$27,524,852
Less:		
2023 Use of Fund Balance	5,140,719	N/A
2023 Other Sources & Transfers	1,042,409	1,539,287
2023 Current Plan Revenues/Expenditures	\$20,570,523	\$25,985,565
2023 Actual	\$22,303,698	\$19,523,341
2023 Actual Transfers	\$3,360	\$1,367,326
% of 2023 Current Plan	108.4%	75.1%
2024 Current Plan Total	\$30,914,084	\$29,837,030
Less:		
2024 Use of Fund Balance	416,956	N/A
2024 Other Sources & Transfers	7,887,248	1,295,470
2024 Current Plan Revenues/Expenditures	\$22,609,880	\$28,541,561
2024 YTD Actual	\$12,166,141	\$10,460,802
2024 Actual Transfers	\$0	\$671,282
% of 2024 Current Plan	53.8%	36.7%
2023-2024 Current Plan Revenues/Expenditures	\$43,180,403	\$54,527,126
2023-2024 Actual	\$34,469,839	\$29,984,143
% of 2023-2024 Current Plan	79.8%	55.0%

The City of Shoreline completed the assumption of Ronald Wastewater District on April 30, 2021. The Wastewater Utility Fund (WW) will begin to include both on-going operational programs and capital projects with both being reflected in the total expenditures and revenues for the fund.

Wastewater Revenues are currently 53.8% of plan and more than the prior year by \$1,071,452, or 9.7%. Expenditures are currently 36.7% of plan and more than the prior year by \$932,764 or 9.8%. Because this fund, like surface water, includes capital expenditures the timing of project expenditures can vary greatly.

More information on the scope and timing of capital projects, including updated estimates, can be found on pp. 442-484 of the City's 2023-2024 Proposed Biennial Budget and 2023-2028 Capital Improvement Plan book.





2024 SECOND QUARTER FINANCIAL REPORT

Attachment A

INVESTMENT REPORT: JUNE 30, 2024

The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.

Our yield objectives are very important and pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the current yield to maturity of the Washington State Local Government Investment Pool (LGIP), which had been the City's primary mode of investment prior to adopting our Investment Policy. As of June 30, 2024, the City's investment portfolio, excluding the State Investment Pool had a current weighted average rate of return of 3.7000%. This is lower than the 5.4042% rate of return of the State Investment Pool. This is common in a period of sharply rising interest rates because the State Investment Pool maintains very short-term investments.

Total investment interest earnings through June 30, 2024 were \$3,519,837. This amount reflects the reversing entry from our year-end requirement to record an unrealized gain or loss for our investments at the end of the year. The entry is reversed at the beginning of the following year, which impacts our current year to date results. The unrealized gain as of 12/31/2023 was \$317,276. However, as we have noted before this is strictly a financial accounting issue and we would not expect to experience either a gain or a loss on the investment, because we expect to hold these investments to their maturity.

Generally, prior to the pandemic, the City maintained a laddered investment portfolio. During the pandemic, because of the market conditions, we relied on the State Investment pool as higher interest rate investments matured for a large portion of 2020 and 2021 while the LGIP rates were higher than market. In 2022, with rising rates, we returned to a laddered portfolio which will contribute to higher returns in the future. As part of this strategy the City is piloting outsourcing management of a portion of the City's investment portfolio to PFM, the City's Financial Advisors. We will monitor the PFMs returns against the City's returns over the next two to three years to determine whether we will expand or suspend the pilot. To date the pilot has worked well, and we are evaluating some updates to our investment policy that will be discussed with Council that we anticipate will make this arrangement even more beneficial while preserving safety and liquidity needs of the City.

As of June 30, 2024, the City's investment portfolio had a fair value of \$181.14 million. Approximately 36.0% of the investment portfolio was held in U.S. government instrumentality securities, and 64.0% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of June 30, 2024 was approximately \$180.67 million. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day that the market value is stated. This would only be done if the City needed to generate cash. The City generally holds all its investments until the scheduled maturity date, and therefore when the investments mature, the principal market value should equal the cost of the investment. The City also holds sufficient investments within the State Pool to allow for immediate cash liquidation if needed.



2024 SECOND QUARTER FINANCIAL REPORT

Attachment A

LGIP Cash and Investment Balances June 30, 2024

Investment Instruments	CUSIP #	BROKER	Settlement Date	Maturity Date	Par Value	Investment Cost	Yield To Maturity	Unrecognized Gain/(Loss)	Market Value 06/30/2024
US Treasury 2.000	912828XX3	TVI	04/26/22	06/30/24	3,000,000	2,960,484	2.6250%	39,516	3,000,000
US Treasury 2.125	9128282N9	Piper Sandler	05/06/22	07/31/24	3,000,000	2,956,770	2.7930%	35,220	2,991,990
US Treasury 1.750	912828Y87	FNC	06/23/22	07/31/24	3,000,000	2,919,870	3.0690%	71,220	2,991,090
US Treasury 2.375	912828D56	FNC	06/23/22	08/15/24	3,000,000	2,956,530	3.0770%	32,100	2,988,630
US Treasury 1.875	9128282U3	Piper Sandler	05/06/22	08/31/24	3,000,000	2,935,680	2.8370%	46,110	2,981,790
US Treasury 2.125	9128282Y5	Piper Sandler	05/06/22	09/30/24	3,000,000	2,950,230	2.8440%	25,470	2,975,700
US Treasury 1.500	912828YH7	FNC	06/23/22	09/30/24	3,000,000	2,896,530	3.0840%	74,160	2,970,690
Sub Total - Investments					\$21,000,000	\$ 20,576,094	2.9034%	\$ 323,796	\$20,899,890
PFM Investment						25,937,677	4.6800%	152,639	26,090,316
US Bank - Demand Deposit SLGS						7,229,723	4.1700%		7,229,723
US Bank - Time Deposit SLGS						11,033,539	0.0000%		11,033,539
State Investment Pool						115,888,807	5.4042%		115,888,807
Total LGIP + Investments						\$180,665,840		\$ 476,435	\$181,142,275

Portfolio Diversification

Instrument Type	Percentage	Amount at Cost	Amount at Market Value
FFCB	0.0%	-	-
FHLB	0.0%	-	-
FMAC	0.0%	-	-
US Treasury	11.5%	20,576,094	20,899,890
PFM Investment	14.4%	25,937,677	26,090,316
US Bank - Demand Deposit SLGS	4.0%	7,229,723	7,229,723
US Bank - Time Deposit SLGS	6.1%	11,033,539	11,033,539
State Investment Pool	64.0%	115,888,807	115,888,807
Total LGIP + Investments	100%	\$180,665,840	\$181,142,275

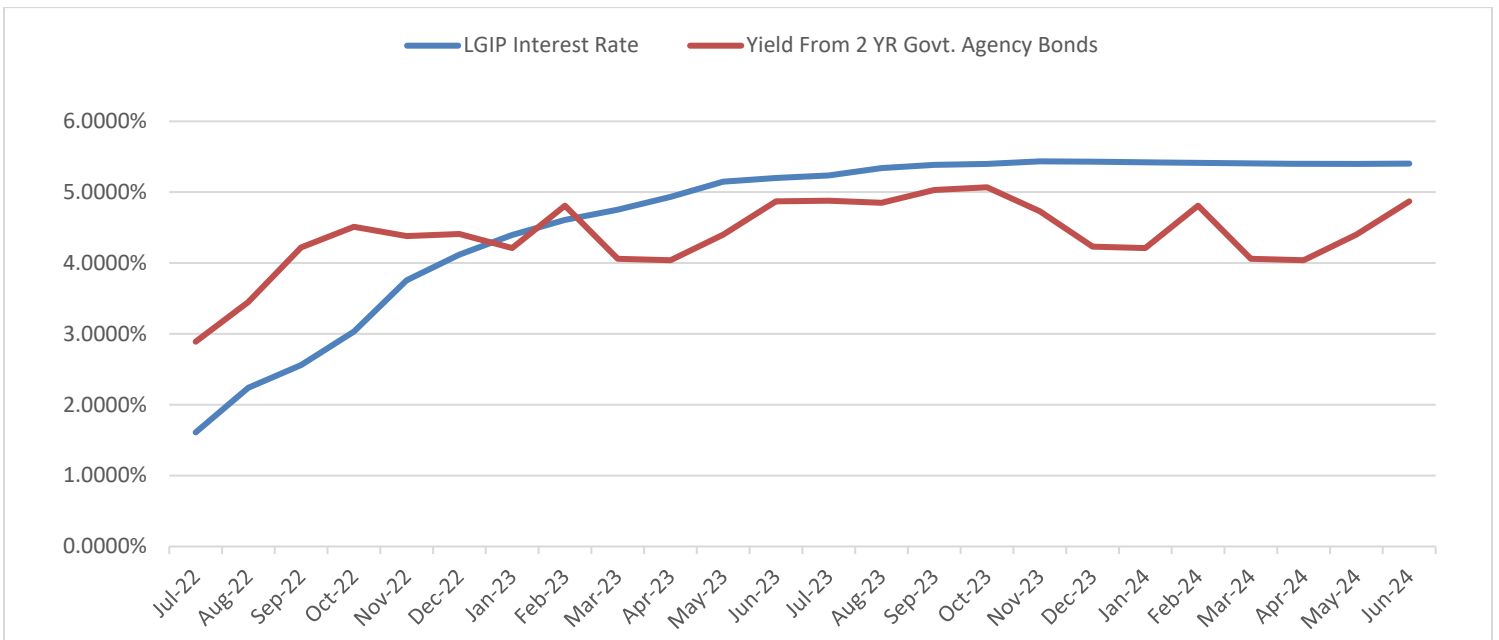
Broker	Percentage	Amount at Cost	Amount at Market Value
PiperSandler	4.9%	8,842,680	8,949,480
MBS	0.0%	-	-
TVI	1.7%	2,960,484	3,000,000
FNC	4.9%	8,772,930	8,950,410
PFM Investment	14.4%	25,937,677	26,090,316
US Bank - Demand Deposit SLGS	4.0%	7,229,723	7,229,723
US Bank - Time Deposit SLGS	6.1%	11,033,539	11,033,539
State Investment Pool	64.0%	115,888,807	115,888,807
Total LGIP + Investments	100%	\$180,665,840	\$ 181,142,275



2024 SECOND QUARTER FINANCIAL REPORT

Investments by Fund

Fund	Investments at Cost as of 06/30/2024	LGIP State Investment Pool as of 06/30/2024	Total LGIP + Investments at Cost by Fund as of 06/30/2024	Unrecognized Gain/(Loss) as of 06/30/2024	Total Market Value of Investments by Fund as of 06/30/2024	2024 Actual Investment Earnings
001 General	\$ 17,760,446	\$ 44,250,054	\$ 62,010,500	\$ 181,918	\$ 62,192,418	\$ 1,274,872
101 Street	0	0	0	-	-	3,815
107 Code Abatement	128,293	319,641	447,934	1,314	449,248	9,424
108 Asset Seizure	38,273.20	95,357.47	133,630.67	392.03	134,023	2,811
109 Public Arts	30,679	76,437	107,117	314	107,431	2,254
112 Fed Drug Enforcement	2,460	6,129	8,589	25	8,614	181
116 Fed Crim Forfeit	7,316	18,228	25,544	75	25,619	537
117 Transportation Impact Mitigation	3,099,644	7,722,747	10,822,391	31,749	10,854,141	215,896
118 Parks Impact Fees	1,806,447	4,500,754	6,307,201	18,503	6,325,704	120,055
190 Revenue Stabilization	1,955,416	4,871,909	6,827,325	20,029	6,847,354	-
230 Sidewalk LTGO Bond Admin	11,312,275	694,469	12,006,745	2,855	12,009,600	192,958
301 General Capital	658,661	1,641,050	2,299,711	6,747	2,306,458	79,785
305 Gen Cap Parks Bond	8,442,428	21,034,263	29,476,691	86,475	29,563,166	654,694
312 City Fac-Mjr Maint	90,243	224,840	315,083	924	316,008	6,629
330 Roads Capital	2,057,732	5,126,828	7,184,560	21,077	7,205,637	140,761
331 Trans Bene Dist	2,320,343	5,781,121	8,101,464	23,767	8,125,231	161,966
332 Sidewalk Expansion Fund Admin	7,250,218	51,064	7,301,282	210	7,301,492	123,929
334 VLF LTGO Bonds Projects	204,445	509,373	713,818	2,094	715,912	24,294
401Surface Water Utility Fund	2,431,575	6,058,256	8,489,831	24,906	8,514,737	140,191
405 Wastewater Fund	3,700,547	9,219,892	12,920,439	37,904	12,958,343	256,101
501 Vehicle Oper/Maint	0	0	0	-	-	-
503 Equip Dep Replace	1,479,591	3,686,394	5,165,986	15,155	5,181,141	108,684
505 Unemployment	0	0	0	-	-	-
650 Agency Fund Admin	-	-	-	-	-	-
Total Investments	\$ 64,777,033	\$ 115,888,807	\$180,665,840	\$ 476,435	\$ 181,142,275	\$3,519,837



City of Shoreline Budgeted Positions and FTEs

Department	Job Title	2023		2024		2025		2026	
		Position Count	FTE Count	Position Count	FTE Count	Position Count	FTE Count	Position Count	FTE Count
City Council	Mayor	1	1.000	1	1.000	1	1.000	1	1.000
City Council	Deputy Mayor	1	1.000	1	1.000	1	1.000	1	1.000
City Council	Councilmember	5	5.000	5	5.000	5	5.000	5	5.000
Department Total		7	7.000	7	7.000	7	7.000	7	7.000
City Manager	Administrative Assistant I	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Administrative Assistant II	3	2.500	3	2.500	3	3.000	3	3.000
City Manager	Administrative Assistant III	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Assistant City Manager	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	City Clerk	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	City Manager	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	CMO Management Analyst	1	1.000	0	0.000	0	0.000	0	0.000
City Manager	CMO Program Manager	0	0.000	1	1.000	1	1.000	1	1.000
City Manager	Code Enforcement Officer	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Community Support Specialist	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Community Engagement Coordinator	0	0.000	1	1.000	1	1.000	1	1.000
City Manager	Communications Program Manager	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Emergency Management Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Customer Response Team Representative	2	2.000	2	2.000	2	2.000	2	2.000
City Manager	Code Enforcement and CRT Supervisor	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Deputy City Clerk	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Economic Development Program Manager	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Parking Enforcement Officer	0	0.000	2	2.000	2	2.000	2	2.000
City Manager	LT Performance Mgmt & Continuous Improvement Analyst	0	0.000	1	1.000	1	1.000	1	1.000
City Manager	Executive Assistant to the City Manager	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Intergovernmental Program Manager	1	1.000	1	1.000	1	1.000	1	1.000
City Manager	Light Rail Project Coordinator	1	0.430	0	0.000	0	0.000	0	0.000
City Manager	Light Rail Project Manager	1	1.000	1	1.000	0	0.000	0	0.000
City Manager	Public Disclosure Specialist	1	0.500	1	0.500	1	0.500	1	0.500
City Manager	Records Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
Department Total		24	22.430	27	26.000	26	25.500	26	25.500
Parks, Recreation, & Community Services	Administrative Assistant I	1	0.600	1	0.600	1	0.600	1	0.600
Parks, Recreation, & Community Services	Administrative Assistant II	5	5.000	5	5.000	5	5.000	5	5.000
Parks, Recreation, & Community Services	Administrative Assistant III	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Affordable Housing Coordinator	1	0.750	1	0.750	1	0.750	1	0.750
Parks, Recreation, & Community Services	Communities Opportunities Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Community Services Manager	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Environmental Program Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	LT Environmental Services Coordinator	0	0.000	0	0.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Environmental Services Program Manager	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Equity and Social Justice Coordinator	1	1.000	1	1.000	1	0.600	1	0.600
Parks, Recreation, & Community Services	Facilities Maintenance Worker II	2	2.000	2	2.000	2	2.000	2	2.000
Parks, Recreation, & Community Services	Housing & Human Services Manager	0	0.000	0	0.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	LT Community Support Specialist	1	1.000	1	1.000	0	0.000	0	0.000
Parks, Recreation, & Community Services	LT Urban Forestry Program Specialist	0	0.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Management Analyst	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Parks Bond Manager	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Parks Maintenance Worker I	3	3.000	3	3.000	3	3.000	3	3.000
Parks, Recreation, & Community Services	Parks Maintenance Worker II	4	4.000	4	4.000	5	5.000	5	5.000
Parks, Recreation, & Community Services	Parks Superintendent	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Parks, Fleet & Facilities Manager	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Parks, Recreation and Community Services Director	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	PRCS Supervisor 1 - Recreation	2	1.900	2	1.900	2	1.900	2	1.900
Parks, Recreation, & Community Services	PRCS Supervisor 2 - Recreation	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Public Art Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	RCCS Superintendent	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Recreation Specialist I	5	3.750	5	3.750	5	3.750	5	3.750
Parks, Recreation, & Community Services	Recreation Specialist II	5	5.000	5	5.000	5	5.000	5	5.000
Parks, Recreation, & Community Services	Rental & System Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
Parks, Recreation, & Community Services	Senior Management Analyst	1	1.000	1	1.000	2	2.000	2	2.000
Parks, Recreation, & Community Services	Senior Parks Maintenance Worker	2	2.000	2	2.000	2	2.000	2	2.000
Parks, Recreation, & Community Services	Special Events Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
Department Total		48	46.000	49	47.000	52	49.600	52	49.600
City Attorney	Assistant City Attorney	1	1.000	1	1.000	1	1.000	1	1.000
City Attorney	City Attorney	1	1.000	1	1.000	1	1.000	1	1.000
City Attorney	Legal Assistant	1	1.000	1	1.000	1	1.000	1	1.000
Department Total		3	3.000	3	3.000	3	3.000	3	3.000

City of Shoreline Budgeted Positions and FTEs

Department	Job Title	2023		2024		2025		2026	
		Position Count	FTE Count	Position Count	FTE Count	Position Count	FTE Count	Position Count	FTE Count
Administrative Services	Accountant	1	1.000	1	0.750	1	0.750	1	0.750
Administrative Services	Administrative Assistant III	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Administrative Services Director	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	B&O Tax Analyst	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Finance Manager- Budget and Tax	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Finance Manager-Operations	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Finance Technician	1	0.625	1	0.625	1	0.625	1	0.625
Administrative Services	Finance/Payroll Technician	1	1.000	1	0.750	1	0.750	1	0.750
Administrative Services	GIS Analyst	1	1.000	1	1.000	2	2.000	2	2.000
Administrative Services	GIS Technician	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	LT Grant Administrator	1	1.000	1	1.000	1	1.000	1	0.333
Administrative Services	Information Technology Manager	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	IT Functional Analyst	2	2.000	2	2.000	2	2.000	2	2.000
Administrative Services	IT Projects Manager	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	IT Specialist I	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	IT Specialist II	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	IT Specialist III	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	IT Supervisor	2	2.000	2	2.000	2	2.000	2	2.000
Administrative Services	IT System Analyst III	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	IT System Analyst II	0	0.000	0	0.000	1	1.000	1	1.000
Administrative Services	Network Administrator	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Payroll Officer	1	0.500	0	0.000	0	0.000	0	0.000
Administrative Services	Payroll Supervisor	0	0.000	1	1.000	1	1.000	1	1.000
Administrative Services	Purchasing Coordinator	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Senior Accounting Analyst	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Senior Budget Analyst	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Senior Finance Technician	1	1.000	1	1.000	1	1.000	1	1.000
Administrative Services	Staff Accountant	0	0.000	0	0.000	1	1.000	1	1.000
Administrative Services	Web Technician/Videographer	1	0.500	1	0.500	1	0.500	1	0.500
Administrative Services	WW Utility Accounting Technician	2	2.000	2	2.000	2	2.000	2	2.000
Administrative Services	WW Utility Customer Service Representative	1	1.000	2	1.750	2	1.750	2	1.750
	Department Total	31	29.625	32	30.375	35	33.375	35	32.708
Human Resources	Human Resources Technician	1	1.000	1	1.000	1	1.000	1	1.000
Human Resources	Human Resource and Organizational Development Director	1	1.000	1	1.000	1	1.000	1	1.000
Human Resources	Senior Human Resources Analyst	2	2.000	2	2.000	2	2.000	2	2.000
	Department Total	4	4.000	4	4.000	4	4.000	4	4.000
Planning & Community Development	Administrative Assistant II	2	2.000	2	2.000	2	2.000	2	2.000
Planning & Community Development	Administrative Assistant III	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Associate Planner	3	3.000	2	2.000	2	2.000	2	2.000
Planning & Community Development	Assistant Planner	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Building Official	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Combination Inspector	3	3.000	3	3.000	3	3.000	3	3.000
Planning & Community Development	Management Analyst	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Permit Services Manager	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Permit Technician	4	4.000	4	4.000	4	4.000	4	4.000
Planning & Community Development	Planning & Community Development Director	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Planning Manager	1	1.000	1	1.000	1	1.000	1	1.000
Planning & Community Development	Plans Examiner II	2	2.000	2	2.000	2	2.000	2	2.000
Planning & Community Development	Plans Examiner III	2	2.000	2	2.000	2	2.000	2	2.000
Planning & Community Development	Senior Planner	3	3.000	4	4.000	5	5.000	5	5.000
Planning & Community Development	Structural Review Plans Examiner	1	1.000	1	1.000	1	1.000	1	1.000
	Department Total	27	27.000	27	27.000	28	28.000	28	28.000

City of Shoreline Budgeted Positions and FTEs

Department	Job Title	2023		2024		2025		2026	
		Position Count	FTE Count	Position Count	FTE Count	Position Count	FTE Count	Position Count	FTE Count
		Public Works	Administrative Assistant II	3	3.000	3	3.000	3	3.000
Public Works	Administrative Assistant III	2	2.000	2	2.000	2	2.000	2	2.000
Public Works	Assistant Planner	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	City Engineer	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	City Traffic Engineer	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Construction Inspector	3	3.000	3	3.000	4	4.000	4	4.000
Public Works	Construction Services Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Development Review Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Engineer I: Capital Projects	3	3.000	3	3.000	3	3.000	3	3.000
Public Works	Engineer I: Development Review	3	3.000	3	3.000	3	3.000	3	3.000
Public Works	Engineer II: Capital Projects	6	6.000	6	6.000	6	6.000	6	6.000
Public Works	Engineer II: Development Review	3	3.000	3	3.000	3	3.000	3	3.000
Public Works	Engineer II: Surface Water	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Engineer II: Traffic	2	2.000	2	2.000	2	2.000	2	2.000
Public Works	Engineer II: Wastewater	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Engineer III: Lead Project Manager	3	3.000	3	3.000	3	3.000	3	3.000
Public Works	Engineering Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Grounds Maintenance Supervisor	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Grounds Maintenance Worker I	4	4.000	4	4.000	5	4.750	5	4.750
Public Works	Grounds Maintenance Worker II	2	2.000	2	2.000	2	2.000	2	2.000
Public Works	LT Engineer II: Sidewalks	1	0.500	1	1.000	1	1.000	1	1.000
Public Works	Public Works Director	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	PW Maintenance Superintendent	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	PW Maintenance Worker I	6	6.000	6	6.000	6	6.000	6	6.000
Public Works	PW Maintenance Worker II	2	2.000	2	2.000	3	3.000	3	3.000
Public Works	Senior Grounds Maintenance Worker	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Senior Management Analyst	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Senior Planner	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Senior PW Maintenance Worker	2	2.000	2	2.000	2	2.000	2	2.000
Public Works	Senior Surface Water Program Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Senior WW Utility Maintenance Worker	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Surface & Wastewater Systems Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Surface Water Inspector	2	2.000	2	2.000	3	3.000	3	3.000
Public Works	Surface Water Program Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Transportation Operations Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Transportation Services Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Transportation Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Utility & Operations Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Utility Operations Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	Wastewater Manager	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	WW Utility Maintenance Worker I	1	1.000	1	1.000	1	1.000	1	1.000
Public Works	WW Utility Maintenance Worker II	4	4.000	4	4.000	4	4.000	4	4.000
Public Works	WW Utility Specialist	1	1.000	1	1.000	1	1.000	1	1.000
Department Total		77	76.500	77	77.000	81	80.750	81	80.750
Total City Personnel		221.000	215.555	226.000	221.375	236.000	231.225	236.000	230.558

Total FTE excluding City Council: 208.555 214.375 224.225 223.558

CITY OF SHORELINE - CAPITAL IMPROVEMENTS PROGRAM

SIX-YEAR CIP FY2023 - FY2030

Wastewater Utility Fund

	PRIOR-YRS	2023CB	2023E	2024CB	2024E	23-24CB	23-24E	2025E	2026E	2027E	2028E	2029E	2030E	CIP TOTAL	PROJECT TOTAL
		<i>PROPOSED UTILITY RATE INCREASE</i>				19.0%		16.0%	13.8%	6.6%	6.2%	6.0%	6.0%		
		<i>WW RATE RESIDENTIAL SF HOME ANNUAL FEE</i>				\$129.96		\$150.71	\$171.46	\$182.85	\$194.24	\$205.89	\$218.24		
PROJECT EXPENDITURES															
PUMP STATIONS															
LIFT STATION 12	90,984	-	57,355	143,438	306,252	143,438	363,608	1,231,169	-	-	-	-	-	1,594,777	1,685,761
LIFT STATION 15	314	195,783	82,261	3,267,749	112,925	3,463,531	195,186	-	315,000	3,045,000	-	-	-	3,555,186	3,555,500
LIFT STATION 5 REHABILITATION	-	-	-	-	-	-	-	-	-	-	65,800	-	-	65,800	65,800
LIFT STATION 7 REHABILITATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LIFT STATION 14 REHABILITATION	-	-	-	-	-	-	-	-	-	329,855	407,189	-	-	737,044	737,044
LIFT STATION 3 BACKUP POWER	-	-	7,964	220,711	54,036	220,711	62,000	171,057	-	-	-	-	-	233,057	233,057
LIFT STATION 11 BACKUP POWER	-	12,000	7,964	50,000	54,036	62,000	62,000	416,277	-	-	-	-	-	478,277	478,277
LIFT STATION 14 BACKUP POWER	-	12,000	7,964	51,081	54,036	63,081	62,000	381,335	-	-	-	-	-	443,335	443,335
PIPE REPAIR AND REPLACEMENT															
WW REPAIR AND PIPE REPLACEMENT	-	3,447,250	63,251	4,043,771	591,250	7,491,021	654,501	3,255,389	3,193,021	2,720,000	3,128,000	3,068,433	3,835,542	19,854,886	19,854,886
N 175TH ST PIPE REPLACEMENT	-	1,004,690	120,934	610,426	655,000	1,620,948	775,934	4,640,000	-	-	-	-	-	5,415,934	5,415,934
NE 145TH ST TRUNK SEWER/ST	24,687	482,640	40,363	-	40,080	482,640	80,443	862,523	-	-	-	-	-	942,966	967,653
147TH & 3RD AVE SEWER RELOCATE (WSDOT FISH PASSAGE)	-	-	-	-	150,000	-	150,000	150,000	1,860,000	-	-	-	-	2,160,000	2,160,000
WW SMALL PROJECTS	910	441,250	-	459,426	898,801	900,676	898,801	476,483	495,623	515,171	535,941	654,723	681,074	4,257,816	4,258,726
ENGINEERING ONLY															
HYDRAULIC MODEL	26,264	37,870	37,856	39,375	39,375	77,245	77,231	40,950	42,595	44,275	46,060	57,298	59,590	367,999	394,264
WASTEWATER CAPITAL ENGINEERING	-	94,135	295	88,268	93,840	182,403	94,135	251,820	263,728	272,973	282,552	292,481	302,769	1,760,459	1,760,459
STORM CREEK REPAIRS	39,694	161,909	37,290	-	50,000	161,909	87,290	435,392	-	-	-	-	-	522,682	562,376
NON-CAPACITY RELATED															
LINDEN MAINTENANCE FACILITY IT UPGRADES	-	270,000	-	333,300	-	603,300	-	600,850	-	-	-	-	-	600,850	600,850
LINDEN MAINTENANCE FACILITY EMERGENCY GENERATOR	-	-	-	-	-	-	-	-	225,000	277,750	-	-	-	502,750	502,750
LINDEN FACILITY SECURITY IMPROVEMENTS	-	-	-	-	-	-	-	152,133	-	-	-	-	-	152,133	152,133
PROJECTS TO BE COMPLETED IN CURRENT BIENNIIUM (2023-2024)															
CATHODIC PROTECTION L/S	78,460	175,448	98,917	-	-	175,448	98,917	-	-	-	-	-	-	98,917	177,377
145th CORRIDOR COORDINATION	24,814	375,186	24,581	-	428,452	375,186	453,033	-	-	-	-	-	-	453,033	477,847
145TH INTERCHANGE COORDINATION	74,532	325,468	19,165	-	936,893	325,468	956,058	-	-	-	-	-	-	956,058	1,030,590
175TH ST COORDINATION	17,553	-	2,872	-	-	-	2,872	-	-	-	-	-	-	2,872	20,425
LIFT STATION 13	-	-	41,008	-	18,851	-	59,859	-	-	-	-	-	-	59,859	59,859
O&M RIDGECREST 5	2,500,200	1,387,200	311,661	-	25,000	1,387,200	336,661	-	-	-	-	-	-	336,661	2,836,860
NOT PROJECT SPECIFIC															
COST ALLOCATION CHARGES	-	18,316	18,316	25,836	25,836	44,152	44,152	131,922	138,012	147,176	156,345	165,726	175,669	959,002	959,002
TRANSFERS OUT	-	472,013	12,822	-	918,531	472,013	931,352	1,509,798	2,486,155	2,842,732	2,918,289	3,423,329	3,272,330	17,383,984	17,383,984
TOTAL CAPITAL EXPENDITURES	2,878,411	8,913,159	992,839	9,339,212	5,453,194	18,252,372	6,446,033	14,707,099	8,794,134	10,142,182	7,817,926	7,661,989	8,326,975	63,896,339	66,774,750
REVENUES															
INVESTMENT INTEREST	-	6,471	6,471	6,913	6,913	13,384	13,384	6,670	6,900	7,140	7,390	7,688	8,003	57,174	
ARPA-CAP GRANTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BOND PROCEEDS	-	-	-	-	-	-	-	8,000,000	-	8,200,000	-	5,000,000	-	21,200,000	
FUTURE FUNDING	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GENERAL FACILITIES CHARGE	-	1,000,000	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000	505,349	508,887	512,449	516,036	519,648	523,286	5,085,655	
GENERAL FUND CONTRIBUTION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL REVENUES		1,006,471	1,006,471	1,006,913	1,006,913	2,013,384	2,013,384	8,512,019	515,786	8,719,589	523,426	5,527,336	531,288	26,342,830	
BEGINNING FUND BALANCE															
TOTAL CAPITAL REVENUES	-	1,006,471	8,956,999	1,006,913	9,065,261	-	8,956,999	7,322,441	5,658,339	2,371,311	5,911,314	3,483,230	6,432,519	8,956,999	
TOTAL CAPITAL EXPENDITURES	-	8,913,159	992,839	9,339,212	5,453,194	18,252,372	6,446,033	14,707,099	8,794,134	10,142,182	7,817,926	7,661,989	8,326,975	63,896,339	
TOTAL CAPITAL EXPENDITURES - 80% PROJECT COMPLETION	-	7,130,527	794,271	7,471,370	4,362,556	14,601,897	5,156,827	11,765,679	7,035,307	8,113,746	6,254,341	6,129,592	6,661,580	51,117,071	
WASTEWATER FEES (UTILITY RATE)	-	6,931,999	6,931,999	8,306,423	8,306,423	15,238,422	15,238,422	9,699,643	11,111,857	11,932,282	12,763,593	13,623,583	14,541,522	88,910,904	
WASTEWATER TREATMENT FEES (Edmonds, KC)	-	12,858,584	12,858,584	13,694,747	13,694,747	26,553,311	26,553,311	14,584,600	15,534,198	16,544,675	18,161,569	19,936,845	21,886,574	133,201,792	
OPERATING GRANTS & OTHER REVENUE	-	443,000	443,000	443,000	443,000	886,000	886,000	443,000	443,000	280,000	280,000	280,000	280,000	2,892,000	
DEBT SERVICE															
DEBT SERVICE PAYMENT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LOAN MAINTENANCE FACILITY DEBT SERVICE -AMOUNT RESTRICTED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NEW DEBT SERVICE	-	-	-	-	-	-	-	551,161	551,161	1,215,797	1,215,797	1,499,483	1,499,483	6,532,881	
TOTAL DEBT SERVICE								510,635	510,635	1,167,165	1,167,165	1,426,535	1,426,535	6,208,669	
TOTAL OPERATING EXPENDITURES		7,018,167	7,018,167	6,882,366	6,882,366	13,900,533	13,900,533	7,220,177	7,570,349	7,882,464	8,243,818	8,624,150	9,026,062	62,467,554	
<i>UTILITY TAX</i>			1,207,070					2,507,505	1,457,055	1,598,763	1,708,617	1,855,510	2,013,626	2,185,686	
<i>BUSINESS & OCCUPATION TAX</i>			103,980					124,596	228,576	364,264	478,984	204,354	218,123		
<i>TREATMENT EXPENSE (2709358)</i>		13,120,787	13,120,787	14,147,548	14,147,548	27,268,335	27,268,335	15,406,874	15,775,578	16,773,168	18,491,349	20,238,199	22,154,818	106,111,372	
ENDING FUND BALANCE	8,956,999		9,065,261		7,123,873		7,322,441	5,658,339	2,371,311	5,911,314	3,483,230	6,432,519	4,402,908	34,399,858	
<i>UNRESTRICTED BOND PROCEEDS</i>															
<i>RESTRICTED BOND PROCEEDS FOR CAPITAL</i>															
MINIMUM RESERVE (20% OF OPERATING REVENUES)			1,475,000		1,661,285		1,661,285	1,939,929	2,222,371	2,386,456	2,552,719	2,724,717	2,908,304		
DEBT SERVICE/FUND BALANCE RATIO (MINIMUM 1.25)								11	5	5	3	3	3		
VARIANCE ABOVE MINIMUM REQUIRED RESERVE			7,590,261		5,462,589		5,661,157	3,718,410	148,939	3,524,857	930,511	3,707,802	1,494,604		
FUND BALANCE TARGETS:															
<i>MINIMUM OPERATING EXPENDITURE TARGET (120 DAYS)</i>			2,307,343		2,262,696		2,307,343	2,373,757	2,488,882	2,591,495	2,710,296	2,835,337	2,967,473		
<i>VALUE OF WASTEWATER UTILITY ASSETS</i>			40,301,406		44,810,406		44,810,406	57,875,785	64,045,752	71,198,026	75,941,318	80,014,253	84,893,228		
<i>MINIMUM CAPITAL EXPENDITURE TARGET (2% OF ASSETS)</i>			806,078		896,208		896,208	1,157,516	1,280,915	1,423,961	1,518,826	1,600,285	1,697,865		
<i>MINIMUM DEBT SERVICE TARGET (ONE NEW DEBT SERVICE PAYMENT)</i>			-		-		-	551,161	551,161	1,215,797	1,215,797	1,499,483	1,499,483		
<i>FUND BALANCE TARGET</i>			3,113,374		3,158,904		3,203,551	4,082,434	4,320,958	5,231,252	5,444,919	5,935,105	6,164,820		
VARIANCE ABOVE/(BELOW) MINIMUM FUND BALANCE TARGET:			5,951,886		3,964,970		4,118,891	1,575,905	(1,949,648)	680,062	(1,961,689)	497,414	(1,761,912)	1,199,022	
IMPACT ON OPERATING BUDGET			-		-		-	-	-	6,000	6,000	6,000	6,000		

CITY OF SHORELINE - CAPITAL IMPROVEMENTS PROGRAM

SIX-YEAR CIP FY2023 - FY2030

General Capital Fund

	PRIOR-YRS	2023CB	2023E	2024CB	2024E	23-24CB	23-24E	2025E	2026E	2027E	2028E	2029E	2030E	CIP TOTAL	PROJECT TOTAL
PROJECT EXPENDITURES															
PARKS MAINTENANCE PROJECTS															
KING COUNTY, TRAILS AND OPEN SPACE REPLACEMENT LEVY	71,099	225,000	-	225,000	-	450,000	-	-	-	-	-	-	-	-	71,099
PARK ECOLOGICAL RESTORATION PROGRAM	502,759	245,640	176,001	262,431	396,220	508,071	572,221	327,018	312,588	323,529	334,852	346,572	358,702	2,575,482	3,078,241
PARKS REPAIR AND REPLACEMENT	3,501,596	407,291	154,484	567,091	819,896	974,382	974,380	787,444	402,616	422,746	438,381	443,425	448,722	3,917,714	7,419,310
PLAYGROUND REPLACEMENT	944,757	-	-	-	-	-	-	-	1,638,816	1,767,000	757,000	959,000	959,000	6,080,816	7,025,573
TURF & LIGHTING REPAIR AND REPLACEMENT	2,890,640	1,176,650	-	-	-	1,176,650	-	1,157,872	-	1,514,000	-	3,029,000	-	5,700,872	8,591,512
FACILITIES PROJECTS															
CITY MAINTENANCE FACILITY	5,445,128	7,146,868	5,308,598	1,293,633	3,359,367	8,440,502	8,667,965	993,269	6,731	13,535,084	-	-	-	23,203,049	28,648,177
CIVIC CENTER/CITY HALL	39,724,544	453,159	94,622	-	358,372	453,159	452,994	-	-	-	-	-	-	452,994	40,177,539
PARKS RESTROOM RENOVATION	446,372	404,000	-	-	-	404,000	-	184,372	184,391	222,154	233,261	244,924	257,170	1,326,273	1,772,644
FACILITY TECHNOLOGY IMPROVEMENTS	-	-	-	-	-	-	-	547,536	-	-	-	-	-	547,536	547,536
FACILITY SECURITY IMPROVEMENTS	-	-	-	-	-	-	-	1,545,300	-	-	-	-	-	1,545,300	1,545,300
PARKS DEVELOPMENT PROJECTS															
PROS PLAN ACQUISITIONS	29,457,479	11,614,048	6,644,110	164,321	5,138,458	11,778,369	11,782,568	75,000	78,750	82,688	86,822	91,163	95,721	12,292,712	41,750,191
GEN CAP-PARKS BND PROJECT MGMT	234,897	473,937	343,351	408,458	617,356	882,396	960,707	52,715	62,016	-	-	-	-	1,075,438	1,310,335
PK BND-RICHMOND HIGHLANDS PARK	105,026	3,265,358	392,054	2,891,172	5,138,802	6,156,530	5,530,856	-	-	-	-	-	-	5,530,856	5,635,882
PK BND:JAMES KEOUGH PARK	87,102	1,416,609	335,057	1,289,908	4,367,044	2,706,517	4,702,101	-	-	-	-	-	-	4,702,101	4,789,203
PK BND BRUGGERS BOG PARK	103,320	1,867,059	359,453	2,294,660	4,827,694	4,161,719	5,187,147	-	-	-	-	-	-	5,187,147	5,290,467
PK BND HILLWOOD PARK	106,565	2,226,777	82,174	2,001,580	3,698,921	4,228,357	3,781,095	-	-	-	-	-	-	3,781,095	3,887,661
PK BND BRIARCREST PARK	116,739	2,735,170	115,066	2,446,334	6,375,026	5,181,504	6,490,092	-	-	-	-	-	-	6,490,092	6,606,831
PK BND SHOREVIEW PARK	95,042	993,852	272,726	934,072	1,818,485	1,927,924	2,091,211	-	-	-	-	-	-	2,091,211	2,186,253
PK BND PARKS PUBLIC ART	4,310	502,137	27,719	495,256	954,985	997,393	982,704	12,986	-	-	-	-	-	995,690	1,000,000
PK BND: PROS PLN PARKS ACQUSI	3,635,885	4,105,939	964	1,696,208	294,336	5,802,147	295,300	-	-	-	-	-	-	295,300	3,931,185
PK BND: PARK IMPROVEMENTS	-	2,000,000	-	2,000,000	-	4,000,000	-	3,719,552	-	-	-	-	-	3,719,552	3,719,552
PK BND WEST ECHO LAKE PARK	-	-	-	-	299,604	-	299,604	-	-	-	-	-	-	299,604	299,604
PK BND 192ND HEMLOCK PARK	-	-	-	-	225,456	-	225,456	-	-	-	-	-	-	225,456	225,456
PK BND WESTMINSTER PARK	-	-	-	-	209,168	-	209,168	-	-	-	-	-	-	209,168	209,168
PARKS MINIMUM AMENITIES	-	-	-	-	-	-	-	100,900	103,927	107,045	110,256	113,564	116,970	652,662	652,662
PROJECTS TO BE COMPLETED IN CURRENT BIENNIIUM (2023-2024)															
SHORELINE PARK PUBLIC PAVILION	-	357,318	-	-	357,251	357,318	357,251	-	-	-	-	-	-	357,251	357,251
PK BND RIDGECREST PARK	74,995	702,785	607,493	667,193	2,138,549	1,369,978	2,746,042	-	-	-	-	-	-	2,746,042	2,821,037
PK BND KRUCKERBERG PARK	86,770	266,276	452,869	266,276	2,197,988	532,552	2,650,857	-	-	-	-	-	-	2,650,857	2,737,628
PARKS, RECREATION AND OPEN SPACE UPDATE	191,115	218,850	195,529	-	23,320	218,850	218,850	-	-	-	-	-	200,000	418,850	609,965
POLICE STATION AT CITY HALL	8,983,873	-	5,205	-	-	-	5,205	-	-	-	-	-	-	5,205	8,989,079
NOT PROJECT SPECIFIC															
GENERAL CAPITAL ENGINEERING	1,965,681	306,406	107,371	230,266	356,583	536,673	463,954	193,139	200,992	209,175	217,703	226,589	235,851	1,747,404	3,713,085
COST ALLOCATION CHARGES	-	6,259	6,259	6,689	6,689	12,948	12,948	29,887	31,267	31,267	31,267	31,267	31,267	199,170	199,170
CITY HALL DEBT SERVICE PAYMENT	-	683,782	683,782	664,770	664,770	1,348,552	1,348,552	664,546	663,946	662,546	677,546	663,250	683,250	5,363,636	5,363,636
TOTAL EXPENDITURES	98,775,693	43,801,171	16,364,889	20,805,318	44,644,340	64,606,489	61,009,229	10,391,537	3,686,040	18,877,234	2,887,087	6,148,755	3,386,655	106,386,536	205,162,228
REVENUES															
REAL ESTATE EXCISE TAX	-	1,821,468	1,595,403	1,758,419	1,423,452	3,579,887	3,018,854	1,631,574	1,837,206	1,948,216	1,891,264	1,919,078	1,910,278	14,156,470	-
SOCCER FIELD RENTAL CONTRIBUTION	-	130,000	130,000	130,000	130,000	260,000	260,000	160,000	160,000	160,000	160,000	160,000	160,000	1,220,000	-
INVESTMENT INTEREST	-	611,694	39,718	382,184	382,184	993,878	421,902	250,313	162,364	138,020	78,392	70,592	26,806	1,148,390	-
INVESTMENT INTEREST - PARK BOND	-	-	1,168,351	-	823,780	-	1,992,131	-	-	-	-	-	-	-	-
CABLE - EDUCATION/ GOVT. GRANT	-	-	14,771	-	3,387	-	18,158	-	-	-	-	-	-	18,158	-
FUTURE FUNDING	-	890,000	-	-	-	890,000	-	476,892	-	989,590	109,273	1,627,051	315,927	3,518,733	-
GENERAL FUND CONTRIBUTION	-	6,805,198	3,717,596	3,386,782	6,233,423	10,191,980	9,951,019	3,161,105	56,731	11,585,084	50,000	50,000	50,000	24,903,939	-
ROADS CAPITAL FUND CONTRIBUTION	-	-	-	-	-	-	-	-	-	1,000,000	-	-	-	1,000,000	-
SURFACE WATER UTILITY FUND CONTRIBUTION	-	1,662,654	1,319,689	-	207,909	1,662,654	1,527,598	-	-	-	-	-	-	1,527,598	-
WASTEWATER UTILITY FUND CONTRIBUTION	-	472,013	374,648	-	672,975	472,013	1,047,623	-	-	-	-	-	-	1,047,623	-
STATE DIRECT GRANT	-	-	-	-	490,000	-	490,000	-	-	-	-	-	-	490,000	-
PARK IMPACT FEES	-	7,895,210	3,464,788	77,540	4,407,587	7,972,750	7,872,375	175,000	181,750	82,688	86,822	91,163	95,721	8,585,519	-
KC TRAIL LEVY FUNDING RENEWAL	-	225,000	286,051	225,000	302,030	450,000	588,081	225,000	-	-	-	-	-	813,081	-
KING CONSERVATION DISTRICT GRANT	-	50,000	-	50,000	-	100,000	-	-	-	-	-	-	-	-	-
CONSERVATION FUTURES TAX GRANT	-	2,805,796	6,458,642	2,280,500	1,352,258	5,086,296	7,810,900	-	-	-	-	-	-	7,810,900	-
KING COUNTY PARKS GRANT	-	500,000	500,000	598,451	598,451	1,098,451	1,098,451	-	-	-	-	-	-	1,098,451	-
DEPARTMENT OF COMMERCE	-	353,780	-	-	611,780	353,780	611,780	-	-	-	-	-	-	611,780	-
OPERATING TRANSFER IN	-	177,615	54,979	112,055	234,691	289,670	289,670	123,571	128,781	134,218	139,891	145,813	151,993	1,113,937	-
TOTAL REVENUES		24,400,429	19,124,637	9,000,931	17,873,906	33,401,360	36,998,543	6,203,456	2,526,831	16,037,815	2,515,642	4,063,697	2,710,725	69,064,578	
BEGINNING FUND BALANCE			35,930,367		38,690,116	35,930,367	35,930,367	11,919,681	7,731,601	6,572,392	3,732,974	3,361,529	1,276,470	70,525,015	
TOTAL REVENUES					17,873,906	33,401,360	36,998,543	6,203,456	2,526,831	16,037,815	2,515,642	4,063,697	2,710,725	71,056,709	
RESTRICTED AMOUNT FOR TURF REPLACEMENT													160,000	160,000	
RESTRICTED AMOUNT FOR PARKS BOND		33,727,597													4,416,026
TOTAL EXPENDITURES			16,364,889		44,644,340	64,606,489	61,009,229	10,391,537	3,686,040	18,877,234	2,887,087	6,148,755	3,386,655	106,386,536	
ENDING FUND BALANCE (NOT RESTRICTED)		2,202,770		6,780,522		7,707,133	4,725,238	7,707,133	6,572,392	3,732,974	3,361,529	1,276,470	440,541	30,619,162	
IMPACT ON OPERATING BUDGET															

CITY OF SHORELINE - CAPITAL IMPROVEMENTS PROGRAM

SIX-YEAR CIP FY2023 - FY2030

City Facility Major Maintenance Fund

	PRIOR-YRS	2023CB	2023E	2024CB	2024E	23-24CB	23-24E	2025E	2026E	2027E	2028E	2029E	2030E	CIP TOTAL	PROJECT TOTAL
PROJECT EXPENDITURES		32,187													
GENERAL FACILITIES															
CITY HALL LONG-TERM MAINTENANCE	300,209	51,051	-	1,171,215	107,767	1,222,266	107,767	812,233	400,000	60,000	260,000	-	-	1,640,000	1,940,209
CITY HALL GARAGE LONG-TERM MAINTENANCE	119,349	49,192	-	30,000	35,000	79,192	35,000	125,000	-	-	-	25,000	-	185,000	304,349
ROOF REPLACE & MAJOR REPAIR	-	-	-	-	-	-	-	50,000	30,000	-	-	-	-	80,000	80,000
PARKS FACILITIES															
RICHMOND HIGHLANDS COMMUNITY CENTER LONG-TERM MAINTENANCE	1,641,045	26,067	7,715	-	18,352	26,067	26,067	-	-	-	20,000	-	-	46,067	1,687,111
PROJECTS TO BE COMPLETED IN CURRENT BIENNIUM (2023-2024)															
DUCT CLEANING	10,000	31,500	-	-	-	31,500	-	-	-	-	-	-	-	-	10,000
SPARTAN RECREATION CENTER	19,254	-	-	6,000	-	6,000	-	-	-	-	-	-	-	-	19,254
TOTAL EXPENDITURES	2,089,857	157,810	7,715	1,207,215	161,119	1,365,025	168,834	987,233	430,000	60,000	280,000	25,000	-	1,951,067	4,040,923
REVENUES															
GENERAL FUND OPERATING TRANSFER		144,929	144,929	149,277	149,277	294,206	294,206	117,705	121,236	124,873	128,619	132,478	136,452	1,055,569	
DEPARTMENT OF COMMERCE		-	-	-	-	-	-	-	-	-	-	-	-	-	
GENERAL FUND CONTRIBUTION		-	-	1,151,215	57,767	1,151,215	57,767	782,233	300,000	-	-	-	-	1,140,000	
INVESTMENT INTEREST		3,639	9,301	4,302	4,302	7,941	13,603	15,486	13,978	14,087	15,745	12,897	15,425	101,221	
PROCEEDS SALE CAPITAL ASSET		-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL REVENUES		148,568	154,230	1,304,794	211,346	1,453,362	365,576	915,424	435,214	138,960	144,364	145,375	151,877	2,296,790	
BEGINNING FUND BALANCE			197,080		343,595	197,080	540,675	737,417	665,609	670,823	749,783	614,147	734,522	540,675	
TOTAL REVENUES			154,230		211,346	1,453,362	365,576	915,424	435,214	138,960	144,364	145,375	151,877	2,296,790	
TOTAL EXPENDITURES			7,715		161,119	1,365,025	168,834	987,233	430,000	60,000	280,000	25,000	-	1,951,067	
LONG-TERM MAJOR MAINTENANCE RESERVES			-		-	-	-	-	-	-	-	-	-	-	
ENDING FUND BALANCE	197,080		343,595		393,822	285,417	737,417	665,609	670,823	749,783	614,147	734,522	886,399	886,399	
IMPACT ON OPERATING BUDGET			-		-	-	-	-	-	-	-	-	-	-	

Financial Policies

As Adopted by the Shoreline City Council

- I. Financial Planning Policies
- II. General Budget Policies
 - A. No Operating Deficit
 - B. Resources Greater than Estimates
 - C. Budget Adoption Level
 - D. Necessary to Implement City Council Goals Identified in Workplan
 - E. Public Safety Protection
 - F. Degradation of Current Service Levels
 - G. Investments that are Primarily funded by Additional Fees or Grants
 - H. Investments that delay Future Cost Increases
 - I. Investments that Forestall Adding Permanent Staff
 - J. Commitments that can Reasonably be Maintained over the Long Term
 - K. Overhead and Full Cost Allocation
 - L. Maintenance of Quality Service Programs
 - M. Distinguished Budget Presentation
- III. Formulation and Approval of Budgets
- IV. Budget Adjustment and Amendment Process
 - A. Adjustment
 - B. Amendment
- V. Reserve and Contingency Fund Policies
 - A. General Policy
 - B. Revenue Stabilization Fund
 - C. General Fund Operating Reserves
 - D. Equipment and Vehicle Replacement Reserves
 - E. City Street Fund Reserve
 - F. Surface Water Utility Fund Reserve
 - G. Wastewater Utility Fund Reserve
- VI. Capital Improvement Program Plan Policies
 - A. Relationship of Long-Range Plans to the CIP
 - B. Capital Improvement Plan Coordination Team
 - C. Establishing CIP Priorities
 - D. Types of Projects Included in the CIP
 - E. Scoping and Costing Based on Predesign Study
 - F. Required Project Features and Financial Responsibility
 - G. Predictability of Project Timing, Cost and Scope
 - H. CIP Maintenance and Operating Costs
 - I. Local Improvement Districts (LID)
 - J. Preserve Existing Capital Infrastructure Before Building New Facilities
 - K. New Facilities Should be of High Quality, Low Maintenance, Least Cost
 - L. Public Input at All Phases of Projects
 - M. Basis for Project Appropriations
 - N. Balanced CIP Plan
 - O. Use of Debt in the CIP
 - P. Finance Director's Authority to Borrow
 - Q. CIP Plan Update and Amendment
 - R. Formalization of Monetary Agreements
 - S. Applicable Project Charges

VII. Debt PolicyI. FINANCIAL PLANNING POLICY

The City shall develop and maintain a 6-year financial forecast that estimates resource and expenditure behavior for the five years beyond the current budget period. This forecast will provide the City's decision makers with an indication of the long-term fiscal impact of current policy and budget decisions. This planning tool must recognize the effects of economic cycles on the demand for services and the City's resources. To this end, the forecast should differentiate between revenue associated with one-time economic activities and revenues derived as a result of base economic growth. City financial planning should ensure the delivery of needed services (many of which become more critical during economic downturns) by assuring adequate reliance on ongoing resources in order to support continued City services during economic downturns.

III. GENERAL BUDGET POLICIES

These general budget policies are the basis on which staff develops budget recommendations and establishes funding priorities within the limited revenues the City has available to provide municipal services.

- A. No Operating Deficit: Current revenues will be sufficient to support current expenditures. Revenue estimates will be realistic and debt financing will not be used for current operating expenses.
- B. Resources Greater than Budget Estimates: Resources (fund balance) greater than budget estimates in any fund shall be considered "one-time" resources and shall not be used to fund ongoing service delivery programs.
- C. Budget Adoption Level: Budget adoption by the City Council shall be at fund level. Any changes in appropriations at fund level require City Council approval.
- D. Necessary to Implement City Council Goals Identified in Workplan: The City Council identifies specific goals as part of its work-plan, and departmental budgets should include adequate resources to accomplish those goals in the expected timeframes.
- E. Public Safety Protection: Public safety is a top priority, and as such, unmet needs in this area should have a priority over other service areas.
- F. Degradation of Current Service Levels: When increased service demands are experienced over a sustained period of time, resources should be provided to prevent service level degradation below an acceptable level.
- G. Investments that are Primarily Funded by Additional Fees or Grants: Programs and investments that are funded through a dedicated revenue source (i.e., non-tax revenue), that meet the goals of the City Council, will receive priority consideration.
- H. Investments that Delay Future Cost Increases: When practical, resources should be allocated for selective preventative investments that can be made to avoid even larger costs in the future.
- I. Investments that Forestall Adding Permanent Staff: Recognizing that personnel related expenditures represent the largest portion of the City's budget, methods to increase efficiency and effectiveness of the delivery of City services through technology improvements should receive priority funding if it can forestall the addition of permanent staff.
- J. Commitments that Can Reasonably be Maintained over the Long-Term: Funding for new programs and services in operating funds should be limited to the extent that they can be reasonably funded over the near-to-long-term given the current revenue stream.
- K. Overhead and Full Cost Allocation: Department budgets should be prepared in a manner to reflect the full cost of providing services.
- L. Maintenance of Quality Service Programs: The City of Shoreline will offer quality service programs. If expenditure reductions are necessary as a result of changing economic

status, selective service elimination is preferable to poor or marginal quality programs that are caused by across-the-board cuts.

- M. Distinguished Budget Presentation: The City will seek to comply with the suggested criteria of the Government Finance Officers Association in producing a budget document that meets the Distinguished Budget Presentation program criteria as policy document, as an operations guide, as a financial plan, and as a communication device.

IV-III. FORMULATION AND APPROVAL OF BUDGETS

In accordance with RCW 35A.33, departments shall be requested by the Finance Director to prepare detailed estimates of revenues and expenditures for the next fiscal year by no later than the second Monday of September. Responses will be due by no later than the fourth Monday in September, and by no later than the first business day in October, the Finance Director will present to the City Manager a proposed preliminary budget setting forth the complete financial program, showing expenditures requested by each department and sources of revenue by which each program is proposed to be financed.

Although the schedule outlined above meets the requirements of the Revised Code of Washington, the Shoreline budget process usually follows an accelerated time schedule. The Finance Director typically requests departments to prepare their detailed estimates of revenues and expenditures for the next fiscal year in June or July, with those responses due in August in the following month.

By no later than the first Monday in October, the City Manager will provide the City Council with current information on estimates of revenues from all sources as adopted in the budget for the current year. The City complies with this requirement by providing the City Council with a quarterly report and a comprehensive overview of the City's current financial position at a summer Budget Retreat.

The administration will analyze program priorities and needs and recommend funding levels for each program in a proposed operating budget and six-year capital improvement program, which will be submitted to the Council by no later than 60 days prior to the end of the fiscal year. The City Manager typically presents the proposed budget to the City Council in late October.

As part of the budget document, a budget message will be prepared that contains the following:

- An explanation of the budget document.
- An outline of the recommended financial policies and programs of the City for the ensuing fiscal year.
- A statement of the relation of the recommended appropriation to such policies and programs.
- A statement of the reason for salient changes from the previous year in appropriation and revenue items.
- An explanation of any recommended major changes in financial policy.

The operating budget proposal for the general fund will include a financial plan that shows projected revenues and expenditures for at least the next five fiscal years. The financial plan will provide an explanation of the assumptions used in projecting future year expenditure and revenue levels, such as growth in tax revenues, inflation, cost of services, and other factors that may impact the financial condition of the City.

The operating budget will be classified and segregated according to a standard classification of accounts as prescribed by the State Auditor.

The Council will hold public hearings as required and approve operating and capital budgets prior to the end of the fiscal year in accordance with State law.

VI.V. BUDGET ADJUSTMENT & AMENDMENT PROCESSES

Under the provisions of State law and the City's operating procedures, the operating budget may be adjusted or amended in two different ways. Adjustment of the budget involves a reallocation of existing appropriations and does not change the budget "bottom line." Amendment of the budget involves an addition to or reduction of existing appropriations.

A. Adjustment

The City departmental expenditures and program goals are monitored throughout the year. Certain departments may develop the need for additional expenditure authority to cover unanticipated costs that cannot be absorbed within the budget, while other departments may unexpectedly not require their full budget authorizations. The Finance Department reviews and analyzes all department and/or fund budgets to determine what adjustments are necessary and whether the adjustments can be made within existing appropriation limits and within the City Council and Departmental goals as provided in the budget. Necessary adjustments are then reviewed with the affected department and/or fund managers. When an adjustment is needed, the Finance staff will look first to savings within the department and then consider budget transfers between departments. The Finance Director, in conjunction with the Department Directors and the City Manager, reviews and decides if any specific budget reductions are needed. No City Council action is needed as State law allows budget adjustments to be ~~done~~made administratively and approved by the City Manager. As a matter of practice, staff will include any adjustments made between departments with the quarterly financial information provided to the City Council.

B. Amendment

Amending the City's budget occurs whenever the requested changes from departments and/or funds will cause the existing appropriation level for the fund to change. This situation generally occurs when the City Council authorizes additional appropriation. This is done by an ordinance that amends the original budget and states the sources of funding for the incremental appropriations.

VI.V. RESERVE AND CONTINGENCY FUND POLICIES

Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength.

Maintenance of fund balance for each accounting fund assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

A. General Policy

The City shall maintain reserves required by law, ordinance and/or bond covenants.

All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by the City Council for expenditure within the City's biennial budget.

If reserves and/or fund balances fall below required levels as set by this policy, the City shall include within its biennial budget a plan to restore reserves and/or fund balance to the required levels.

All reserves will be presented in the City's biennial budget.

B. Revenue Stabilization Fund

The City will establish a Revenue Stabilization Fund and shall accumulate a reserve equal to thirty percent (30%) of annual economically sensitive revenues within the City's operating budget to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods.

C. General Fund Operating Reserves

The City shall maintain a General Fund Operating Reserve to ~~provide for~~provide adequate cash flow, budget contingencies, and insurance reserves. The General Fund Operating Reserves will be determined as follows:

1. Cash Flow Reserve: The City shall maintain a cash flow reserve within the General Fund in an amount equal to \$3,000,000. ~~This is approximately equal to 1.5 months of operating expenditures.~~The City will review biennially the required cash flow reserve level that is necessary to meet the City's cash flow needs. If it is determined that \$3,000,000 is not adequate, the Finance Director shall propose an amendment to these policies.
2. Budget Contingency: The City shall maintain a budget contingency reserve within the General Fund equal to 2% of budgeted operating revenues.
3. Insurance Deductible Reserve: The City shall maintain an insurance reserve within the General Fund to be used for potential substantial events that cause damage to the City's fixed assets and/or infrastructure.

D. Equipment and Vehicle Replacement Reserves

The City will maintain fully funded reserves for the replacement of vehicles, computer equipment, and equipment identified on the City's fixed asset listing. Contributions will be made through assessments to the using funds and maintained on a per asset basis.

E. City Street Fund Reserve

The City shall maintain an operating reserve within the City's Street Fund an amount equal to 20% of annually budgeted operating revenues.

F. Surface Water Utility Fund Reserve

The City shall maintain an operating reserve within the Surface Water Utility Fund an amount equal to no less than 20% of budgeted operating revenues.

G. Wastewater Utility Fund Reserve

The City shall maintain an operating reserve within the Surface Water Utility Fund an amount equal to no less than 20% of budgeted operating revenues.

~~VII.~~VI. CAPITAL IMPROVEMENT PROGRAM PLAN POLICIES

~~A number of~~Several important policy considerations are the basis for the Capital Improvement Program (CIP) Plan. These policies provide guidelines for all financial aspects of the CIP, and ultimately affect the project selection process.

A. Relationship of Long-Range Plans to the CIP

The CIP will be ~~re-adopted biannually and~~ updated annually but the City Council may amend the CIP Plan at any time as required.

Virtually ~~all of all the~~ projects included in the CIP are based upon formal long-range plans that have been adopted by the City Council. This ensures that the City's Capital Improvement Program, which is the embodiment of the recommendations of these

individual planning studies, is responsive to the officially stated direction of the City Council as contained in the Comprehensive Plan, Council work goals, and supporting documents. Examples of these supporting documents: ~~Pavement Management System Plan~~ ~~Transportation Master Plan~~ and the ~~Parks and Open Space and Recreation Services~~ ~~Parks, Recreation, Open Space and Arts~~ Plan. There are exceptions, but they are relatively small when compared to the other major areas of expenditure noted above.

B. CIP Coordination Team

A CIP Coordination Team is a cross-departmental team which participates in the review and recommendation of the CIP program to the City Manager. The Team will review proposed capital projects in regard to accurate costing (design, capital, and operating), congruence with City objectives, and prioritize projects by a set of deterministic criteria. The Finance Director, or his/her designee, will serve as the lead for the team.

C. Establishing CIP Priorities

The City uses the following basic CIP project prioritization and selection process:

1. Each CIP program area establishes criteria to be used in the prioritization of specific projects submitted for funding. These specific criteria are developed by staff in conjunction with City Council priorities and input from citizens, associated City boards and commissions. The criteria are identified in the City's budget document. The City has divided its CIP projects into the following program areas: General ~~Capital, City Facilities & Parks Capital Projects~~ ~~and Major Maintenance~~, Roads Capital Projects, and Surface Water Capital Projects, and Wastewater Capital projects.
2. Designated personnel within City departments recommend project expenditure plans to the Finance Department. The project expenditure plans include all capital costs and any applicable maintenance and operation expenditures along with a recommended funding source.
3. The CIP Coordination Team evaluates the various CIP projects and selects those with the highest priority based on input from citizens, project stakeholders, appropriate advisory committees, and City Council goals.
4. A Preliminary CIP Plan is developed by the Finance Department in conjunction with various departments and is recommended to the City Council by the City Manager.
5. The City Council reviews the Operating and Preliminary CIP Plan, holds a public hearing(s) on the plan, makes their desired alterations, and then officially adopts the CIP and establishes related appropriations as a part of the City's budget.
6. Within the available funding, the highest priority projects are then selected and funded in the CIP.

D. Types of Projects Included in the CIP Plan

The CIP Plan will display, to the maximum extent possible, all major capital projects in which the City is involved. It is difficult to define precisely what characteristics a project should have before it is included in the CIP Plan for the public's and City Council's review and approval. While the following criteria may be used as a general guide to distinguish ~~among~~ projects which should be included or excluded from the CIP Plan, there are always exceptions which require management's judgment. Therefore, the City Manager has the administrative authority to determine which projects should be included in the CIP Plan and which projects are more appropriately contained in the City's operating budget.

For purposes of the CIP Plan, a CIP project is generally defined to be any project that possesses all of the following characteristics:

1. Exceeds an estimated cost of ~~\$10,000~~ \$25,000.
2. Involves totally new physical construction, reconstruction designed to ~~gradually and systematically replace an existing system~~ replace an existing system gradually and

- systematically on a piecemeal basis, replacement of a major component of an existing facility, major maintenance that extends the useful life of the facility, or acquisition of land or structures; and
3. Involves City funding in whole or in part or involves no City funds but is the City's responsibility for implementing, such as a 100% grant-funded project or 100% Local Improvement District funded project.
 4. Involves the skills and construction needs beyond those needed for a general repair and maintenance project.
 - 4.5. Should not cover routine maintenance, but can include renovation, major repair, or reconstruction of damaged or deteriorated facilities or infrastructure

These should be considered general guidelines. Any project in excess of \$2525,000 meeting the criteria of (2), (3), (4) and (45) above, or various miscellaneous improvements of a like nature whose cumulative total exceeds \$2525,000 (i.e., street overlays) should be considered as part of the CIP process. Furniture and equipment should only be included if it is clearly associated with a newly constructed or renovated facility. System-wide or subarea studies over the threshold established in (1) may also be included in the CIP.

Program area-and Project managers are responsible for the cost estimates of their proposed programs and project, including future maintenance and operations costs related to the implementation of completed projects.

CIP projects may or may not be capitalized for financial reporting purposes. Capitalization criteria will follow the City's internal Fixed Asset policy.

E. Scoping and Costing Based on Predesign Study

For some projects it is difficult to develop accurate project scopes, cost estimates, and schedules on which no preliminary engineering or community contact work has been done. To address this problem, some projects are initially proposed and funded only for preliminary engineering and planning work. This funding will not provide any monies to develop final plans, specifications, and estimates to purchase rights-of-way or to construct the projects. Future project costs are refined through the predesign study process.

F. Required Project Features and Financial Responsibility: If a proposed project will causehave a direct impact on other publicly owned facilities, an equitable shared and funded cost plan must be coordinated between the affected program areas.

G. Predictability of Project Timing, Cost and Scope: The predictability of timing and costs of projects is important to specific private developments, such as the provision of street improvements or the extension of major sewer lines or water supply, without which development could not occur. These projects generally involve significant financial contributions from such private development through developer extension agreements, LIDs, and other means. Once a project has been approved by the City Council in the CIP, project scheduling is a priority to maintain.

The City Council authorizes the City Manager to administratively approve the acceleration of project schedules so long as they can be accomplished within budgeted and any allowable contingency expenditures, with the understanding that all controversial issues will be brought before the City Council. All project additions or deletions must be approved by the City Council.

- H. CIP Maintenance and Operating Costs: CIP projects, as approved by the City Council, shall have a funding plan for maintenance and operating costs identified in the project description. These costs will be included in the City's long-term financial planning.
- I. Local Improvement Districts (LID)
 Examples of when future LIDs may be formed are as follows: 1) where old agreements exist, committing property owners to LID participation on future projects; 2) when a group of property owners wish to accelerate development of a certain improvement; 3) when a group of property owners desire a higher standard of improvement than the City's project contemplates; or 4) when a group of property owners request City assistance in LID formation to fund internal neighborhood transportation facilities improvements, which may or may not have City funding involved. If City funding is proposed by the project sponsors (property owners), they ~~shall~~ shall request of the City Council (through the City Clerk) in writing before any LID promotion activity begins. The City Manager shall analyze such ~~request~~ requests and report his conclusions and recommendation to Council for their consideration. The Council shall by motion affirm or deny the recommendation. The Council's affirmative motion to financially participate shall expire in 180 ~~days~~, unless days unless the project sponsors have submitted a sufficient LID petition by that time.
- In the event that the request is for street resurfacing in advance of the City's normal street resurfacing cycle, the City's contribution, if any, will be determined based on a recommendation from the Public Work's Department and a financial analysis of the impact of completing the project prior to the City's original timeline.
- On capital projects whose financing depends in part on an LID, interim financing will be issued to support the LID's portion of the project budget at the same time or ~~in close proximity to~~ near the issuance of the construction contract. The amount of the interim financing shall be the current estimate of the final assessment roll as determined by the administering department.
- In the event that the project is 100% LID funded, interim financing shall be issued either in phases (i.e., design phase and construction phase) or up front in the amount of the entire estimated final assessment roll, whichever means is estimated to provide the lowest overall cost to the project as determined by the Finance Department.
- The City will recapture direct administrative costs incurred by the City for the LID project by including these in the preliminary and final assessment roles.
- J. Preserve Existing Capital Infrastructure Before Building New Facilities: It is the City's policy to ensure that adequate resources are allocated to preserve the City's existing infrastructure before targeting resources toward building new facilities that also have maintenance obligations. This policy addresses the need to protect the City's historical investment in capital facilities and to avoid embarking on a facility enhancement program which, together with the existing facilities, the City cannot afford to adequately maintain.
- K. New Facilities Should Be of High Quality, Low Maintenance, Least Cost: The intent of this policy is to guide the development and execution of the CIP Plan through an emphasis on lowest life-cycle cost. Projects should only be built if the necessary funding to operate them is provided. Also, priority is given to new facilities that have minimal ongoing maintenance costs so as to limit the impact upon both the CIP and the operating budget.
- L. Public Input at All Phases of Projects: The City makes a serious commitment to public involvement. The City's long-range plans are developed through an extensive citizen involvement program.

- M. Basis for Project Appropriations: During the City Council's CIP Plan review, the City Council will appropriate the full estimated project cost for all projects in the CIP Plan. Subsequent adjustments to appropriation levels for amendments to the CIP Plan may be made by the City Council at any time.
- N. Balanced CIP Plan: The CIP Plan is a balanced six-year plan. This means that for the entire six-year period, revenues will be equal to project expenditures in the plan. It is anticipated that the plan will have more expenditures than revenues in single years of the plan, but this imbalance will be corrected [through the use of using](#) interim financing, if actually needed. Over the life of the six-year plan, however, all planned interim debt will be repaid and all plan expenditures, including interest costs on interim debt will be provided for with identified revenues. Any project funding plan, in which debt is not retired within the current six-year plan, must have specific City Council approval.
- O. Use of Debt in the CIP: The CIP is viewed as a long-term program that will continually address capital requirements far into the future. As such, the use of long-term debt should be minimized, allowing the City to put money into actual projects that benefit Shoreline residents and businesses rather than into interest payments to financial institutions. There may be exceptions to this policy for extraordinary circumstances, where voted or non-voted long-term debt must be issued to achieve major City goals that otherwise could not be achieved or would have to wait an unacceptably long time. Issuance of long-term debt must receive City Council authorization.
- Staff monitors CIP cash flow regularly and utilizes fund balances to minimize the amount of borrowing required. Funds borrowed for cash flow purposes are limited to short-term obligations. Projected financing costs are included within a project in the administrative program area.
- P. Finance Director's Authority to Borrow: The Finance Director is authorized to initiate interim and long-term borrowing measures, as they become necessary, as identified in the CIP Plan and approved by the City Council.
- Q. CIP Plan Update and Amendment: The CIP Plan will be updated at least annually. The City Council may amend the CIP Plan at any time if a decision must be made and action must be taken before the next CIP review period. All project additions or deletions must be approved by the City Council.
- R. Formalization of Monetary Agreements: All agreements between the City and outside jurisdictions, where resources are exchanged shall be in writing specifying the financial terms of the agreement, the length of the agreement, and the timing of any required payments (i.e., Joint CIP projects where the City is the lead agency, grant funded projects, etc.). ~~Formalization~~[The formalization](#) of these agreements will protect the City's interests. Program areas shall make every effort to promptly request any reimbursements that are due the City. Where revenues from outside jurisdictions are ongoing, these requests shall be made at least quarterly, unless alternative arrangements are approved by the City Manager or City Council.
- S. Applicable Project Charges: CIP projects should reflect all costs that can be clearly shown to be necessary and applicable. Staff charges to CIP projects will be limited to time spent ~~actually working~~[working](#) on those projects and shall include an overhead factor to cover the applicable portion of that person's operating cost.

VII. DEBT POLICY

The Objectives of the City's Debt Management Policy are:

- A. To limit the use of debt so that debt service payments will be a predictable and manageable part of the operating budget.
- B. To raise capital at the lowest cost, consistent with the need to borrow. This will be accomplished by:
 - 1. Keeping a high credit rating (while making attempts to strengthen credit rating).
 - 2. Maintaining a good reputation in the credit markets by adjusting the capital program for regular entry to the bond market and by managing the biennial budget responsibly.
 - 3. Institute and maintain procedures that ensure full and timely repayment of City obligations.

General Debt Policies

Before issuing any debt, the City will consider the impacts of such debt on the operating budget, the effect on the City's credit rating, the debt capacity remaining under constitutional and statutory limitations, the most cost-effective term, structure, and type of debt, and the impact on taxpayers.

Disclosure statements will be used to keep taxpayers and investors informed of the City's financial position. These include printed copies of:

- A. Annual reports
- B. Operating budget and Capital Facilities Plan
- C. Official Statements

Debt issues will be sold on a competitive basis (except when conditions make a negotiated sale preferable) and awarded to the bidder who produces the lowest true interest cost.

Debt issues may be sold on a negotiated basis if the issue is unusually large or small, the project is complex, the issue is a refunding, flexibility is desired in the structure, the market is volatile, or other conditions make it in the City's best interest to conduct a negotiated sale.

Long Term Debt: Long term debt will be used to maintain and develop the municipal infrastructure when the economic life of a fixed asset exceeds five years.

Revenue bonds will generally be used for projects which are financially self-sustaining.

General Obligation bonds can be used to finance public works projects which benefit the community and where there are sufficient dedicated revenues to amortize the debt.

General Obligation pledges can be used to back self-sustaining projects financed through revenue bonds when costs can be reduced, and the municipal credit rating is not put in jeopardy by this action.

The City may rely on a local improvement district program for certain local or neighborhood street improvements.

The City will use interfund borrowing where such borrowing is cost effective to both the borrowing and the lending fund. Such borrowing shall implement Council directed policy in a simplified manner, such as borrowing associated with interim financing for local improvement district projects.