



# **EXECUTIVE SUMMARY**



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# **10 YEAR FINANCIAL SUSTAINABILITY PLAN**

## 10 YEAR FINANCIAL SUSTAINABILITY PLAN BACKGROUND

In 2012, the City Council adopted its 2012-14 Goals. Goal #1 was “Strengthen Shoreline’s economic base”. Action Step #3 under this goal was “Develop a 10-year Financial Sustainability Plan to achieve sufficient fiscal capacity to fund and maintain priority public services, facilities, and infrastructure”. To implement this item the City conducted an extensive process.

The City formed a Ten-Year Financial Sustainability team to plan the project and review past community processes. The team introduced the project to all employees and worked with them to identify thousands of tasks performed to provide City services in Shoreline. Tasks were grouped into hundreds of activities, and finally into 127 unique City services. The Administrative Services Department (ASD) calculated the cost of each service. The Leadership Team prioritized each service. Finally, ASD developed a 10 Year Financial Sustainability Model (10 YFSM) for the City’s Operating Budget (General Fund and Street Fund) that became the key for developing and modeling various financial scenarios.

Staff identified over 20 economic development, revenue, and expenditure strategies and built models of the financial impacts of each strategy. A City Council subcommittee (Mayor Winstead, Deputy Mayor Eggen, and Councilmember Salomon) held six meetings in the first quarter of 2014 to review the 10 YFSM, assumptions, and strategies. Based on its review the subcommittee determined which strategies to pursue, narrowing them down to one economic development, two expenditure, and four revenue strategies. The seven strategies were prioritized to develop a resilient draft 10 Year Financial Sustainability Plan (10 YFSP).

The subcommittee also established a public process to gather information and seek input on the draft 10 YFSP. In 2014, this process included an article in the *May Currents* newsletter, development of a webpage on the City’s website seeking public input, a presentation at the May 7 Council of Neighborhoods meeting, and an open house on May 14. All of the presentations, staff reports, memos, etc., regarding the project are readily available on the Ten Year Financial Sustainability Project webpage, which can be accessed at the following link:

<https://www.shorelinewa.gov/government/departments/administrative-services/ten-year-financial-sustainability-project>.

Ultimately, the 10 YFSP was accepted by the City Council on June 16, 2014. The 10 YFSP and 10 YFSM are now incorporated as part of the City’s annual budget process. The 10 YFSM has since been utilized in presenting the long-term financial projections for the preliminary and proposed budgets since 2015, as well as amendments to the budgets since 2015. The model is having the effect on budget planning that was desired by the Council as ASD is monitoring the progress in relation to the 10 YFSM.

Any major budget decision impacting the City’s Operating Budget can be modeled in the 10 YFSM, showing the financial impact on the proposed budget and nine forecast years. It is important to note that the Baseline Model reflects revenues and expenditures for the ten-year forecast at 100% and the 10 YFSM models adjust budgeted revenues and expenditures for the third through tenth years to reflect the fact that, historically, the City tends to collect revenues at 101% of the budgeted amounts, and tends to expend money at 98% of the budgeted amounts. This trend is expected to continue into the future.

# 10 YEAR FINANCIAL SUSTAINABILITY PLAN UPDATE

Since the 10 YFSP was accepted by the City Council in June 2014, staff have implemented all strategies and they are now in use. The preliminary 2025-2026 Operating Budget and updated ten-year forecast, incorporating the 2025-2026 adopted biennial budget with the updated results of the revenue and expenditure strategies that comprise the 10 YFSP into the 10 YFSM, was previewed by the City Council in the September 16, 2024 staff report. Based on audited 2023 results, 2024 estimates, and 2024 projections, the 10 YFSM without voter approval of the Levy Lid Lift in 2029 shows a gap is likely to occur in 2030 as discussed in the Transmittal Letter. If the Levy Lid Lift is approved by voters the gap is anticipated to occur in 2032 as expenditures outpace revenues throughout the forecast, with surpluses from prior years more than covering the anticipated gap. The following provides an update on the status of each 10 YFSP strategies:

**10 Strategy  
YFSP  
Target**

**Action taken to implement strategies**

- (1) Increase Development of Multi-Family & Retail properties.

Zoning changes, code evaluation and economic development efforts. The following table details the development activity since 2015:

Development	Target	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annual Avg	+/- Target
New Retail/Commercial (Sq. Ft)	7,500	7,154	8,835	11,903	429	3,563	3,320	252,572	17,749	19,030	33,206	10,249
Remodel Retail/Comm. (Sq. Ft)		6,411	24,643	6,937	2,810	1,645	4,240	6,872	12,841	0	7,378	N/A
Multi-Family Units	160	132	12	199	325	232	308	213	110	540	230	380
Mixed Use Units								174	330	0	168	

- (2) Reduce the expenditure growth rate and maintain existing services levels.

Continuous improvement efforts and intentional monitoring of contracts and service delivery options. Continue to seek out efficiencies and cost-saving strategies.

- (3) Increase investment returns.

Increasing investment returns by 100 basis points. We are using a laddered portfolio and evaluating use of a more managed portfolio through our Financial Advisor.

- (4) Evaluate cost recovery percentages for fee-based programs.

In 2016, the Parks, Recreation and Cultural Services Department conducted a study to evaluate cost recovery percentages for an appropriate combination of fee-based programs with targeted implementation beginning with the 2016 budget. They continue to evaluate fees every year to adjust fees to ensure they align with cost recovery goals and market rates.

The City completed a Cost of Service and Cost Recovery evaluation of the Permitting and Inspection fee revenues in 2016. Staff presented recommendations on proposed permitting cost recovery objectives on April 26, 2016 and those recommendations were incorporated into 2017 and subsequent fee schedules. We will be updating the cost recovery evaluation in 2025-2026.

- (5) Replace the annual \$290,000 transfer from the General Fund to the Roads

As a precursor to the development of the City's Americans with Disabilities Act (ADA) Transition Plan, sidewalks

Capital Fund with another dedicated source of funding.

throughout the City were inspected for compliance with ADA standards. In 2018, preliminary review and analysis of the inspections indicated over \$110 million was needed for repairs, including replacement, and retrofitting to meet ADA standards. The Curb Ramp, Gutter, and Sidewalk Maintenance Program has historically been funded by a \$152,000 annual contribution from the General Fund. Pursuant to this target in the 10 YFSP, various funding sources were evaluated by staff and studied by the City Council. A \$20 per vehicle per year vehicle license fee (VLF) has been levied by the Shoreline Transportation Benefit District (TBD) since 2009 and has provided most of the funding for the Annual Road Surface Maintenance Program. In 2015, legislative changes provided the Shoreline TBD councilmanic authority to increase the current VLF up to a total of \$50 per vehicle per year. The City Council adopted Ordinance No. 822 to increase the VLF by \$20 per vehicle per year, to a total of \$40, to provide revenue to support the repair and maintenance of the City's sidewalk network. The City issued debt supported by this revenue source to fund sidewalk rehabilitation supported by VLF. Projects supported by this funding source are reflected in the Sidewalk Rehabilitation Program in the 2025-2030 CIP.

(6) Possible future implementation of a Business and Occupation (B&O) Tax.

The City Council ultimately adopted Ordinance No. 808 providing for a B&O Tax on December 4, 2017 after engaging the business community in discussions on this topic. The B&O Tax was implemented in 2019.

(7) Monitor the City's progress in relation to the Financial Sustainability Model. Engage Shoreline residents in a discussion regarding the possibility of renewing the property tax levy lid lift.

In 2016 and again in 2022, staff undertook a significant stakeholder outreach effort, including publishing several articles in Currents and engaging a Financial Sustainability Advisory Committee (FSAC). The FSAC was engaged through the months of February through May. The committee learned about City services, engaged in a budget exercise to help identify service priorities, and learned about the 10 YFSP with a focus on the potential renewal of the Levy Lid Lift. For both committees, Staff recommended a placing a Levy Lid Lift on the ballot to replace the expiring LLL. In 2010 that recommendation was supported by 11 of 13 members of the FSCAC. In 2022, all members supported the recommendation, but they did not all agree on the rate that should be set in the first year of the LLL. The 2016 Proposition 1, Basic Public Safety, Parks & Recreation, and Community Services Maintenance and Operations Levy passed with a 66.5% (19,272 votes) approval and set the new tax rate for 2017 at \$1.39 with the lid for the ensuing years to be "lifted" each year by a percentage increase tied to CPI-U for the Seattle Area. The 2022 Proposition 1, Maintenance and Operations Levy Lid Lift passed with a 62.84% (16,135 votes), like the 2016 LLL set the rate back to \$1.39 and ties future increases to CPI-U. The current LLL will expire in 2028.

**10 YEAR FINANCIAL SUSTAINABILITY MODEL  
OPERATING BUDGET  
TEN YEAR FORECAST**

	2023 Actual	2024 Projected	2025 Budget	2026 Budget	2027 Forecast
<b>Baseline Model:</b>					
<b>Beginning Operating Funds Fund Balance</b>	<b>\$45,554,713</b>	<b>\$55,616,059</b>	<b>\$52,695,591</b>	<b>\$45,635,704</b>	<b>\$44,562,151</b>
<b>Baseline Revenues:</b>					
Taxes					
Property	21,779,717	23,306,460	24,596,121	25,407,738	26,257,283
Sales and Use	16,525,664	16,549,814	15,763,551	16,229,036	16,666,718
Business and Occupation	2,284,089	2,284,089	2,284,089	2,328,172	2,233,872
Gambling	1,279,454	1,275,000	1,275,000	1,275,000	1,275,000
Utility	4,755,063	4,806,781	5,021,226	5,249,396	5,363,367
Other	155,667	86,235	86,235	86,235	86,235
Franchise/Utility Contract Payments	4,165,469	4,160,654	4,237,006	4,307,994	4,373,967
Licenses and Permits	5,111,365	4,485,884	3,432,511	3,542,338	3,439,343
Intergovernmental	4,232,610	4,254,515	2,915,980	2,845,131	2,868,891
Charges for Services	1,793,769	1,699,312	1,703,475	1,716,008	1,746,705
Fines and Forfeitures	175,234	97,332	445,000	445,000	445,000
Interest Income	2,776,315	77,695	73,100	73,100	73,100
Miscellaneous Revenues	2,590,301	2,526,076	2,372,189	2,372,189	2,352,394
<b>Total Baseline Revenue</b>	<b>67,624,717</b>	<b>65,609,847</b>	<b>64,205,483</b>	<b>65,877,337</b>	<b>67,181,875</b>
<b>Baseline Operating Expenditures:</b>					
Salaries & Benefits	22,790,690	25,974,923	27,320,522	28,450,040	28,642,298
Supplies	1,304,480	1,729,432	1,262,820	1,183,401	1,131,253
Services & Charges	11,484,347	14,336,646	12,478,538	12,678,670	11,250,044
Intergovernmental	16,285,542	18,038,867	21,483,584	22,692,616	23,820,951
Interfund	657,407	603,557	786,974	773,728	782,850
Budgeted Contingency	-	286,284	187,500	1,735,873	26,483
Capital Outlay	262,289	4,500,941	-	-	-
<b>Total Baseline Operating Expenditures</b>	<b>52,784,755</b>	<b>65,470,650</b>	<b>63,519,938</b>	<b>67,514,328</b>	<b>65,653,879</b>
<b>Baseline Revenue Over (Under) Expenditures</b>	<b>14,839,962</b>	<b>139,197</b>	<b>685,545</b>	<b>(1,636,991)</b>	<b>1,527,996</b>
<b>Baseline Other Financing Sources (Uses):</b>					
Operating Transfers In	3,703,163	3,955,869	4,958,116	5,173,588	5,249,747
Transfers Out	8,481,779	7,015,534	12,703,548	4,610,150	3,621,416
<b>Gain / (Use) of Operating Funds Fund Balance</b>	<b>10,061,346</b>	<b>(2,920,468)</b>	<b>(7,059,887)</b>	<b>(1,073,553)</b>	<b>3,156,327</b>
<b>Baseline Ending Operating Funds Fund Balance</b>	<b>\$55,616,059</b>	<b>\$52,695,591</b>	<b>\$45,635,704</b>	<b>\$44,562,151</b>	<b>\$47,718,478</b>
<b>Required Operating Funds Fund Balance</b>	<b>\$4,793,294</b>	<b>\$4,756,009</b>	<b>\$4,743,110</b>	<b>\$4,779,430</b>	<b>\$4,806,765</b>
<b>Over (Under) Required Operating Funds Fund Balance</b>	<b>\$50,822,765</b>	<b>\$47,939,582</b>	<b>\$40,892,594</b>	<b>\$39,782,721</b>	<b>\$42,911,713</b>

<b>10 YFSM:</b>					
<b>Beginning Operating Funds Fund Balance</b>	<b>\$45,554,713</b>	<b>\$55,616,059</b>	<b>\$52,695,591</b>	<b>\$46,397,939</b>	<b>\$46,045,631</b>
<b>Total 10YFSM Revenues &amp; Transfers In</b>	<b>71,327,880</b>	<b>69,565,716</b>	<b>69,163,599</b>	<b>71,050,925</b>	<b>72,431,622</b>
<b>Total 10YFSM Operating Expenditures &amp; Transfers Out</b>	<b>61,266,534</b>	<b>72,486,184</b>	<b>75,461,251</b>	<b>71,403,233</b>	<b>68,582,542</b>
<b>Gain / (Use) of Operating Funds Fund Balance</b>	<b>10,061,346</b>	<b>(2,920,468)</b>	<b>(6,297,652)</b>	<b>(352,308)</b>	<b>3,849,080</b>
<b>10YFSM Ending Operating Funds Fund Balance</b>	<b>\$55,616,059</b>	<b>\$52,695,591</b>	<b>\$46,397,939</b>	<b>\$46,045,631</b>	<b>\$49,894,711</b>
<b>Required Operating Funds Fund Balance</b>	<b>\$4,793,294</b>	<b>\$4,756,009</b>	<b>\$4,743,110</b>	<b>\$4,779,430</b>	<b>\$4,806,765</b>
<b>Over (Under) Required Operating Funds Fund Balance</b>	<b>\$50,822,765</b>	<b>\$47,939,582</b>	<b>\$41,654,829</b>	<b>\$41,266,201</b>	<b>\$45,087,946</b>

**Assumptions:**

Inflation	10.14%	4.62%	3.83%	2.45%	2.24%
Annual Revenue Growth	20.30%	-2.98%	-2.14%	2.60%	1.98%
Annual Regular Levy Assessed Value Change	18.98%	-8.98%	5.85%	4.60%	5.35%
Annual Sales & Use Tax Change	6.44%	0.15%	-4.75%	2.95%	2.70%
General Fees & Licenses Increases	8.11%	3.70%	3.06%	1.96%	1.79%
Investment Interest Rate	5.07%	5.19%	4.12%	2.40%	2.40%
Building Permit Charge	-34.71%	19.50%	27.52%	8.12%	-3.02%
Revenue Collection (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue Collection (10YFSM)	100.00%	100.00%	100.00%	100.00%	100.00%
PERS Employer Contribution Rate	10.93%	10.93%	9.53%	9.53%	9.53%
Health Benefit Escalator	6.50%	6.50%	9.50%	9.50%	6.50%
Regular Salary Escalator	10.94%	5.42%	4.63%	4.13%	3.00%
Police Contract Escalator	11.85%	6.59%	7.23%	6.01%	6.01%
Expenditure Percentage (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Expenditure Percentage (10YFSM)	100.00%	100.00%	99.00%	99.00%	99.00%
Annual Expenditure Growth	12.25%	24.03%	-2.98%	6.29%	-0.47%
Contribution to / (Refund From) Revenue Stabilization Fund	\$1,337,789	\$1,101,330	\$562,602	\$747,277	\$86,200

**10 YEAR FINANCIAL SUSTAINABILITY MODEL  
OPERATING BUDGET  
TEN YEAR FORECAST**

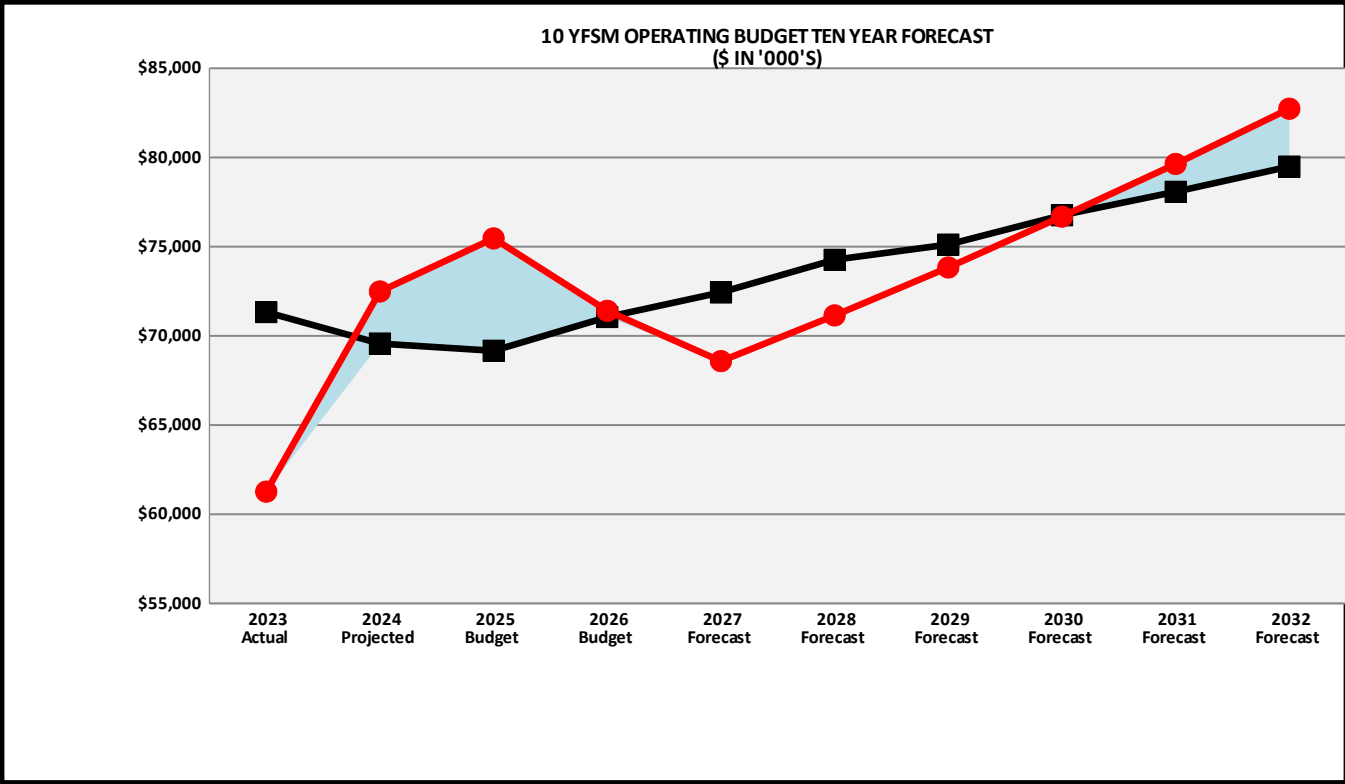
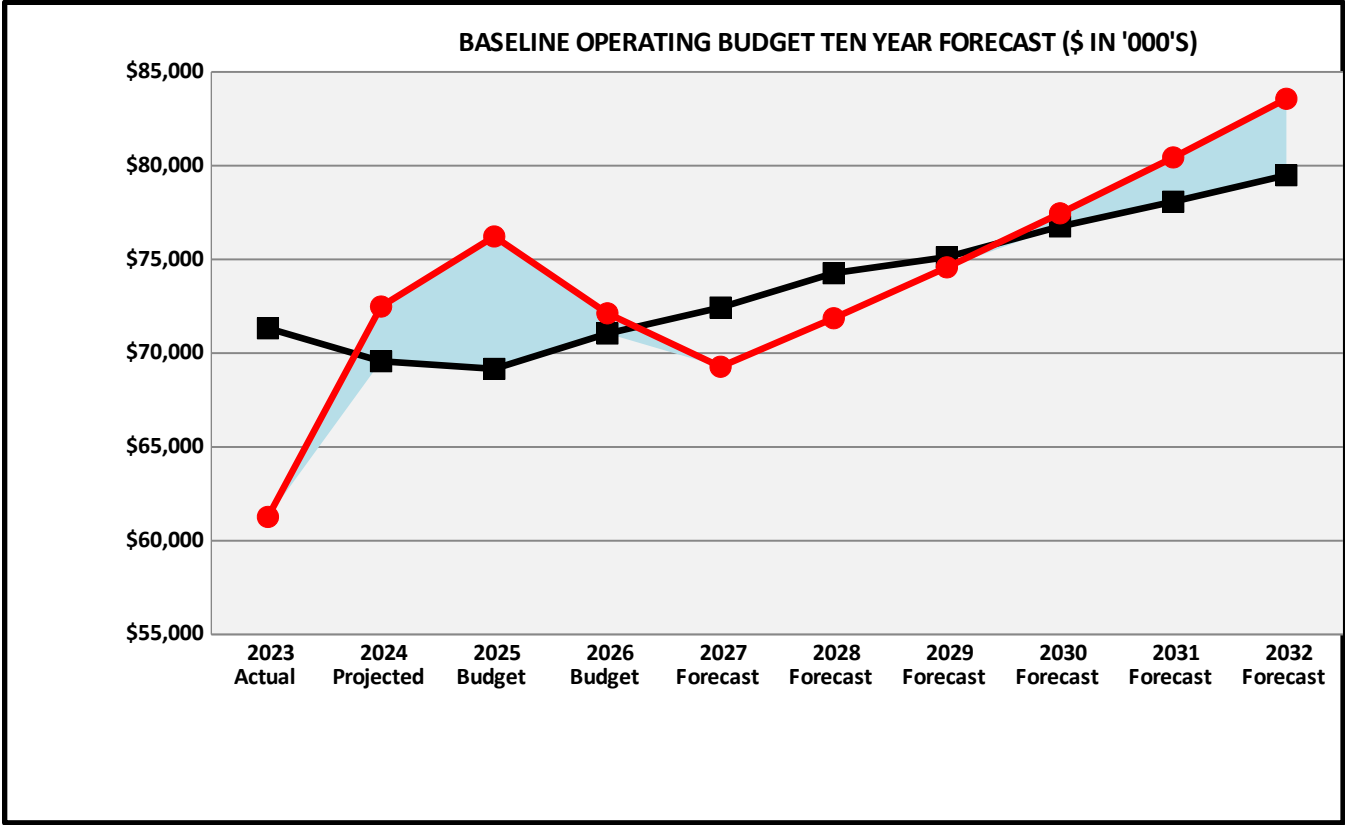
	2028 Forecast	2029 Forecast	2030 Forecast	2031 Forecast	2032 Forecast
<b>Baseline Model:</b>					
<b>Beginning Operating Funds Fund Balance</b>	\$47,718,478	\$50,121,440	\$50,660,648	\$49,961,045	\$47,600,590
<b>Baseline Revenues:</b>					
Taxes					
Property	27,146,260	27,640,809	28,136,921	28,635,969	29,132,079
Sales and Use	17,221,489	17,383,910	18,030,585	18,479,418	18,973,741
Business and Occupation	2,301,558	2,308,233	2,393,191	2,476,702	2,562,199
Gambling	1,275,000	1,275,000	1,275,000	1,275,000	1,275,000
Utility	5,485,394	5,611,307	5,742,245	5,877,080	6,016,383
Other	86,235	86,235	86,235	86,235	86,235
Franchise/Utility Contract Payments	4,450,311	4,527,856	4,608,738	4,690,249	4,773,286
Licenses and Permits	3,407,464	3,229,818	3,263,973	3,163,855	3,096,296
Intergovernmental	2,894,207	2,919,947	2,946,672	2,973,680	3,001,209
Charges for Services	1,782,228	1,818,309	1,855,943	1,893,870	1,932,507
Fines and Forfeitures	445,000	445,000	445,000	445,000	445,000
Interest Income	73,100	73,100	73,100	73,100	73,100
Miscellaneous Revenues	2,357,261	2,362,204	2,367,360	2,372,556	2,377,849
<b>Total Baseline Revenue</b>	<b>68,925,507</b>	<b>69,681,728</b>	<b>71,224,963</b>	<b>72,442,714</b>	<b>73,744,884</b>
<b>Baseline Operating Expenditures:</b>					
Salaries & Benefits	29,711,145	30,820,759	31,990,624	33,200,178	34,458,713
Supplies	1,131,490	1,131,731	1,131,985	1,132,241	1,132,504
Services & Charges	11,475,927	11,706,505	11,948,197	12,193,006	12,443,647
Intergovernmental	25,018,926	26,284,915	27,624,091	29,039,001	30,534,551
Interfund	793,451	804,273	815,617	827,107	838,871
Budgeted Contingency	16,191	15,064	30,804	24,294	25,982
Capital Outlay	-	-	-	-	-
<b>Total Baseline Operating Expenditures</b>	<b>68,147,130</b>	<b>70,763,247</b>	<b>73,541,318</b>	<b>76,415,827</b>	<b>79,434,268</b>
<b>Baseline Revenue Over (Under) Expenditures</b>	<b>778,377</b>	<b>(1,081,519)</b>	<b>(2,316,355)</b>	<b>(3,973,113)</b>	<b>(5,689,384)</b>
<b>Baseline Other Financing Sources (Uses):</b>					
Operating Transfers In	5,340,685	5,434,619	5,533,585	5,635,262	5,740,573
Transfers Out	3,716,100	3,813,892	3,916,833	4,022,604	4,132,131
<b>Gain / (Use) of Operating Funds Fund Balance</b>	<b>2,402,962</b>	<b>539,208</b>	<b>(699,603)</b>	<b>(2,360,455)</b>	<b>(4,080,942)</b>
<b>Baseline Ending Operating Funds Fund Balance</b>	<b>\$50,121,440</b>	<b>\$50,660,648</b>	<b>\$49,961,045</b>	<b>\$47,600,590</b>	<b>\$43,519,648</b>
<b>Required Operating Funds Fund Balance</b>	<b>\$4,823,561</b>	<b>\$4,839,232</b>	<b>\$4,870,645</b>	<b>\$4,895,549</b>	<b>\$4,922,143</b>
<b>Over (Under) Required Operating Funds Fund Balance</b>	<b>\$45,297,879</b>	<b>\$45,821,416</b>	<b>\$45,090,400</b>	<b>\$42,705,041</b>	<b>\$38,597,505</b>

<b>10 YFSM:</b>					
<b>Beginning Operating Funds Fund Balance</b>	\$49,894,711	\$53,016,305	\$54,301,284	\$54,376,263	\$52,820,192
<b>Total 10YFSM Revenues &amp; Transfers In</b>	<b>74,266,192</b>	<b>75,116,347</b>	<b>76,758,548</b>	<b>78,077,976</b>	<b>79,485,457</b>
<b>Total 10YFSM Operating Expenditures &amp; Transfers Out</b>	<b>71,144,598</b>	<b>73,831,368</b>	<b>76,683,569</b>	<b>79,634,047</b>	<b>82,730,735</b>
<b>Gain / (Use) of Operating Funds Fund Balance</b>	<b>3,121,594</b>	<b>1,284,979</b>	<b>74,979</b>	<b>(1,556,071)</b>	<b>(3,245,278)</b>
<b>10YFSM Ending Operating Funds Fund Balance</b>	<b>\$53,016,305</b>	<b>\$54,301,284</b>	<b>\$54,376,263</b>	<b>\$52,820,192</b>	<b>\$49,574,914</b>
<b>Required Operating Funds Fund Balance</b>	<b>\$4,823,561</b>	<b>\$4,839,232</b>	<b>\$4,870,645</b>	<b>\$4,895,549</b>	<b>\$4,922,143</b>
<b>Over (Under) Required Operating Funds Fund Balance</b>	<b>\$48,192,744</b>	<b>\$49,462,052</b>	<b>\$49,505,618</b>	<b>\$47,924,643</b>	<b>\$44,652,771</b>

**Assumptions:**

Inflation	2.54%	2.53%	2.59%	2.55%	2.55%
Annual Revenue Growth	2.60%	1.10%	2.21%	1.71%	1.80%
Annual Regular Levy Assessed Value Change	5.36%	3.89%	4.61%	4.15%	4.49%
Annual Sales & Use Tax Change	3.33%	0.94%	3.72%	2.49%	2.67%
General Fees & Licenses Increases	2.03%	2.02%	2.07%	2.04%	2.04%
Investment Interest Rate	2.60%	2.30%	1.80%	2.40%	2.40%
Building Permit Charge	-0.96%	-5.42%	1.10%	-3.19%	-2.23%
Revenue Collection (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Revenue Collection (10YFSM)	100.00%	100.00%	100.00%	100.00%	100.00%
PERS Employer Contribution Rate	9.53%	9.53%	9.53%	9.53%	9.53%
Health Benefit Escalator	6.50%	6.50%	6.50%	6.50%	6.50%
Regular Salary Escalator	3.30%	3.30%	3.40%	3.40%	3.40%
Police Contract Escalator	6.01%	6.01%	6.02%	6.02%	6.02%
Expenditure Percentage (Baseline)	100.00%	100.00%	100.00%	100.00%	100.00%
Expenditure Percentage (10YFSM)	99.00%	99.00%	99.00%	99.00%	99.00%
Annual Expenditure Growth	3.80%	3.84%	3.93%	3.91%	3.95%
Contribution to / (Refund From) Revenue Stabilization Fund	\$189,794	\$16,268	\$240,323	\$145,915	\$168,826







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# 2025-2026 PROPOSED BIENNIAL BUDGET HIGHLIGHTS

## Budget Highlights

The City's 2025-2026 Proposed Biennial Budget is balanced in all funds and totals \$406.529 million. The 2025-2026 Proposed Biennial Budget is \$24.310 million, or 6.4% more than the 2023-2024 biennial estimate (2023 Actual plus 2024 year-end estimates). The increase can be linked to the following changes:

- \$30.525 million increase in the City's Enterprise Funds;
- \$19.574 million decrease in the City's Capital Funds; and,
- \$12.492 million increase in the Operating Funds.

The increase in the enterprise funds is primarily the result of increases in the enterprise capital budgets. The increase in the Operating Funds is due to the addition of ongoing programs to address operational priorities, significant cost increases in our police contract, insurance and fuel costs that are rising faster than inflation coupled with normal operational increases. The decrease in Capital Funds is largely driven by the anticipated completion of the Parks Bond projects in 2025.

The table below summarizes the 2025-2026 Proposed Biennial Budget by fund and provides a comparison to the 2023-2024 biennial estimate by fund.

Fund Type	2025-2026 Biennial Budget				2023-2024 Biennial Estimate	Expenditure Percentage Change
	Proj. Beg. Fund Balance	Revenue & Transfers In	Expenditures & Transfers Out	Ending Fund Balance		
<b>Operating Funds</b>						
General Fund	\$47,890,254	\$131,535,935	\$140,751,622	\$38,674,567	\$129,804,066	8.43%
Shoreline Secure Storage Fund	969,376	3,000,000	3,000,000	969,376	2,715,892	10.46%
General Fund-Shoreline Bus Ctr	\$44,694	\$675,852	\$675,852	\$44,694	\$152,429	343.39%
Revenue Stabilization Fund	6,831,752	1,026,635	0	7,858,387	0	0.00%
Property Tax Equalization Fund	\$0	\$0	\$0	\$0	\$0	0.00%
Street Fund	327,438	5,391,022	5,391,009	327,451	4,903,319	9.95%
Code Abatement Fund	\$380,317	\$60,000	\$200,000	\$240,317	\$110,000	81.82%
Public Arts Fund	793,589	871,249	238,948	1,425,889	210,534	13.50%
Restricted Tree Fund	\$0	\$183,000	\$183,000	\$0	\$50,000	266.00%
State Drug Enforcement Forfeiture Fund	236,660	36,486	36,486	236,660	21,919	66.46%
Federal Drug Enforcement Forfeiture Fund	\$12,634	\$26,000	\$26,000	\$12,634	\$13,705	89.71%
Federal Criminal Forfeiture Fund	32,518	0	0	32,518	28,823	-100.00%
<b>Sub-Total Operating Funds</b>	<b>\$57,519,232</b>	<b>\$142,806,179</b>	<b>\$150,502,917</b>	<b>\$49,822,494</b>	<b>\$138,010,688</b>	<b>9.05%</b>
<b>Debt Service Funds:</b>						
2006/2016 UTGO Bond Fund	\$10,561	\$0	\$0	\$10,561	\$0	0.00%
2009/2019 LTGO Bond Fund	521,254	2,192,666	2,192,666	521,254	2,196,079	-0.16%
2013 LTGO Bond Fund	0	515,879	515,879	0	515,898	0.00%
2020 LTGO Bond Fund	0	173,916	173,916	0	830,200	-79.05%
Sidewalk LTGO Bond Fund	12,476,738	5,211,174	1,846,116	15,841,796	1,800,417	2.54%
VLV Revenue Bond	0	1,239,277	1,239,277	0	1,207,682	2.62%
2022 Parks UTGO Bond	9,809	5,896,879	5,896,879	9,809	5,898,508	-0.03%
<b>Sub-Total Debt Service Funds</b>	<b>\$13,018,362</b>	<b>\$15,229,791</b>	<b>\$11,864,733</b>	<b>\$16,383,420</b>	<b>\$12,448,783</b>	<b>-4.69%</b>
<b>Capital Funds:</b>						
General Capital Fund	\$12,038,364	\$8,730,287	\$14,470,170	\$6,298,481	\$61,237,040	-76.37%
City Facility-Major Maintenance Fund	506,391	1,350,638	1,417,233	439,796	168,834	739.42%
Roads Capital Fund	17,533,017	96,797,055	102,709,644	11,620,428	78,729,429	30.46%
Sidewalk Expansion Fund	7,051,047	14,607,342	14,607,342	7,051,047	10,082,616	44.88%
Transportation Impact Fees Fund	8,709,248	488,549	8,808,405	389,392	3,853,215	128.60%
Park Impact Fees Fund	2,362,207	0	356,750	2,005,457	7,872,375	-95.47%
<b>Sub-Total Capital Funds</b>	<b>\$48,200,274</b>	<b>\$121,973,870</b>	<b>\$142,369,544</b>	<b>\$27,804,601</b>	<b>\$161,943,510</b>	<b>-12.09%</b>
<b>Enterprise Funds:</b>						
Surface Water Utility Fund	\$6,685,704	\$34,522,846	\$36,427,813	\$4,780,737	\$22,032,787	65.33%
Wastewater Utility Fund	13,248,363	61,431,870	62,674,649	12,005,584	46,544,640	34.65%
<b>Sub-Total Enterprise Funds</b>	<b>\$19,934,067</b>	<b>\$95,954,717</b>	<b>\$99,102,462</b>	<b>\$16,786,321</b>	<b>\$68,577,428</b>	<b>44.51%</b>
<b>Internal Service Funds:</b>						
Equipment Replacement Fund	\$6,714,188	\$2,036,112	\$1,698,063	\$7,052,236	\$427,449	297.25%
Unemployment Fund	29,924	150,000	150,000	29,924	152,094	-1.38%
Vehicle Operations and Maintenance Fund	57,258	903,771	841,093	119,936	658,818	27.67%
<b>Sub-Total Internal Service Funds</b>	<b>\$6,801,369</b>	<b>\$3,089,882</b>	<b>\$2,689,156</b>	<b>\$7,202,095</b>	<b>\$1,238,362</b>	<b>117.15%</b>
<b>Total City Budget</b>	<b>\$145,473,304</b>	<b>\$379,054,439</b>	<b>\$406,528,812</b>	<b>\$117,998,932</b>	<b>\$382,218,771</b>	<b>6.36%</b>

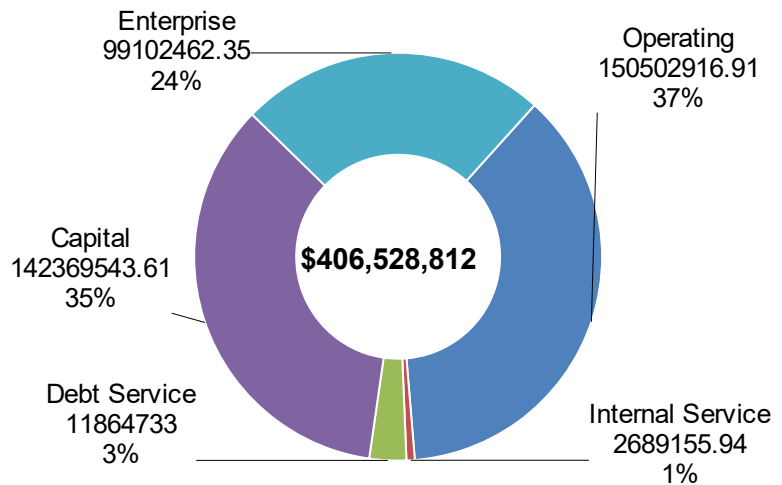
2025-2026 BIENNIAL BUDGET DEPARTMENT/FUND OVERVIEW

The following table provides an illustration of the relationship between the City's departments and funds. Most departments manage programs in the General Fund. The City Manager's Office, Administrative Services, Human Resources, Police, and Public Works departments are also responsible for programs in other funds.

Fund Type	City Council	City Manager	City Attorney	Administrative Services	Human Resources	Police	Criminal Justice	Parks, Recreation & Community Services	Planning & Community Development	Public Works	Utilities	Transfers Out	Total
<b>Operating Funds</b>													
General Fund	\$659,583	\$11,598,930	\$2,264,702	\$19,351,053	\$1,782,052	\$36,524,491	\$5,255,826	\$24,818,133	\$10,964,133	\$10,831,733		\$16,700,986	\$140,751,622
Shoreline Storage		\$2,826,084										\$173,916	\$3,000,000
Shoreline Business Ctr		\$675,852											\$675,852
Street Fund										\$4,240,446		\$1,150,562	\$5,391,009
Code Abatement		\$200,000											\$200,000
State Drug Forfeiture						\$36,486							\$36,486
Public Arts Fund								\$238,948					\$238,948
Federal Drug Forfeiture						\$26,000							\$26,000
Property Tax Equal													\$0
Federal Criminal Forfeiture Fund													\$0
Restricted Tree								\$183,000					\$183,000
Revenue Stabilization													\$0
<b>Sub-Total Operating</b>	<b>\$659,583</b>	<b>\$15,300,866</b>	<b>\$2,264,702</b>	<b>\$19,351,053</b>	<b>\$1,782,052</b>	<b>\$36,586,977</b>	<b>\$5,255,826</b>	<b>\$25,240,081</b>	<b>\$10,964,133</b>	<b>\$15,072,179</b>	<b>\$0</b>	<b>\$18,025,465</b>	<b>\$150,502,917</b>
<b>Debt Service</b>													
2006/2016 UTGO Bond													\$0
2009/2019 LTGO Bond				\$2,192,666									\$2,192,666
2013 LTGO Bond				\$515,879									\$515,879
Sidewalk LTGO Bond				\$1,846,116									\$1,846,116
2020 LTGO Bond				\$173,916									\$173,916
2022 Parks UTGO Bnd				\$5,896,879									\$5,896,879
VLF Revenue Bond				\$1,239,277									\$1,239,277
<b>Sub-Total Debt</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,864,733</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,864,733</b>
<b>Service Funds</b>													
<b>Capital Budget</b>													
General Capital										\$12,990,329		\$1,479,841	\$14,470,170
City Facility-Major Maintenance								\$1,417,233					\$1,417,233
Roads Capital										\$95,812,272		\$6,897,372	\$102,709,644
Sidewalk Expansion										\$14,607,342			\$14,607,342
Transportation Impact Fees												\$8,808,405	\$8,808,405
Park Impact Fees												\$356,750	\$356,750
<b>Sub-Total Capital Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,417,233</b>	<b>\$0</b>	<b>\$123,409,943</b>	<b>\$0</b>	<b>\$17,542,367</b>	<b>\$142,369,544</b>
<b>Enterprise Funds</b>													
Surface Water Utility											\$33,139,442	\$3,288,372	\$36,427,813
Wastewater Utility											\$59,441,569	\$3,233,080	\$62,674,649
<b>Sub-Total Enterprise</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$92,581,011</b>	<b>\$6,521,452</b>	<b>\$99,102,462</b>
<b>Internal Svc. Funds</b>													
Vehicle Maint. & Ops.								\$841,093					\$841,093
Equipment Replace.				\$494,471				\$1,203,592					\$1,698,063
Unemployment Fund					\$150,000								\$150,000
<b>Sub-Total Internal Service Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$494,471</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,044,685</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,689,156</b>
<b>Total City Budget</b>	<b>\$659,583</b>	<b>\$15,300,866</b>	<b>\$2,264,702</b>	<b>\$31,710,257</b>	<b>\$1,932,052</b>	<b>\$36,586,977</b>	<b>\$5,255,826</b>	<b>\$28,701,999</b>	<b>\$10,964,133</b>	<b>\$138,482,122</b>	<b>\$92,581,011</b>	<b>\$42,089,283</b>	<b>\$406,528,812</b>

The budget can be divided into five types of funds as shown in the chart to the right: Operating, Internal Service, Debt Service, Capital and Enterprise. The Operating Funds million represent the cost of providing services to the Shoreline community on a day-to-day basis and includes such items as public safety (police, court, jail), park maintenance, recreation programming, grounds maintenance, street maintenance, street lighting, land use planning, permitting, communications, emergency management, and administration. The Operating Funds also include some special revenue funds that must be used for designated purposes such as police services. The Debt Service Funds account for the annual repayment of the voter approved park bonds; the councilmanic bonds issued to pay for a portion of City Hall, acquisition of property for a maintenance facility, and construction of new sidewalks; and, the bond anticipation notes issued to acquire properties for the Parks, Recreation and Open Space Plan. The Enterprise Funds consist of the operation and capital improvements of the surface water utility and wastewater utility. The Capital Funds represent the cost of making improvements to the City's facilities, parks, and transportation systems. The Internal Service Funds represent transfers between funds (Vehicle Operations, Equipment Replacement, IT Equipment, Public Art, and Unemployment funds) to fund maintenance and replacement of City equipment, installation of public art, and unemployment claims.

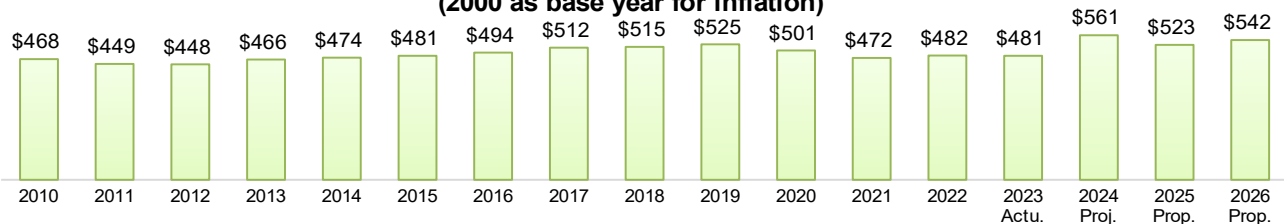
**2025-2026 Proposed Biennial Budget**



Within the Operating Funds it is important to focus on the operating budget, which is comprised of the General Fund, Shoreline Secure Storage Fund, Shoreline Business Center and the Street Fund. The 2025-2026 Proposed Operating Budget totals \$149,818,482 million; and is \$12.243 million, or 8.9%, more than the 2023-2024 biennial estimate. It includes one-time transfers, some of which were previously programmed in support of specific capital projects but delayed per the 2025-2030 CIP.

The table above reflects a \$10.948 million, or 8.4%, increase in the General Fund budget for 2025-2026.

**Operating Expenditures Per Capita Adjusted for Inflation  
(2000 as base year for inflation)**



The chart above shows the cost of providing City services on a per capita basis, adjusted for inflation, since 2000. The projected cost per capita in 2025 and 2026 is \$523 and \$542, which is approximately (\$11) (2.1%) and \$29 (5.7%) higher than in 2000, respectively.

The 2025-2026 General Fund ending fund balance (reserves) is projected to be \$38.675 million, with \$1.548 million budgeted as an operational contingency and insurance reserve, \$3.000 million as cash flow contingency, \$1 million for the City Maintenance Facility, and \$5.139 for the West Side Transformation project. The projected ending fund balance complies with the City's adopted reserve policy, which requires the General Fund maintain a reserve level of \$4.548 million for cash flow and budget contingency purposes for the 2025-2026 biennium. From this fund balance the City Council plans to designate \$11.582 million to support the City Maintenance Facility project, \$5.096 million one-time support for Parks Bond projects, and \$4.553 million potential interfund loan/contribution for the West Side Transformation project (145<sup>th</sup> Corridor & Interchange and Westside Corridor Bike Network).

In addition to the General Fund reserves, the City's Revenue Stabilization Fund is projected to have an ending 2025-2026 fund balance of \$7.858 million. This is aligned to the City's reserve policy that requires this fund be maintained at 30% of the budgeted economically sensitive revenues.

The 2025-2026 budgets for the Enterprise Funds are projected to increase by \$30.525 million, or 44.5%.

The City's 2025-2026 capital budget, exclusive of projects budgeted within the Enterprise Funds and transfers out from the Transportation Impact Fees Fund and Park Impact Fees Fund, will decrease by \$17.014 million, or 11.3%, from 2023-2024. The capital budget reflects the proposed 2025-2026 Capital Improvement Program Plan investments that are included in the 2025-2026 biennium budget.

### **2025-2026 Proposed Biennial Budget Highlights include the following:**

#### **◆ Regular Property Tax Levy:**

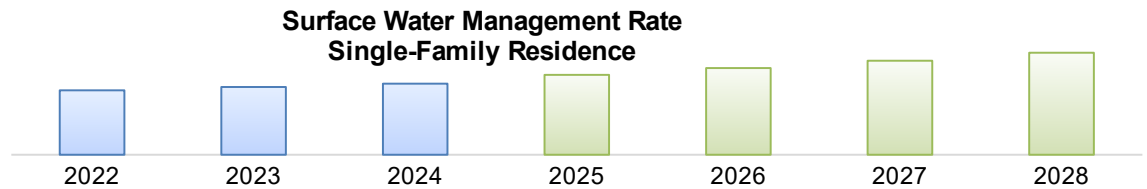
- ***2025 Property Tax Levy:*** The Levy Lid Lift for the City's property tax was approved in 2022 for the period of 2023-2025. This allowed the city to "reset" the levy at \$1.39 per \$1000 assessed value and increase property tax at the rate of inflation (CPI-U) annually until 2028. With the CPI-U being 3.83%, the maximum regular property tax will be \$24.397 million before including new construction levy. In our property tax forecast we estimated a 5.85% increase in assessed value (AV) including new construction (123.073 million), the property tax levy was estimated to be \$24.596 million or 1.60 per assessed value.  
Based on the recent preliminary AV recently provided by the King County Assessor's Office, the levy basis for 2025 is estimated to increase by 11.37% from that of 2024. With the inclusion of new construction AV, estimated at \$164.146 million, the 2025 property tax levy is estimated to be \$24.665 million or \$1.53 per \$1000 AV. The preliminary estimate for City property taxes assumes a 100% collection rate and is \$0.824 million, or 3.49%, more than the projected 2024 tax collections.
- ***2026 Property Tax Levy:*** With CPI-U estimated at 2.45% and estimated new construction being \$129.931 million based on average historical value, the 2026 estimated property tax levy is \$25,408 million, representing \$1.58 per \$1000 AV. Based on King County's preliminary 2025 assessed value change our 2026 assessed value is estimated to be 25.475 million, representing a rate of 1.51 per \$1000 AV.

#### **◆ Fees:** Generally fees included in the fee schedule are increased from the current year's level by the June-to-June percentage change of the Seattle / Tacoma / Bellevue Consumer Price Index-All Urban Consumer (CPI-U; link to historical table: <https://data.bls.gov/timeseries/CUURS49DSA0>). Unless otherwise discussed below, many fees presented in the 2025 Proposed schedule are increased by 3.83% and fees presented in the 2026 proposed schedule are increased by the forecast change of 2.45%. The text in the fee schedules may have changed with deletions shown as ~~strikethrough~~ and additions shown as **bold**.

- ***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 will likely result in an amendment to the fees which will be implemented in 2025.
- **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.

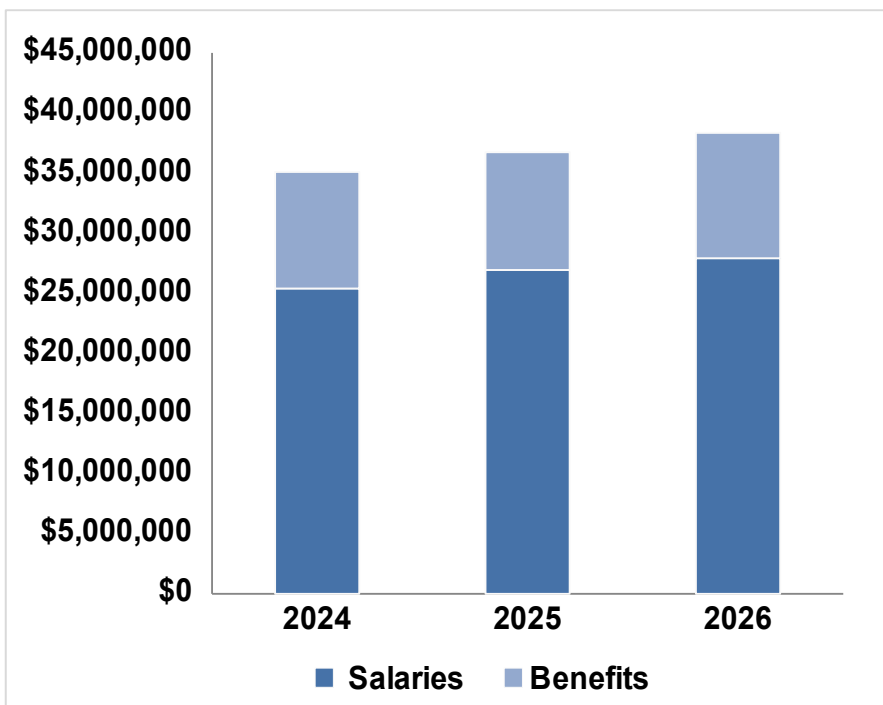


Source: City of Shoreline

- **Wastewater Utility Fees** - In April of 2021, the City completed the assumption of the Ronald Wastewater District (RWD). For 2021 and 2022, the City adopted the RWD Budget. For the 2023 and 2024 budgets the City engaged FCS Group to perform a rate study and funding plan for the utility. The basis for that rate study was actual costs for 2021 with projected changes for 2022. Guided by the rate study, the annual system-wide rate increase for most wastewater fees is 15.97% for 2025, and 13.77% for 2026.

	2022	2023	2024	2025	2026	2027	2028
Local City Rate	\$17.48	\$21.58	\$25.68	\$29.78	\$33.88	\$36.13	\$38.38
\$ Increase		\$4.10	\$4.10	\$4.10	\$4.10	\$2.25	\$2.25
King County Rate	\$49.79	\$52.17	\$55.11	\$58.28	\$61.64	\$65.19	\$71.06
Edmonds Rate	\$30.35	\$32.12	\$33.95	\$35.90	\$37.97	\$40.16	\$43.77
Total Bill – King County	\$67.27	\$73.75	\$80.79	\$88.06	\$95.52	\$101.32	\$109.44
\$ Increase		\$6.48	\$7.10	\$7.27	\$7.46	\$5.80	\$8.12
Total Bill – Edmonds	\$47.83	\$53.70	\$59.63	\$65.68	\$71.85	\$76.29	\$82.15
\$ Increase		\$5.87	\$5.95	\$6.05	\$6.17	\$4.44	\$5.86

- ◆ **Personnel Costs:** The 2025-2026 Proposed Biennial Budget reflects changes in personnel costs as summarized below:
  - City’s compensation policy –The City conducts salary surveys on an annual basis for portion of the positions in the salary table to maintain median position of City’s Comparable Labor Market Cities. This year’s salary survey work is still ongoing at the time of drafting the budget book and will be presented to City Council in November.
  - Cost of Living Adjustment - The City typically aligns non-represented employees with a COLA equal to 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 COLA increase of 3.83% to be applied to non-represented, represented, and Extra Help staff. For 2026, the estimated increase is 2.45%, subject to update during the Mid-Biennial Budget Update.
  - Medical, Dental, and Vision rates increased on average 8% for 2025 and projected to do the same for 2026 PERS rate decreased in 2023 and will continue into the 2025-2026 budget.- The actual budgetary impact for 2025-2026 is a 9.35% compared to 2023-2024 as a result of the increase in FTE’s.

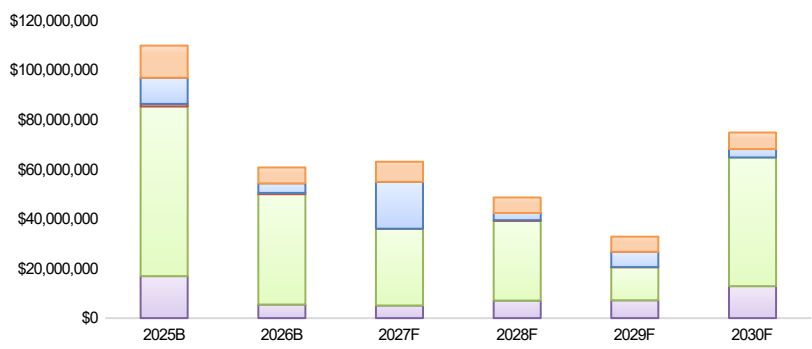


- ◆ **Police Contract:** The 2025-2026 Proposed Budget includes anticipated increased contract costs for the implementation of body worn cameras, increased costs related to the King County liability insurance pool rates, and negotiated cost of living adjustments, as well as increases in liability insurance. The proposed budget for the 2025 police services contract is projected to be \$17.677 million, which is 7.2% more than the 2024 police services contract and the 2026 police services contract is projected to be a net total \$18.736 million, which is 6% more than the 2025 projected police services contract. Note that staff have just received the official estimate from KCSO, and their preliminary estimated increase, at 7.9% excluding body worn cameras, is higher than our proposed budget projections. These numbers are preliminary and represent the highest amount that the KCSO will charge. The final contract cost will be determined in early 2025. Given the timing and preliminary nature of this information, staff will include a budget amendment in 2025 to ensure that the full contract cost
- ◆ **Other Contracted Services:** For 2025-2026 biennium, the City is anticipating increase in several King County contracted services, including Public Defense, Inmate Housing Services, and Animal Control. In total, these contracts are estimated to increase \$146k in 2025, and \$332k in 2026.



- ❑ *Public Defense* – The revised Standards for Indigent Defense Services limits caseload and other requirements related to public defense and will drastically reduce the number of public defense cases an attorney is able to accept each year, contributing to further shortage and case backlogs.
- ❑ *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.
- ❑ *Animal Control* – The contract cost is based on usage and population, net of animal control licensing fees collected. While cost has increased about 15% since 2019, licensing fee revenue has stayed flat.
- ◆ **Budgeted Contingency Expenditures:** The 2025-2026 Operating Budget includes the required Operating Contingency and Insurance Reserve. Per the City’s financial policies, these contingencies total \$1.548 million and are funded by allocating a portion of the existing fund balance in the General Fund.
- ◆ **City Hall Debt Service Costs:** The 2025-2026 Proposed Biennial Budget includes \$2.193 million in debt service costs for City Hall from two sources; the General Fund, based on monies previously budgeted for lease payments for City Hall and Annex (\$0.864 million), and Real Estate Excise Tax (REET) collected in the General Capital Fund (\$1.328 million). The City Council authorized staff to use up to \$750,000 per year of REET towards the City’s debt service costs for City Hall.
- ◆ **Human Services:** The 2025-2026 Proposed Budget sets human service funding at the City Council’s goal of committing 1.0% of recurring General Fund revenues to human service providers with the allocation for 2025 at \$624,112 and 2026 at \$643,594. The proposed budget also includes 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.
- ◆ **Capital Programs:** The 2025-2026 capital budget reflects the 2025-2026 Capital Improvement Program projects proposed in the 2025-2030 Capital Improvement Plan (CIP). The 2025-2030 CIP, including surface water and wastewater projects totals \$390.269 million, while the 2025-2026 Capital Improvement Program budget, including surface water and wastewater projects, totals \$170.768 million. The CIP covers projects over \$25,000 and includes buildings, land acquisition, park facilities, road and transportation projects, and drainage system and wastewater system improvements. Much of the capital improvement activity is funded through contributions from the General Fund, real estate excise tax (REET), grants, and debt issuance.

This chart provides a breakdown of the allocation of capital spending throughout the 2025-2030 CIP. The change in spending can vary significantly from year to year based on available resources to complete projects and the impact of previously completed capital projects on the City’s operating budget. Detailed

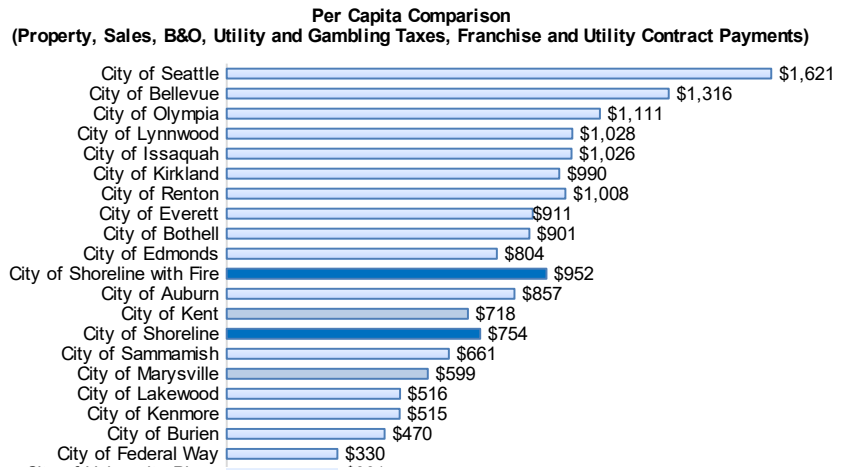


information on the CIP may be found in the Capital Improvement Program section of this budget document.

More detailed information regarding changes within the 2025-2026 Proposed Biennial Budget can be found in the individual department sections of this document.

**Fiscal Capacity:**

As a City, we are challenged by currently limited fiscal capacity. Shoreline is primarily a residential community. The chart to the right shows a comparison of tax per capita with comparable cities using 2022 data (the most recent year for audited financial data). Shoreline also has relatively low sales tax revenue per capita as compared to many other jurisdictions of similar population. This is especially true with those jurisdictions that have much larger retail centers within their communities. Some of these jurisdictions operate their own fire departments.



**Staffing:**

The 2025-2026 Proposed Biennial Budget increases the net number of full-time equivalent (FTE) positions in the City’s personnel complement from the 2024 total by 9.85 FTE. This number reflects the following:

Reductions of Limited Term FTE:

- 1.0 Light Rail Project Manager
- 0.5 Light Rail Administrative Assistant II
- 0.4 Equity and Social Justice Coordinator
- 1.0 Community Support Specialist
- Limited Term Grant Administrator to be eliminated in April 2026 at the end of 3-year Term (to be assessed in Mid-Biennial Budget)

Conversion from Limited Term

- Limited Term 1.0 Recreation Specialist II to FTE (General Fund)
- Limited Term 1.0 Community Engagement Coordinator to FTE (Project Supported)
- Limited Term 1.0 Parks Project Manager to FTE (Project Supported)

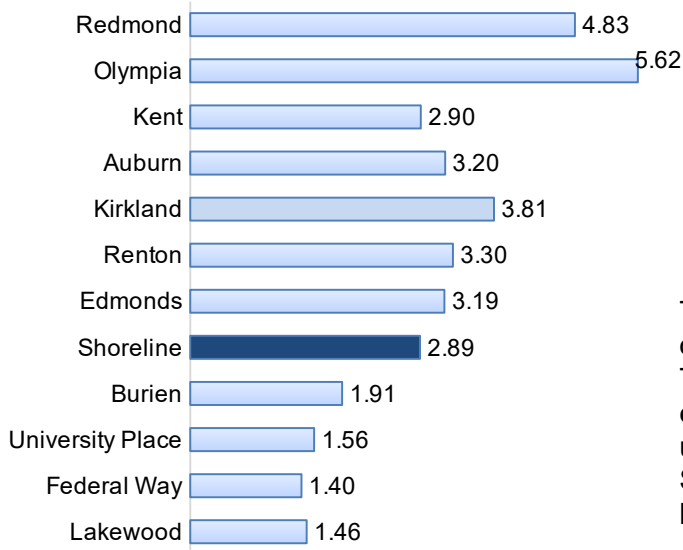
Ongoing Additions:

- 1.0 Housing & Human Services Manager (General Fund)
- 1.0 Facility Maintenance Worker II for Park Bond Projects (General Fund)
- 0.75 Grounds Maintenance Worker II (General Fund)
- 1.0 IT System Analyst II (General Fund)
  
- 1.0 Staff Accountant (General Fund)
- 1.0 PW Maintenance Worker II (Surface Water Fund 75%/General Fund 25%)
- 1.0 Surface Water Inspector (Surface Water Fund)
- 1.0 Construction Inspector (Capital Funds)

**Limited Term (One-time) Additions:**

- 1.0 Limited Term Environmental Services Coordinator (General Fund)
- 1.0 Limited Term Senior Planner (General Fund)
- 1.0 Limited Term Senior Management Analyst (General Fund)
- 1.0 Limited Term GIS Analyst (General Fund)
- 1.0 Limited Term Administrative Assistant I (General Fund)

**Employees Per Thousand Population  
(2024)**



The chart to the right depicts a comparison of staffing to population ratios for 2025. These ratios have been adjusted to exclude fire, police, special programs, and utility personnel from comparable cities. Shorelines ratio is projected to grow to 3.1 by the end of 2026.

**2025-2026 Budget Additions:**

The following positions changes, ongoing and one-time, included in the 2025-2026 Proposed Biennial Budget have been or are needed to accomplish or support specific projects or programs necessary to maintain what we have, ensure a stable foundation, prepare for the future and achieve Council Goals and Priorities. Some limited term positions may be re-evaluated at the Mid-Biennial Budget review.

<b>Ongoing FTE Additions (Annual \$783.8K General Fund, \$236.9K Surface Water Fund, \$142K Capital Funds):</b>	
<b>Maintain What We Have</b>	<ul style="list-style-type: none"> <li>• <i>Facility Maintenance Worker II Park Bond Improvement Support (General Fund)</i>- 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. This position will 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.</li> </ul>
	<ul style="list-style-type: none"> <li>• <i>Grounds Maintenance Worker I (General Fund)</i> - 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 with costs offset by extra help staffing reductions.</li> </ul>
<b>Build a Stable Foundation</b>	<ul style="list-style-type: none"> <li>• <i>IT Systems Analyst Support (General Fund)</i>– 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. While a 1.0 FTE was added in 2023-2024 the budget couldn’t support the all the required additions. The IT Systems Analyst is the highest priority addition and will help to support the City’s 37 unique software applications and databases. The increased complexity in our IT environment, increase in vendor required upgrades requires additional support and increases the City’s risk of data loss and application down-time for major applications.</li> </ul>
	<ul style="list-style-type: none"> <li>• <i>Staff Accountant (General Fund)</i>- 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 Financial report preparation and audit process, and ensure the City’s ability to maintain its great bond rating.</li> </ul>
<b>Address Council Priorities</b>	<ul style="list-style-type: none"> <li>• <i>Housing and Human Services Manager (General Fund)</i> – The top priority identified in the Human Services Strategic Plan process was to increase fund a Housing and Human Services Manager to focus on human services contracting, metric and data tracking and technical assistance to community agencies and the implementation of the Human Services Plan.</li> </ul>
	<ul style="list-style-type: none"> <li>• <i>Public Works Maintenance Worker II (Surface Water Fund/General Fund)</i>– This position was identified in the recently adopted Surface Water Master Plan to address 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.</li> </ul>
	<ul style="list-style-type: none"> <li>• <i>Surface Water Inspector (Surface Water Fund)</i>- This position is part of Surface Water Master Plan (SWMP) service level increases approved by Council. This position will provide construction stormwater (TESC) inspections for private redevelopment, Source Control and Pollution Prevention Assistance (PPA)</li> </ul>

	<p>program inspections, and support for other Surface Water programs.</p> <ul style="list-style-type: none"> <li>• <i>Construction Inspector (Various Capital Funds)</i> - The Construction Services group supports capital projects during construction. This position will provide construction inspection, office engineering and constructability review. The City does not have adequate staffing to take on these inspections and has been reliant on consultants to perform these services. There is adequate work projected for an in-house inspector at an overall cost savings when compared to using a consultant.</li> </ul>
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<p><b>Conversion of Limited Term to Ongoing FTE (Annual \$87.5K General Fund, \$303K Capital Funds)</b></p>	
<p><b>Maintain What We Have</b></p>	<ul style="list-style-type: none"> <li>• <i>Recreation Specialist I (General Fund)</i> - 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 including the conversion of this position from Limited Term to full time in the proposed budget.</li> </ul>
<p><b>Address Council Priorities</b></p>	<ul style="list-style-type: none"> <li>• <i>Parks Project Manager from LTE to FTE (Project Funded – General Capital)</i> - 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. 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. Should funding for park projects not be available in future budgets, this position would be eliminated.</li> <li>• <i>Community Engagement Coordinator (Project Funded - various Capital Funds)</i> - The Community Engagement Coordinator position was authorized by Council on a limited term basis in 2023. The position has proved effective in coordinating 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. The position has been determined to be an ongoing need and is to be funded 80% from Capital Funds and 20% from General Fund supported by a reduction in professional services budget.</li> </ul>

**One-Time Limited Term Additions (Biennial \$1.51 million General Fund):**

<p><b>Maintain What We Have</b></p>	<ul style="list-style-type: none"> <li>• <i>Limited Term IT GIS Analyst:</i> The new ESRI ArcGIS environment is more complex and has added many more capabilities for the City. Departments have operational needs to take advantage of these capabilities. This 1.0 limited term position will enable the team to build processes and procedures to take advantage of the new capabilities and support work demands as we determine the ongoing support needs for this new more complex GIS environment.</li> </ul>
<p><b>Prepare for the future</b></p>	<ul style="list-style-type: none"> <li>• <i>Limited Term Senior Planner:</i> 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 City’s Tree and Development Codes to be responsive to the community and Council goals and adapt to changing regulatory changes from the state and to begin the process of sub-area planning. This 1.0 limited-term position will support this work.</li> <li>• <i>Limited Term Senior Management Analyst:</i> To support the planning aspect of the Aquatics Facility Project, a 1.0 limited term Senior Management Analyst position is included in the budget. 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 aquatic’s facility ballot measure on the November 2026 general election ballot. This position would manage 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.</li> </ul>
<p><b>Address Council Priorities</b></p>	<ul style="list-style-type: none"> <li>• <i>Limited Term Environmental Sustainability Coordinator:</i> The limited term position will assist with 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 Climate Action Plan (CAP), and 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.</li> <li>• <i>Limited Term Administrative Assistant I:</i> This position will pilot the provision of guest management support at City Hall as part of our Facility Security Enhancement project. The ongoing need for this additional support will be evaluated as part of the pilot in the 2025-2026 biennium.</li> </ul>

**Continuation of Current Limited Term Positions (Biennial -\$547K General Fund)**

<p><b>Address Council Priorities</b></p>	<ul style="list-style-type: none"> <li>• <i>Limited Term Performance Management and Continuous Improvement Management Analyst:</i> 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 amendment. 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</li> </ul>
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	<p>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.</p>
	<ul style="list-style-type: none"><li>• <i>Limited Term Grant Administrator:</i> 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.</li></ul>

## CITY BUDGET SUMMARY

Listed below are the resources and expenditures for all City funds. The resources section lists all revenue and uses by category. Beginning Fund Balance represents the reserves that are available to the City at the beginning of any given year. Operating Uses represent expenses necessary to run the City government on a daily basis while Contingencies represent funding set aside for potential or unforeseen expenditures that may occur. Capital Improvements are the purchases of land, construction of buildings, major street construction or reconstruction, or drainage system improvements. Interfund Transfers represent transfers of funds from one City fund to another City fund to pay for services or capital purposes. Revenues and expenditures are recorded in all funds. Ending Fund Balance represents the reserves that are available to the City at the end of any given year. These reserves represent both reserves for unanticipated events and reserves designated for future capital purposes. The Budgeted Use of Fund Balance is required to balance certain funds and the difference between resources and expenditures presented here may be offset by surpluses in other funds.

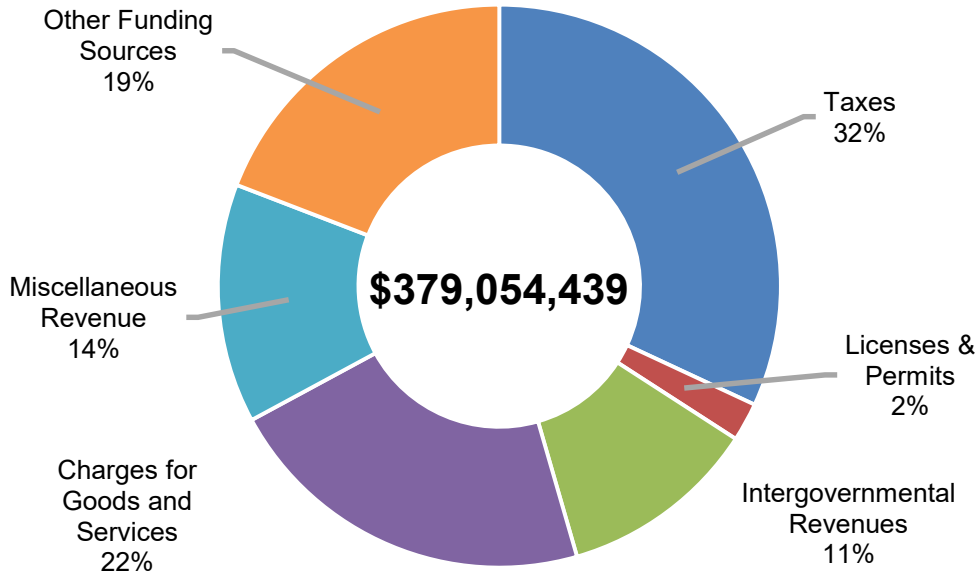
	2021 - 2022 Biennial Actual	2023 - 2024 Biennial Budget	2023 - 2024 Biennial Estimate	2025 - 2026 Biennial Budget	vs. 2023 - 2024 Biennial Estimate	Percentage Change
<b>Beginning Fund Balance</b>	\$89,820,662	\$161,715,614	\$111,267,752	\$145,473,304	(\$16,242,310)	-10%
<b>Revenues:</b>						
Taxes	\$96,394,354	\$109,953,729	\$116,166,659	\$120,967,411	\$4,800,752	4%
Licenses & Permits	9,753,734	8,430,079	9,442,207	8,421,876	(1,020,330)	-11%
Intergovernmental Revenues	50,606,429	91,112,846	83,885,463	43,268,122	(40,617,340)	-48%
Charges for Goods and Services	69,525,519	70,788,911	78,777,568	81,689,620	2,912,052	4%
Fines and Forfeits	329,580	1,259,238	443,377	1,140,238	696,861	157%
Miscellaneous Revenues	8,328,350	17,337,611	7,041,643	49,677,341	42,635,697	605%
Investment Earnings	393,850	1,593,998	9,001,918	1,290,520	(7,711,399)	-86%
<b>Total Fund Sources</b>	<b>\$235,331,814</b>	<b>\$300,476,412</b>	<b>\$304,758,835</b>	<b>\$306,455,128</b>	<b>1,696,293</b>	<b>1%</b>
<b>Other Financing Sources:</b>						
Proceeds from Capital Assets	40,026,863	2,084,851	1,084,821	1,057,988	(26,833)	-2%
Capital Contributions	5,498,570	0	4,222,334	0	(4,222,334)	-100%
Transfers In General Fund Overhead	3,802,303	5,380,149	5,200,148	6,901,429	1,701,281	33%
Transfers In General Fund Capital Support	4,469,624	12,559,526	11,652,997	9,773,522	(1,879,475)	-16%
Transfers In General Fund Support	2,003,965	3,771,055	3,951,119	4,902,747	951,629	24%
Other Transfers In	25,523,202	25,471,270	25,238,044	20,511,585	(4,726,459)	-19%
Other Financing Sources	16,077,659	37,626,694	9,868,163	29,452,040	19,583,877	198%
<b>Total Other Financing Sources</b>	<b>\$97,402,186</b>	<b>\$86,893,545</b>	<b>\$61,217,626</b>	<b>72,599,311</b>	<b>11,381,685</b>	<b>19%</b>
<b>Total Funding Sources</b>	<b>\$332,734,001</b>	<b>\$387,369,957</b>	<b>\$365,976,461</b>	<b>\$379,054,439</b>	<b>\$13,077,979</b>	<b>4%</b>
<b>Uses:</b>						
<b>Operating Budget</b>						
Salaries & Benefits	\$37,831,056	\$50,509,813	\$48,724,188	\$55,770,562	\$7,046,374	14%
Supplies	2,067,138	3,627,935	3,033,912	2,528,120	(505,792)	(17%)
Other Services & Charges	18,913,258	25,034,607	25,973,423	25,834,060	(139,363)	(1%)
Intergovernmental Services	29,599,331	37,780,163	34,324,409	44,176,200	9,851,791	29%
Interfund Payments/Charges	1,143,426	1,194,629	1,180,175	1,560,703	380,528	32%
Budgeted Contingency	-	1,698,607	286,284	1,923,373	1,637,089	572%
Capital Outlays	409,512	4,500,000	4,763,230	-	(4,763,230)	(100%)
Debt Services - Principal	72,072	-	78,192	-	(78,192)	(100%)
Debt Services - Interest	3,025	-	2,597	-	(2,597)	(100%)
Transfers Out	14,654,826	21,487,257	19,209,297	18,025,465	(1,183,832)	(6%)
<b>Sub-Total Operating Uses</b>	<b>\$104,693,645</b>	<b>\$145,833,012</b>	<b>\$137,575,706</b>	<b>\$149,818,482</b>	<b>\$12,242,776</b>	<b>9%</b>
<b>All Other Funds</b>						
Other Operating Funds	150,291	684,243	434,981	684,434	249,453	57%
Debt Service	16,534,353	12,438,886	12,448,783	11,864,733	(584,050)	(5%)
Facilities, Parks and Roads Capital (CIP)	76,909,161	187,166,029	161,943,510	142,369,544	(19,573,967)	(12%)
Surface Water Utility	20,942,647	32,013,564	22,032,787	36,427,813	14,395,026	65%
Wastewater Utility	39,788,950	57,361,882	46,544,640	62,674,649	16,130,009	35%
Internal Service Funds	1,820,002	2,320,203	1,238,362	2,689,156	1,450,794	117%
<b>Sub-Total All Other Funds</b>	<b>\$156,145,404</b>	<b>\$291,984,807</b>	<b>\$244,643,065</b>	<b>\$256,710,329</b>	<b>\$12,067,265</b>	<b>5%</b>
<b>Total Uses</b>	<b>\$260,839,048</b>	<b>\$437,817,819</b>	<b>\$382,218,771</b>	<b>\$406,528,812</b>	<b>\$24,310,041</b>	<b>6%</b>
<b>Ending Fund Balance</b>	<b>\$161,715,614</b>	<b>\$111,267,752</b>	<b>\$145,473,304</b>	<b>\$117,998,932</b>	<b>(\$27,474,373)</b>	<b>(19%)</b>



# THE CITY BUDGET

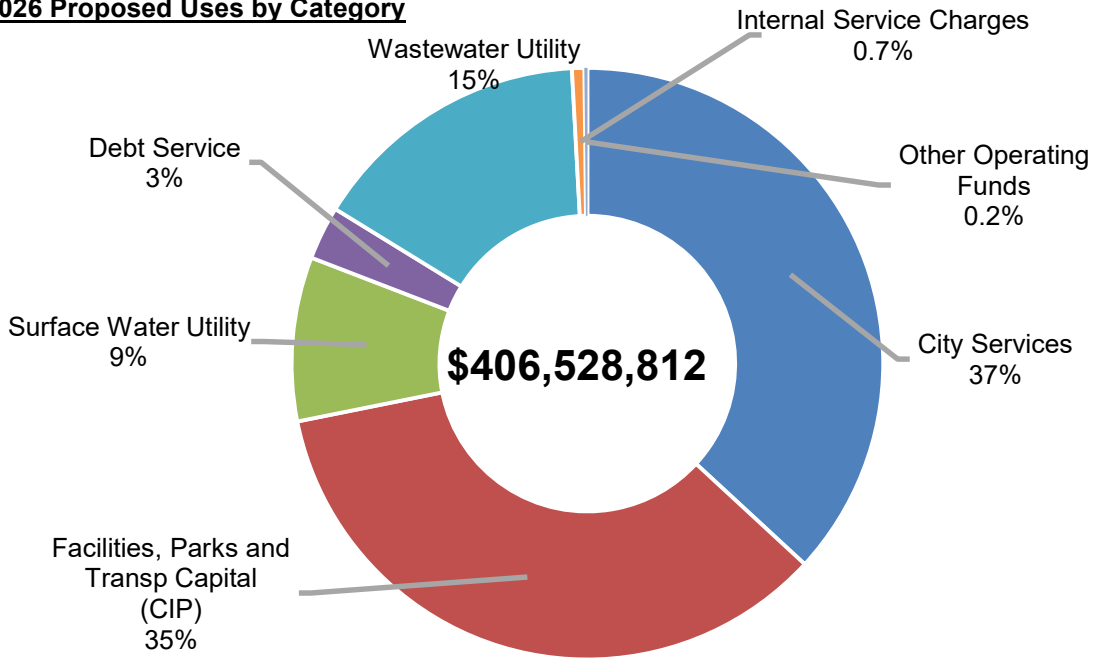
Where the money will come from ...

2025-2026 Proposed Sources by Category



How will the money be spent ...

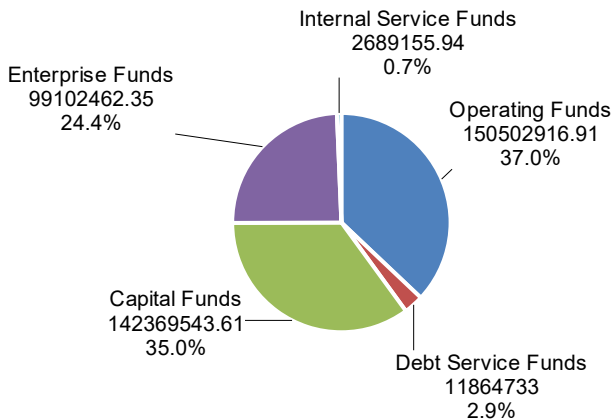
2025-2026 Proposed Uses by Category



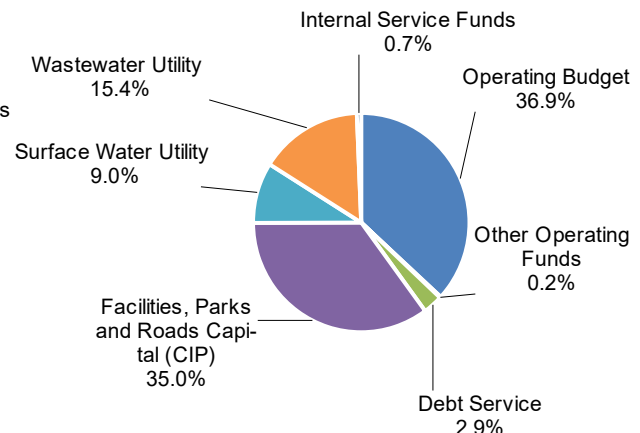
## City of Shoreline 2025-2026 Biennial Budget All Funds Resources/Appropriations Summary

Fund	Projected Beginning Fund Balance (A)	Revenue (B)	Other Financing Sources (C)	Transfers In (D)	Total Resources (A+B+C+D=E)	Expenditures (F)	Transfers Out (G)	Total Appropriations (F+G=H)	Ending Fund Balance (E-H=I)	Change in Fund Balance (I-A=J)
<b>General Fund</b>	\$47,890,254	\$124,626,506	\$0	\$6,909,429	\$179,426,189	\$124,050,635	\$16,700,986	\$140,751,622	\$38,674,567	(\$9,215,687)
Shoreline Secure Storage Fund	969,376	3,000,000	0	0	3,969,376	2,826,084	173,916	3,000,000	969,376	0
Street Fund	327,438	2,416,314	40,000	2,934,708	5,718,460	4,240,446	1,150,562	5,391,009	327,451	14
Revenue Stabilization Fund	6,831,752	0	0	1,026,635	7,858,387	0	0	0	7,858,387	1,026,635
Code Abatement Fund	\$380,317	\$60,000	\$0	\$0	\$440,317	\$200,000	\$0	\$200,000	\$240,317	(\$140,000)
State Drug Enforcement Forfeiture Fund	236,660	36,486	0	0	273,146	36,486	0	36,486	236,660	0
Federal Drug Enforcement Forfeiture Fund	12,634	26,000	0	0	38,634	26,000	0	26,000	12,634	0
Federal Criminal Forfeiture Fund	32,518	0	0	0	32,518	0	0	0	32,518	0
Public Arts Fund	\$793,589	\$0	\$0	\$871,249	\$1,664,838	\$238,948	\$0	\$238,948	\$1,425,889	\$632,300
Transportation Impact Fees Fund	8,709,248	488,549	0	0	9,197,797	0	8,808,405	8,808,405	389,392	(8,319,856)
Park Impact Fees Fund	2,362,207	0	0	0	2,362,207	0	356,750	356,750	2,005,457	(356,750)
2006/2016 UTGO Bond Fund	10,561	0	0	0	10,561	0	0	0	10,561	0
2009/2019 LTGO Bond Fund	\$521,254	\$0	\$0	\$2,192,666	\$2,713,920	\$2,192,666	\$0	\$2,192,666	\$521,254	\$0
2020 LTGO Bond Fund	0	0	0	173,916	173,916	173,916	0	173,916	0	0
2013 LTGO Bond Fund	0	0	0	515,879	515,879	515,879	0	515,879	0	0
Sidewalk LTGO Bond Fund	12,476,738	5,211,174	0	0	17,687,912	1,846,116	0	1,846,116	15,841,796	3,365,058
VLF Revenue Bond	\$0	\$0	\$0	\$1,239,277	\$1,239,277	\$1,239,277	\$0	\$1,239,277	\$0	\$0
2022 Parks UTGO Bond	9,809	5,896,879	0	0	5,906,688	5,896,879	0	5,896,879	9,809	0
General Capital Fund	12,038,364	4,583,348	0	4,146,939	20,768,651	12,990,329	1,479,841	14,470,170	6,298,481	(5,739,883)
City Facility-Major Maintenance Fund	506,391	29,464	0	1,321,174	1,857,029	1,417,233	0	1,417,233	439,796	(66,595)
Roads Capital Fund	\$17,533,017	\$78,149,877	\$134,698	\$18,512,479	\$114,330,072	\$95,812,272	\$6,897,372	\$102,709,644	\$11,620,428	(\$5,912,590)
Sidewalk Expansion Fund	7,051,047	330,000	14,277,342	0	21,658,389	14,607,342	0	14,607,342	7,051,047	0
Surface Water Utility Fund	6,685,704	26,575,897	7,000,000	946,949	41,208,550	33,139,442	3,288,372	36,427,813	4,780,737	(1,904,967)
Wastewater Utility Fund	13,248,363	53,132,155	8,003,500	296,216	74,680,233	59,441,569	3,233,080	62,674,649	12,005,584	(1,242,779)
Vehicle Operations and Maintenance Fund	\$57,258	\$903,771	\$0	\$0	\$961,028	\$841,093	\$0	\$841,093	\$119,936	\$62,678
Equipment Replacement Fund	6,714,188	1,144,092	40,252	851,767	8,750,299	1,698,063	0	1,698,063	7,052,236	338,048
Unemployment Fund	29,924	0	0	150,000	179,924	150,000	0	150,000	29,924	0
<b>Total City Funds</b>	<b>\$145,473,304</b>	<b>\$307,469,364</b>	<b>\$29,495,792</b>	<b>\$42,089,283</b>	<b>\$524,527,744</b>	<b>\$364,439,528</b>	<b>\$42,089,283</b>	<b>\$406,528,812</b>	<b>\$117,998,932</b>	<b>(\$27,474,373)</b>

**Appropriation by Fund Type**  
**\$406,528,812**



**Use by Service Type**  
**\$406,528,812**



## CITY REVENUE SOURCES

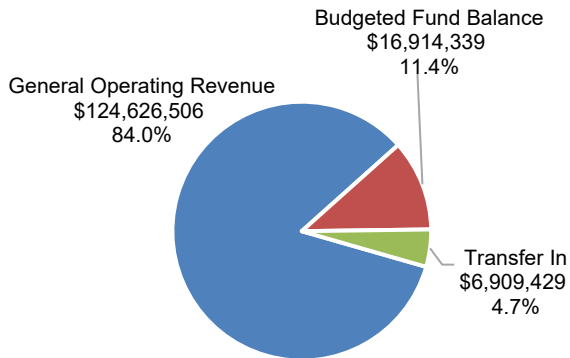
The City of Shoreline receives revenues from local property, sales, utility, business and occupation and gambling taxes; a variety of population-based state-shared revenues; user fees for development services and parks programs; and, grants, fines, and other miscellaneous revenues. Budgeted resources for all of the City’s funds, inclusive of the budgeted use of fund balance and transfers between funds, totals \$424.260 million. Budgeted appropriations, including transfers between funds, total \$406.528 million. Excess resources will remain in fund balance until they are appropriated at a later date.

### General Fund

The General Fund resource base is \$148.450 million and is comprised of the budgeted use of fund balance (\$16.914 million, 11.4%), operating revenues (\$124.627 million, 83.5%), and transfers-in from other funds for their share of the General Fund overhead (\$6.909 million, 4.7%).

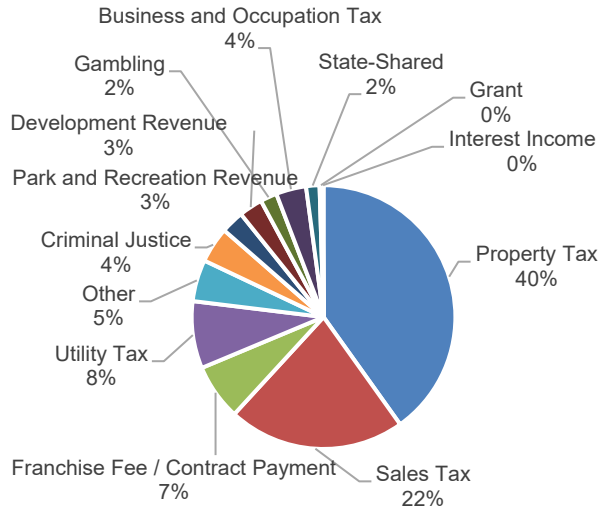
#### General Fund Resources

**\$148,450,274**



#### General Fund Operating Revenues

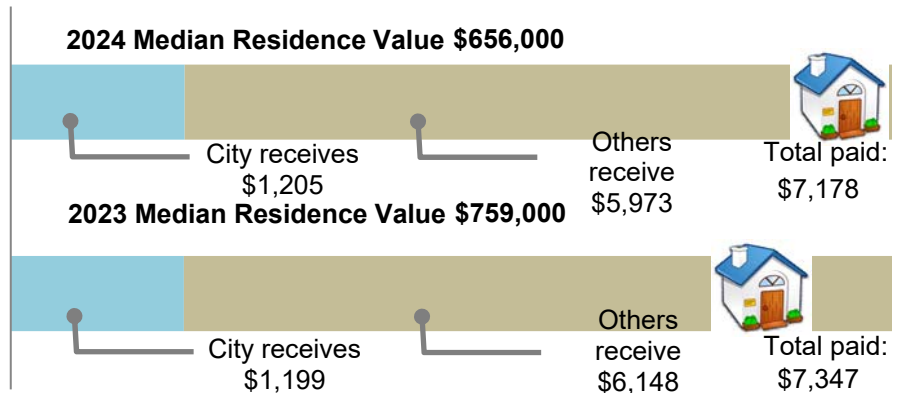
**\$124,626,506**



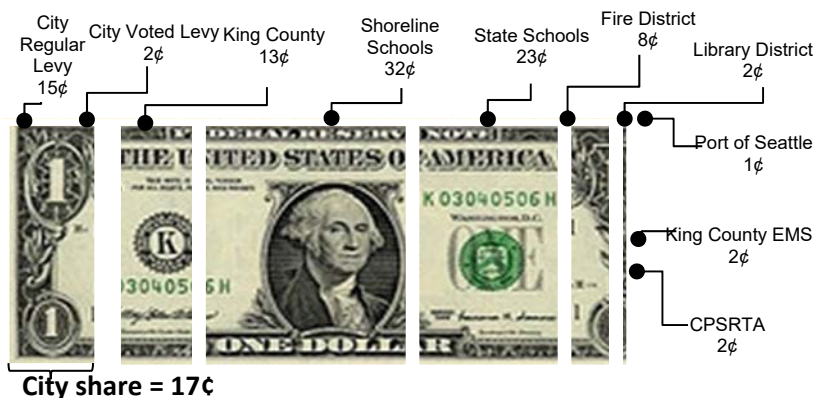
## Property Tax

The Washington State Constitution limits the annual rate of property taxes that may be imposed on an individual parcel of property to 1% of its assessed value. In addition, there is a maximum rate of levy per \$1,000 assessed value in a city for all tax jurisdictions (including library and/or fire district). As part of Shoreline’s financial sustainability strategy, the City has historically sought a levy lid lift, where the City seeks voter approval to allow property tax increases beyond 1%. Shoreline has utilized this strategy in November 2010, which set a property tax rate of \$1.48 per \$1,000 assessed valuation (AV) for 2011. It also included an annual escalator based upon the change in the June-to-June Consumer Price Index for All Urban Consumers for the Seattle Area (CPI-U) for years 2012 through 2016. However, the assessed value decreased in 2012-2013, pushing levy per \$1,000 to increase to the maximum allowed rate. This resulted the City to only able to increase property tax through new constructions instead of inflation. Since 2014, AV increased year over year until 2023, which lowered the levy per \$1,000 AV, allowing the City to increase property tax based on inflation. Upon the expiration of the levy lid lift in 2016, the City voters approved a new levy lid lift for 2017-2022, setting the property tax rate at \$1.39 per \$1,000 AV for 2017. The current levy lid lift was approved in 2022 for the period of 2023-2028, where levy is set at \$1.39 per \$1,000 again, with annual increases based on inflation for 2023-2028.

In 2024, the City of Shoreline property tax regular levy rate and excess voted levy rates increased from \$1.39 to \$1.63 per \$1,000 AV. This was due to the City received a decrease of 10.67% in property tax assessed value from the King County Assessor. When all the taxing jurisdictions’ levy rates are combined the total levy rate increased from \$9.68 to \$10.94. The chart to the right exhibits the amount a homeowner of a residence with a median value (as determined by the King County Department of Assessments) paid to the City and all other taxing jurisdictions. In 2024, a total of \$7,178 in property taxes is paid to all taxing jurisdictions, which is \$169 less than that paid in 2023.



The chart to the right and the table below provide information regarding the allocation of the total 2024 levy rate for all taxing districts within Shoreline. The City receives 17¢ of each dollar of property tax paid, which would equate to 15¢ (\$1,054 total) for the regular levy and 2¢ (\$151 total) for the excess voted levy. A homeowner will pay \$6 more than that paid in 2023.



	Assessed Value	Per \$1,000 (AV/\$1,000)		Rate		Assessment	%
City	\$ 656,000	656.00	X	\$1.84	=	\$1,205	17%
King County	\$ 656,000	656.00	X	1.41	=	924	13%
Shoreline School Dist.	\$ 656,000	656.00	X	3.54	=	2,324	32%
State Schools	\$ 656,000	656.00	X	2.52	=	1,651	23%
Fire District	\$ 656,000	656.00	X	0.85	=	558	8%
Library District	\$ 656,000	656.00	X	0.29	=	189	3%
Port of Seattle	\$ 656,000	656.00	X	0.10	=	69	1%
King Co. EMS	\$ 656,000	656.00	X	0.23	=	149	2%
CPSRTA	\$ 656,000	656.00	X	0.16	=	108	2%
<b>TOTAL</b>				<b>\$10.94</b>		<b>\$7,178</b>	<b>100%</b>

**Source:** King County Department of Assessments; 2024 Median Residence Value for Shoreline reported per Assessed Value and Taxes by City

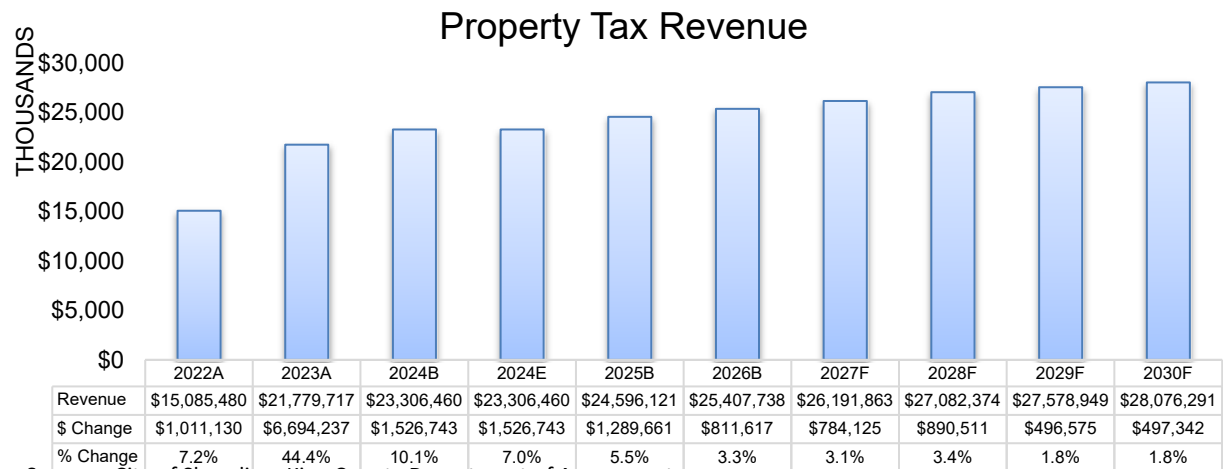
*\*\$1.84 City Rate includes \$0.20568 Excess Levy Rate discussed below.*

For 2025, the proposed budget we assumed a 5.85% increase to 2024 assessed value (AV) of 14,501,514,911 including new construction (123.073 million), the property tax levy was estimated to be \$24.596 million or 1.60 per assessed value. The 2025-2026 Proposed Biennial Budget reflects this as the budgeted levy value. For 2026, it is assumed the regular property tax levy will generate \$25.407 million. AV, excluding new construction, is projected to grow in future years.

Based on the recent preliminary AV recently provided by the King County Assessor’s Office, the levy basis for 2025 is estimated to increase by 11.37% from that of 2024. With the inclusion of new construction AV, estimated at \$164.146 million, the 2025 property tax levy is estimated to be \$24.665 million or \$1.53 per \$1000 AV. Given the preliminary 2025 assessed value change our 2026 assessed value is estimated to be 25.475 million, representing a rate of 1.51 per \$1000 AV.

In 2022, Shoreline voters approved an excess property tax levy to fund park improvements, future park property acquisitions and public art. The excess levy funds repayment of the general obligation bonds issued in 2022. The total excess levy for general obligation bonds for 2025 and 2026 is \$2,948,585 and \$2,948,294 respectively

### Property Tax Historical Comparison & Forecast



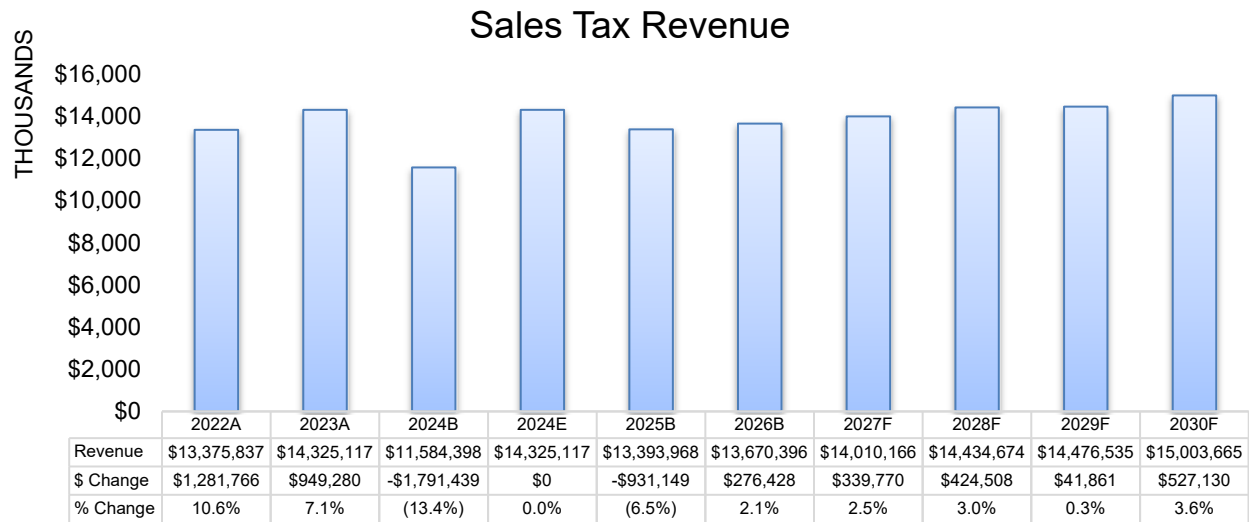
Sources: City of Shoreline; King County Department of Assessments

## Sales Tax

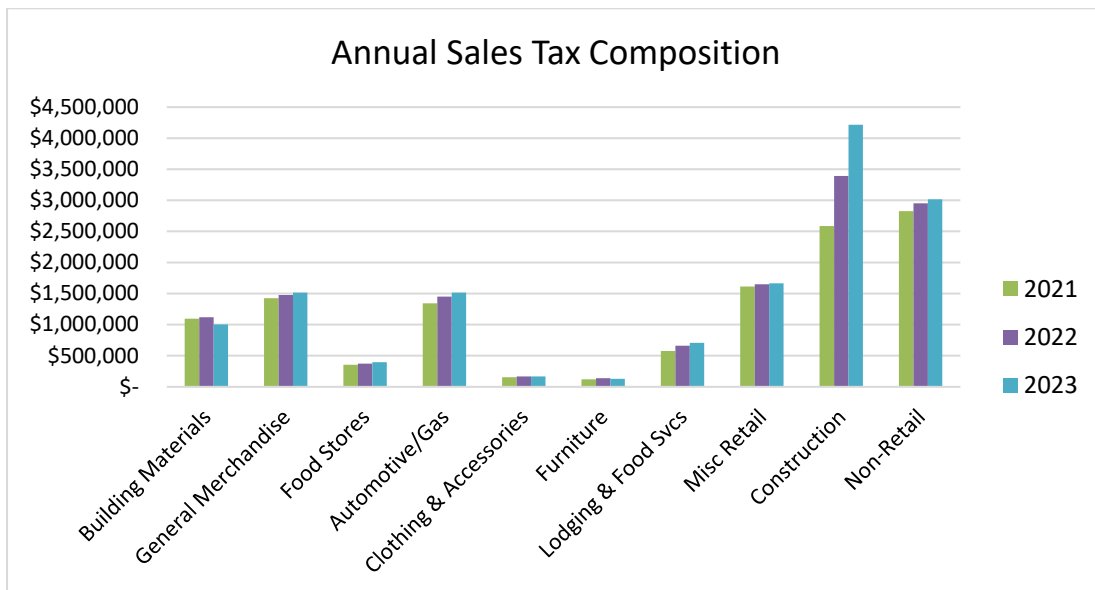
General sales tax, the second largest revenue source for City operations, totals \$27.064 million and reflects decreases over the 2023-24 revised projection for the Current Biennium of \$1.586 million, or 5.5%.

With the anticipation of Sound Transit, there has been increased development activities in the City in the last few years. As a result, construction sector has contributed to most of the growth. As Sound Transit is reaching completion and given the uncertain economy, staff is anticipating this revenue source to slow down in the 2025-2026 biennium and has forecasted conservatively for 2025, and modest growth from 2026 onwards as shown in graph below.

### Sales Tax Historical Comparison & Forecast



Sources: City of Shoreline; The Puget Sound Economic Forecaster History and Ten-Year Forecast, June 2017



## Business & Occupation Tax

During the City Council's 2017 Strategic Planning Workshop, the City Council reviewed the plan to support implementation of the remaining strategies of the 10 Year Financial Sustainability Plan, including Strategy 6 to engage the community in a discussion regarding the possible future implementation of a Business and Occupation (B&O) Tax. RCW 35A.82.020 (<http://app.leg.wa.gov/rcw/default.aspx?cite=35A.82.020>) provides Shoreline the authority to impose a B&O Tax on businesses that operate within the city limits. Staff procured the support of BERK, a local consulting firm, to engage the business community in the discussion about the potential implementation of a B&O Tax in Shoreline. BERK worked with City staff to develop an online survey focused on soliciting input from businesses about the various options available to a city when implementing a B&O Tax. BERK also facilitated two, two-hour Business Outreach Workshops. The City's Economic Development Manager and Administrative Services Director made a presentation on the proposed work plan to the Shoreline Chamber of Commerce, Economic Development Committee.

Staff provided the City Council an update on staff's progress related to implementation of Strategy 6 during the August 14, 2017 meeting. The City Council directed staff to continue to pursue implementation of a B&O Tax and authorized staff to move into the next phase of implementation and bring back a draft B&O Tax Ordinance for the City Council's consideration. Proposed Ordinance No. 808, creating two new chapters in the Shoreline Municipal Code (SMC): Chapter 3.22, Business and Occupation Tax and Chapter 3.23, Tax Administrative Code, were presented to City Council for discussion on November 13, 2017. Both chapters are based on the Association of Washington Cities' 2012 B&O Tax Model Ordinance with some modifications. These include the City Council's guidance provided during the Council's August 14, 2017 discussion. The staff report for the November 13th Council discussion is available at the following link: <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport111317-9a.pdf>. Proposed Ordinance No. 808 providing for a B&O Tax and creating two new Chapters in the Shoreline Municipal Code was adopted by the City Council on December 4, 2017.

Effective January 1, 2019, Shoreline began imposition and collection of a B&O Tax primarily measured on gross proceeds of sales or gross income. For purposes of calculating the B&O Tax, businesses may be divided into several classifications (e.g., retailing, manufacturing, services, or wholesale) and those conducting multiple activities will report in more than one classification. The implementation of a B&O Tax, up to a rate of 0.002 does not require a public vote; however, Ordinance No. 808 imposing the tax included a provision for a referendum procedure.

All businesses operating in Shoreline that have gross receipts more than \$500,000 per year (or \$125,000 per quarter), except 501(C)(3) non-profits, will be subject to the tax. A rate of 0.001 will be applied to all gross receipts for all business classifications except services which will be taxed at a rate of 0.002. More information regarding tax and licensing in the City of Shoreline may be found at the following link: <http://www.shorelinewa.gov/government/departments/administrative-services/taxes-in-shoreline>.

As the tax has been implemented for a few years and is generating consistent revenue in 2023-2024, staff has updated the forecast based on the latest 2024 projection, and increasing or decreasing at the same rate as sales tax.

## Gambling Tax

Gambling tax rate limits are set by the state and vary by game. In 1998, the State allowed the opening of “mini-casinos” and expanded the number of card rooms and the betting limits. This expansion resulted in revenue increases of 76% and 48% in 1998 and 1999, respectively. The City’s gambling tax revenues come from card room and pull-tab activity. For the next few years, gambling tax revenues stabilized at around \$2.5 million. A new mini-casino was opened during the fourth quarter of 2003 increasing revenues to over \$3 million in 2004. Since that time the City has lost some casinos and revenues in 2019 were around \$1.6 million. Like other industries gambling establishments were significantly impacted by COVID-19; however, revenue recovered in the current biennium at around \$1.3 million, with the decrease attributed to the closure of one card room. The City’s tax rate has held at 10% since April 2007.

In 2025-2026, collections are projected to total \$2.550 million. Staff has assumed no growth in future years in tax collections with a baseline of \$1.275 million.

The City Council has a policy to retain only an amount equal to a 7% card room tax rate in the General Fund’s on-going revenue base and transfer the difference of 3% to support capital project planning and delivery. This policy was adopted in order to reduce the General Fund’s reliance on this revenue source for general operations of the City in response to several attempts by the State Legislature to lower the allowable City tax rate. In 2012 the Transportation Planning Program was moved from the Roads Capital Fund to the General Fund and the transfer was decreased starting in 2014 by the amount required to fund this program. The transfer for 2025-2026 totals \$195,302.

### Gambling Tax Historical Comparison & Forecast





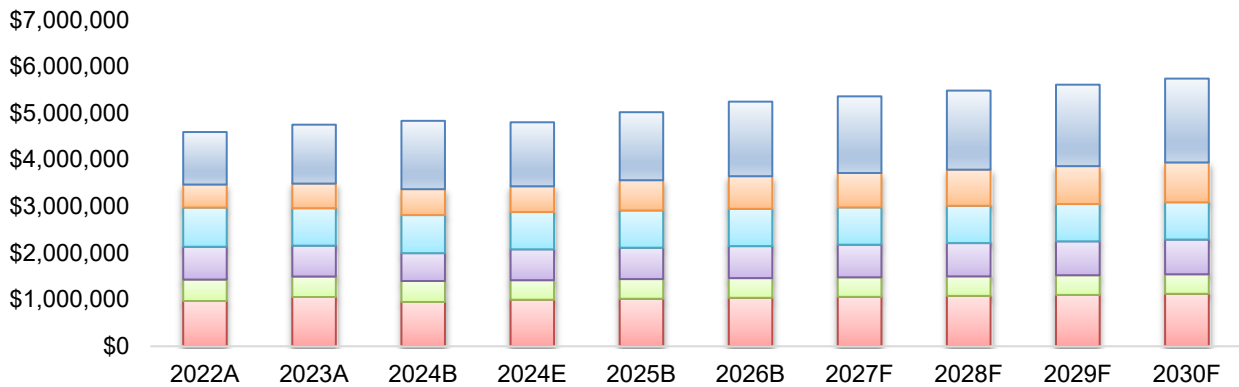
## Utility Taxes

The Council enacted a 6% utility tax on natural gas, telephone, cellular telephone, pager services, and sanitation services along with a 1% utility tax on cable effective in 2000. In 2005 a 6% utility tax was applied to storm drainage and the tax rate for cable television was increased to 6% on July 1, 2007. Projected revenues in 2025-2026 from utility taxes total \$10.271 million.

- Revenues from telecommunications is closely monitored as it has declined since 2010 and will most likely continue to do so due to competition and the change in use of technology.
- Revenues from garbage are projected to increase based upon current inflation rates as allowed under the contract.
- Revenues from the storm drainage and wastewater utility tax are projected to increase commensurate with Surface Water Utility and Wastewater Fee rate increases.

### Utility Tax Historical Comparison & Forecast

■ Natural Gas ■ Telecommunications ■ Garbage ■ Cable TV ■ Storm Drainage ■ Wastewater



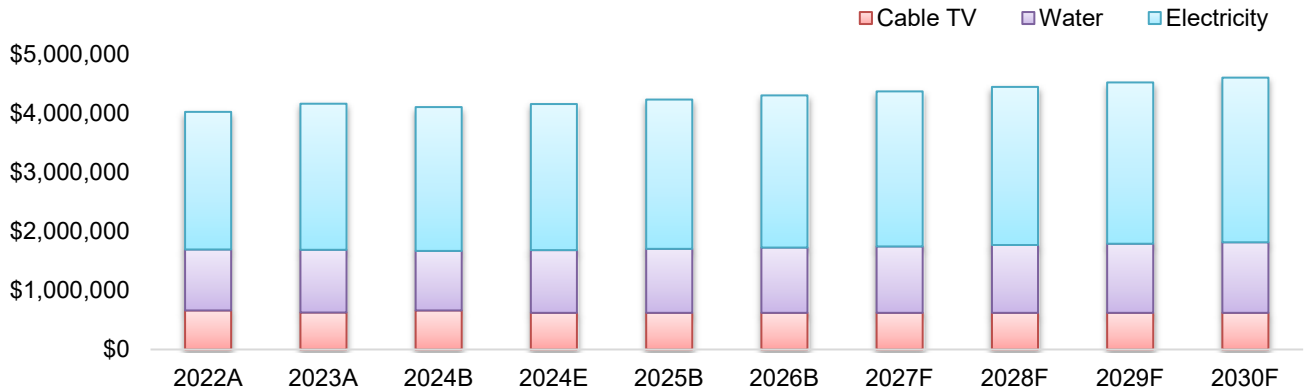
Revenue	2022A	2023A	2024E	2025B	2026B	2027F	2028F	2029F	2030F
<b>Natural Gas</b>	\$972,907	\$1,058,160	\$1,000,000	\$1,021,564	\$1,041,614	\$1,060,247	\$1,081,809	\$1,103,710	\$1,126,554
Annual Change		\$85,253	(\$58,160)	\$21,564	\$20,050	\$18,633	\$21,562	\$21,901	\$22,844
% Change		8.8%	(5.5%)	2.2%	2.0%	1.8%	2.0%	2.0%	2.1%
<b>Telecomm.</b>	\$458,517	\$440,646	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000	\$420,000
Annual Change		(\$17,871)	(\$20,646)	\$0	\$0	\$0	\$0	\$0	\$0
% Change		(3.9%)	(4.7%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Garbage</b>	\$705,572	\$660,225	\$660,000	\$674,232	\$687,465	\$699,763	\$713,994	\$728,449	\$743,525
Annual Change		(\$45,346)	(\$225)	\$14,232	\$13,233	\$12,298	\$14,231	\$14,455	\$15,076
% Change		(6.4%)	(0.0%)	2.2%	2.0%	1.8%	2.0%	2.0%	2.1%
<b>Cable TV</b>	\$839,537	\$803,166	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Annual Change		(\$36,372)	(\$3,166)	\$0	\$0	\$0	\$0	\$0	\$0
% Change		(4.3%)	(0.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Storm Drainage</b>	\$493,518	\$529,535	\$553,688	\$648,376	\$701,554	\$736,632	\$773,463	\$812,136	\$852,743
Annual Change		\$36,017	\$24,153	\$94,688	\$53,178	\$35,078	\$36,831	\$38,673	\$40,607
% Change		7.3%	4.6%	17.1%	8.2%	5.0%	5.0%	5.0%	5.0%
<b>Wastewater</b>	\$1,124,963	\$1,263,331	\$1,373,093	\$1,457,054	\$1,598,763	\$1,646,726	\$1,696,128	\$1,747,011	\$1,799,422
Annual Change		\$138,368	\$109,762	\$83,961	\$141,709	\$47,963	\$49,402	\$50,883	\$52,411
% Change		12.3%	8.7%	6.1%	9.7%	3.0%	3.0%	3.0%	3.0%
<b>Total Revenue</b>	\$4,595,013	\$4,755,063	\$4,806,781	\$5,021,226	\$5,249,396	\$5,363,368	\$5,485,394	\$5,611,306	\$5,742,244
Annual Change		\$160,050	\$51,718	\$214,445	\$228,170	\$113,972	\$122,026	\$125,912	\$130,938
% Change		3.5%	1.1%	4.5%	4.5%	2.2%	2.3%	2.3%	2.3%

## Franchise Fee & Contract Payments

The City has entered into agreements with many of the public utilities that provide services to our citizens. Agreements have been reached with Seattle City Light, Seattle Public Utilities (Water), and the North City Water District. With the exception of Seattle City Light, these utilities pay a contract fee to the City in an amount equal to six percent of their revenues. Until April 1, 2008, Seattle City Light (SCL) paid six percent of the “power” portion of the electric revenues. On April 1, 2008, SCL began to pay a 3% contract payment on the “distribution” revenues. That rate increased to 6% on January 1, 2009, which ultimately resulted in a 6% payment on total electrical revenues. For residential customers the power portion of charges for electricity is approximately 60% of the total. The remaining 40% is linked to the cost of distribution of electricity.

Projected revenues in 2025-2026 from franchise fees and contract payments total \$8.545 million. The cable television franchise fee is set at a rate equal to five percent of gross cable service revenues.

### Franchise Fees Historical Comparison & Forecast



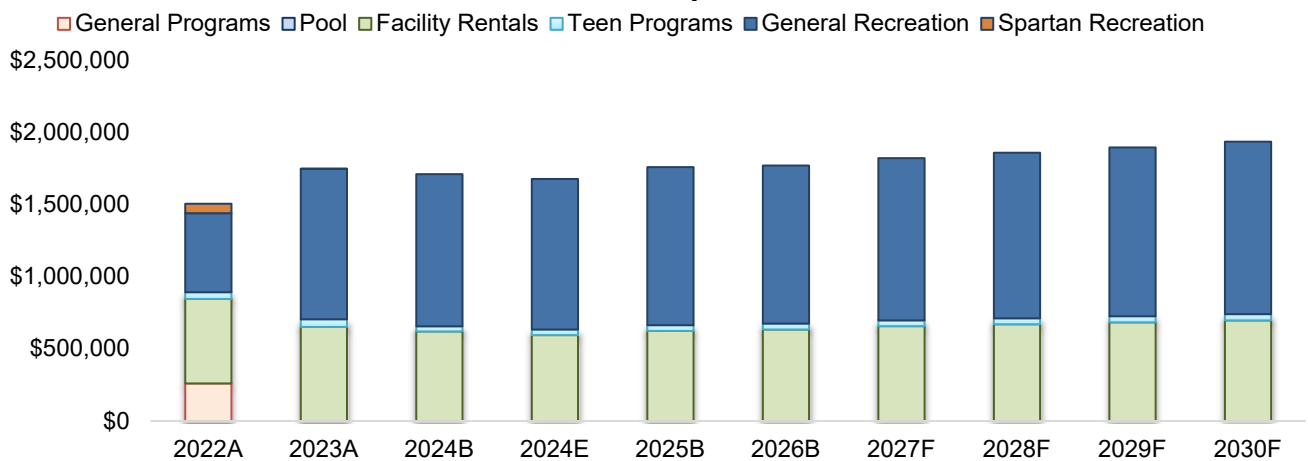
Revenue	2022A	2023A	2024E	2025B	2026B	2027F	2028F	2029F	2030F
<b>Cable TV</b>	\$660,087	\$624,696	\$620,000	\$620,000	\$620,000	\$620,000	\$620,000	\$620,000	\$620,000
Annual Change		(\$35,391)	(\$4,696)	\$0	\$0	\$0	\$0	\$0	\$0
% Change		(5.4%)	(0.8%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Water</b>	\$1,035,116	\$1,114,934	\$1,063,000	\$1,085,923	\$1,107,235	\$1,127,042	\$1,149,963	\$1,173,243	\$1,197,526
Annual Change		\$79,818	(\$51,934)	\$22,923	\$21,312	\$19,807	\$22,921	\$23,280	\$24,283
% Change		7.7%	(4.7%)	2.2%	2.0%	1.8%	2.0%	2.0%	2.1%
<b>Electricity</b>	\$2,332,883	\$2,477,654	\$2,477,654	\$2,531,083	\$2,580,759	\$2,626,925	\$2,680,349	\$2,734,613	\$2,791,211
Annual Change		\$144,771	\$0	\$53,429	\$49,676	\$46,166	\$53,424	\$54,264	\$56,598
% Change		6.2%	0.0%	2.2%	2.0%	1.8%	2.0%	2.0%	2.1%
<b>Total Revenue</b>	\$4,028,086	\$4,217,284	\$4,160,654	\$4,237,006	\$4,307,994	\$4,373,967	\$4,450,312	\$4,527,856	\$4,608,737
Annual Change		\$189,198	(\$56,630)	\$76,352	\$70,988	\$65,973	\$76,345	\$77,544	\$80,881
% Change		4.7%	(1.3%)	1.8%	1.7%	1.5%	1.7%	1.7%	1.8%

## Recreation Fees

Projected revenues for 2024 are estimated at \$1.678 million, indicating full recovery from the pandemic. Projected revenues in 2025-2026 from recreation fees total \$3.532 million.

The City performed a comprehensive cost recovery evaluation on Parks and Recreation Fees in 2015 identifying cost recovery objectives for the various fees. Since that time, staff has completed annual cost recovery evaluations on a subset of fees to ensure that fees continue to meet the identified cost recovery objectives and that fees remain competitive. Fees which are not evaluated each year are adjusted by CPI-U as described above.

### Recreation Fee Historical Comparison & Forecast



Revenue	2022A	2023A	2024E	2025B	2026B	2027F	2028F	2029F	2030F
<b>Recreation</b>	<b>\$873,485</b>	<b>\$1,043,929</b>	<b>\$1,043,500</b>	<b>\$1,097,000</b>	<b>\$1,097,000</b>	<b>\$1,124,768</b>	<b>\$1,147,644</b>	<b>\$1,170,876</b>	<b>\$1,195,108</b>
Annual Change		\$170,444	(\$429)	\$53,500	\$0	\$27,768	\$22,876	\$23,232	\$24,232
% Change		19.5%	(0.0%)	5.1%	0.0%	2.5%	2.0%	2.0%	2.1%
<b>Facility Rentals</b>	<b>\$586,019</b>	<b>\$651,467</b>	<b>\$594,900</b>	<b>\$623,700</b>	<b>\$634,700</b>	<b>\$657,142</b>	<b>\$670,385</b>	<b>\$683,835</b>	<b>\$697,866</b>
Annual Change		\$65,448	(\$56,567)	\$28,800	\$11,000	\$22,442	\$13,243	\$13,450	\$14,031
% Change		11.2%	(8.7%)	4.8%	1.8%	3.5%	2.0%	2.0%	2.1%
<b>Teen Programs</b>	<b>\$46,202</b>	<b>\$53,991</b>	<b>\$39,768</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$40,716</b>	<b>\$41,544</b>	<b>\$42,385</b>	<b>\$43,262</b>
Annual Change		\$7,789	(\$14,223)	\$232	\$0	\$716	\$828	\$841	\$877
% Change		16.9%	(26.3%)	0.6%	0.0%	1.8%	2.0%	2.0%	2.1%
<b>Total Revenue</b>	<b>\$1,505,706</b>	<b>\$1,749,387</b>	<b>\$1,678,168</b>	<b>\$1,760,700</b>	<b>\$1,771,700</b>	<b>\$1,822,626</b>	<b>\$1,859,573</b>	<b>\$1,897,096</b>	<b>\$1,936,236</b>
Annual Change		\$243,681	(\$71,219)	\$82,532	\$11,000	\$50,926	\$36,947	\$37,523	\$39,140
% Change		16.2%	(4.1%)	4.9%	0.6%	2.9%	2.0%	2.0%	2.1%

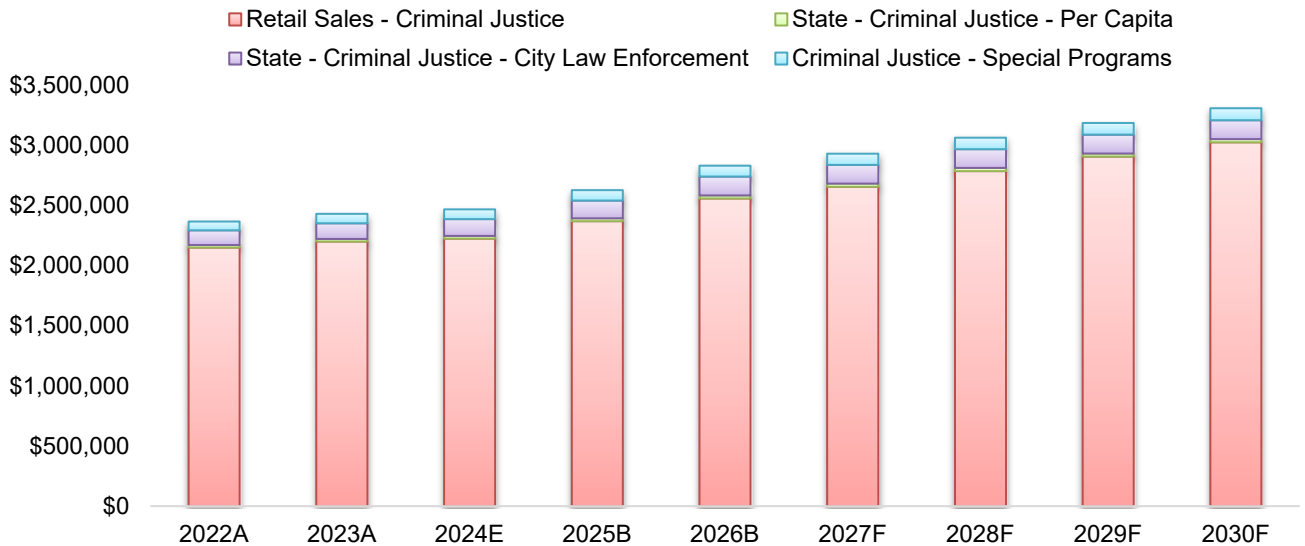
## Criminal Justice Funding

There are two sources of dedicated funding for local criminal justice programs: an optional County sales tax of 0.1% and state shared funding. Prior to 2000, state funding consisted of a combination of Motor Vehicle Excise Tax (MVET) and state general revenues. Due to the repeal of the MVET by the State legislature, the MVET portion was eliminated, subsequently; the only state funding anticipated is from the State's General Fund.

Projected revenues in 2025-2026 for criminal justice total \$5.461 million.

The largest revenue source in this category is the Criminal Justice Retail Sales tax., This tax is collected at the county level and distributed to the cities on a per capita basis. Local Criminal Justice Sales Tax revenue is expected grow based on King County taxable retail sales. 2025 is projected to come in 6.5% higher, and 2026 at 7.8% higher. The remainder of the revenues in this category increase only slightly each year based upon per capital projections provided by state forecasters.

### Criminal Justice Funding Historical Comparison & Forecast



Revenue	2022A	2023A	2024E	2025B	2026B	2027F	2028F	2029F	2030F
Retail Sales - Criminal Justice	\$2,150,514	\$2,200,547	\$2,224,697	\$2,369,583	\$2,558,640	\$2,656,552	\$2,786,815	\$2,907,375	\$3,026,920
State - Criminal Justice - Per Capita	\$20,707	\$22,182	\$23,226	\$24,764	\$26,067	\$26,132	\$26,198	\$26,263	\$26,329
State - Criminal Justice - City Law Enforcement	\$123,223	\$130,558	\$139,070	\$147,640	\$156,476	\$156,476	\$156,476	\$156,476	\$156,476
Criminal Justice - Special Programs	\$73,339	\$78,199	\$81,289	\$86,673	\$91,235	\$93,100	\$95,230	\$97,401	\$99,665
<b>Total Revenue</b>	<b>\$2,367,783</b>	<b>\$2,431,485</b>	<b>\$2,468,282</b>	<b>\$2,628,660</b>	<b>\$2,832,418</b>	<b>\$2,932,260</b>	<b>\$3,064,719</b>	<b>\$3,187,515</b>	<b>\$3,309,390</b>
Annual Change		\$63,702	\$36,797	\$160,378	\$203,758	\$99,842	\$132,459	\$122,796	\$121,875
% Change		2.7%	1.5%	6.5%	7.8%	3.5%	4.5%	4.0%	3.8%

Sources: King County; Municipal Research and Services Center 2025 Budget Suggestions

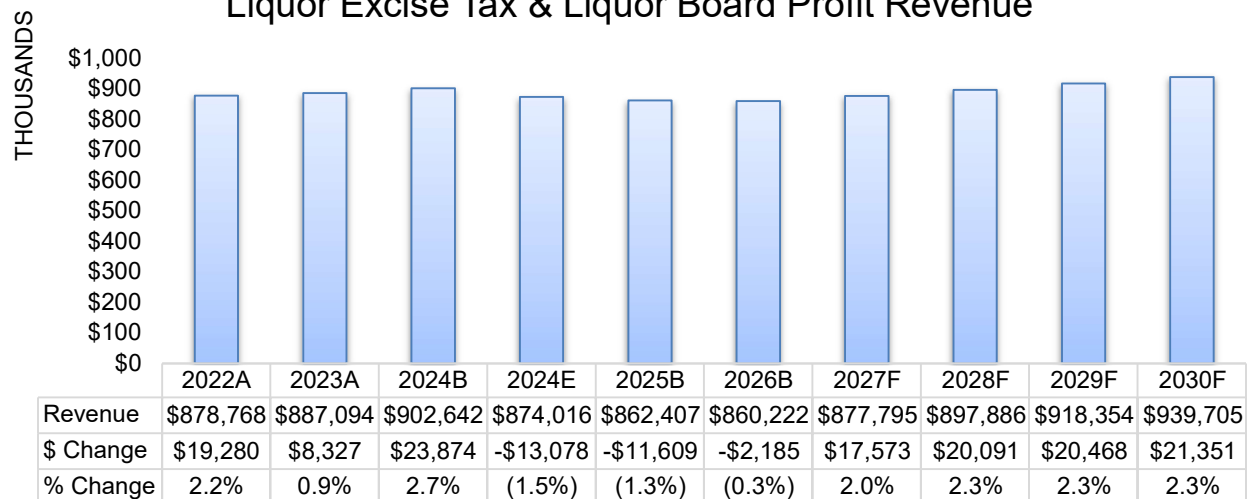
## Liquor Excise Tax & Board Profits

Revenue sources in this category used to be comprised of a portion of the liquor excise tax receipts collected by the State and a portion of the markups on liquor, commonly referred to as Liquor Board Profits. Much has changed with the passage of Initiative 1183 in November 2011, which resulted in the privatization of the distribution and retail sale of liquor, effective June 1, 2012. The Liquor Board Profits have been replaced as a state revenue source by license fees that are paid to the state by retailers and distributors. In 2012, the legislature passed ESHB 2823, Ch. 5, Laws of 2012, 2nd sp. Sess, which diverted all liquor excise tax revenue that would have been distributed to cities and counties to the State General Fund for one year beginning in October 2012. In addition to that one-time loss, beginning with the October 2013 distribution, the state treasurer began transferring \$2.5 million per quarter from the Liquor Excise Tax Fund to the State General Fund before the distribution is made to cities and counties. The distribution to cities and counties was also reduced in the State's 2013-2015 budget, which increased the share of liquor taxes deposited into the state general fund from 65.0% to 82.5%, thereby reducing the share going to the Liquor Excise Tax Fund for distribution to cities and counties from 35.0% to 17.5%. When the 2015 budget was developed, it was assumed that the legislature would take action to continue with the reduced share of revenues. The 2015-2017 state budget, passed by the 2015 legislature returned the percentage distribution to the pre-2013 state budget provisions which means that 35% of revenues are to be deposited in the Liquor Excise Tax Fund to be distributed to cities, counties, and towns. The percentage distribution is anticipated to remain at 35% for the coming biennium.

Projected revenues in 2025-2026 from these two sources totals \$1.723 million and are forecast based on state-provided per capita estimates.

## Liquor Tax Historical Comparison & Forecast

### Liquor Excise Tax & Liquor Board Profit Revenue



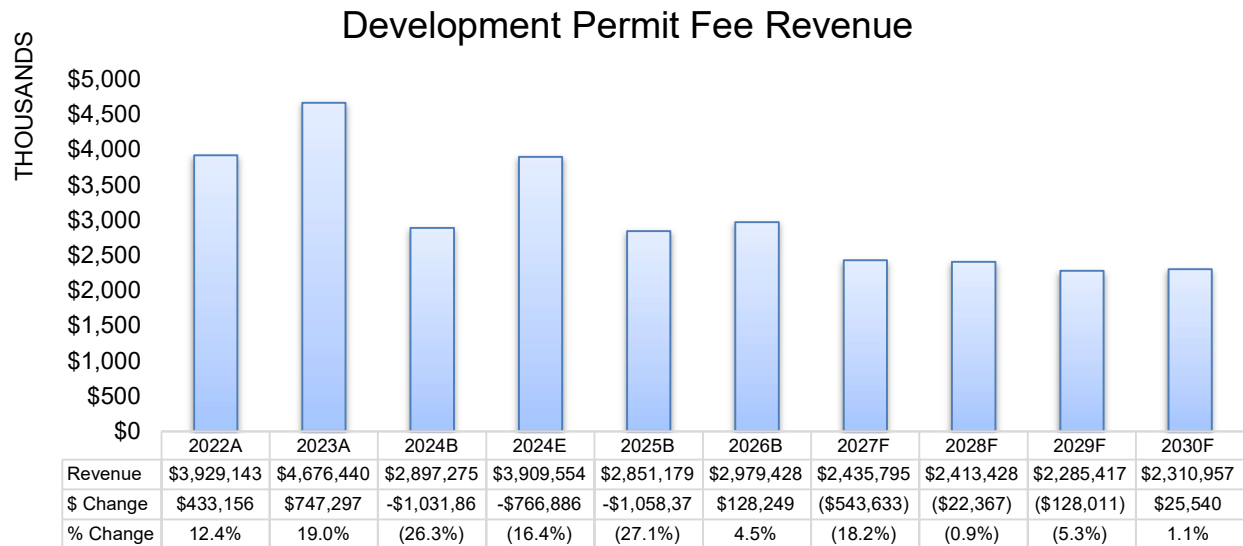
Source: Municipal Research and Services Center 2025 Budget Suggestions, 2027-2030 growth 80% of CPI forecast

## Development Fees

Fees are charged for a variety of development permits obtained through the City’s Planning and Community Development Department. These include building, structure, plumbing, electrical, and mechanical permits; land use permits; permit inspection fees; plan check fees; and fees for environmental reviews. Based on the latest 2024 projection, revenues from Permit and Plan Check Fees are less than 2023 by 14.4% Total permit applications through 2<sup>nd</sup> quarter of 2024 are 194, or 9.6%, more than 2<sup>nd</sup> quarter of 2023. Total permits issued are 183, or 31.7%, more than 2023.

For 2025-2026, staff is anticipating a moderate slowdown in new development activities, 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.

### Development Fee Historical Comparison & Forecast

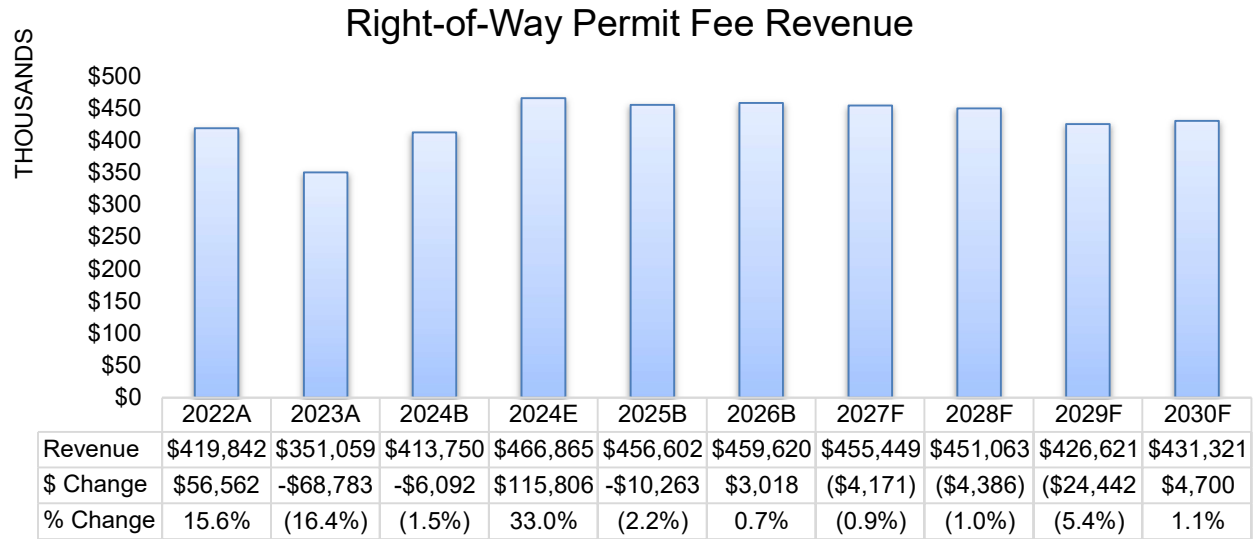


Sources: : City of Shoreline; The Puget Sound Economic Forecaster History and Ten-Year Forecast, Aug 2024

## Right-of-Way Permit Fees

Fees are charged for the use of the City's right-of-way. This revenue source is impacted by the level of development activity. Similar to the reasons mentioned in the Development Fees section, there is anticipation of a moderate slowdown in the 2025-2026 biennium. The chart below shows collections vary from year-to-year based on the level of activity.

### Right-of-Way Permit Fee Historical Comparison & Forecast



Source: City of Shoreline

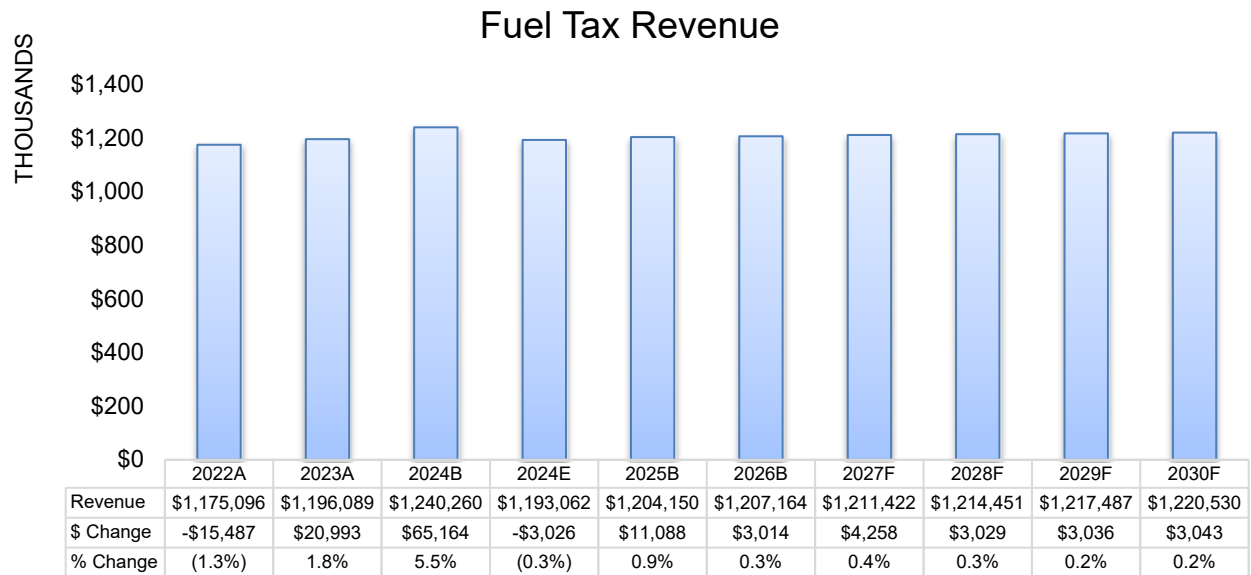
# Street Fund

## Fuel Tax

The major source of revenue for the City’s Street Fund is fuel tax. State collected gasoline and diesel fuel tax is shared with cities and towns on a per capita basis. This revenue is to be used for street repairs and maintenance. Fuel taxes are assessed as cents per gallon; therefore, fuel tax revenue depends on the number of gallons sold, not the dollar value of the sales. Gasoline and diesel fuel prices and Washington personal income are the primary variables affecting fuel consumption. Fuel prices have been volatile in the past year and that may contribute to a decrease in gallons sold and fuel tax revenue received.

As fuel cost remains high, this revenue source has not returned to pre-pandemic levels. The Fuel Tax does not provide sufficient resources for the City’s streets crews to perform the services that residents expect; therefore, the General Fund provides the Street Fund a subsidy to ensure resources are available.

### Fuel Tax Historical Comparison & Forecast



Source: City of Shoreline

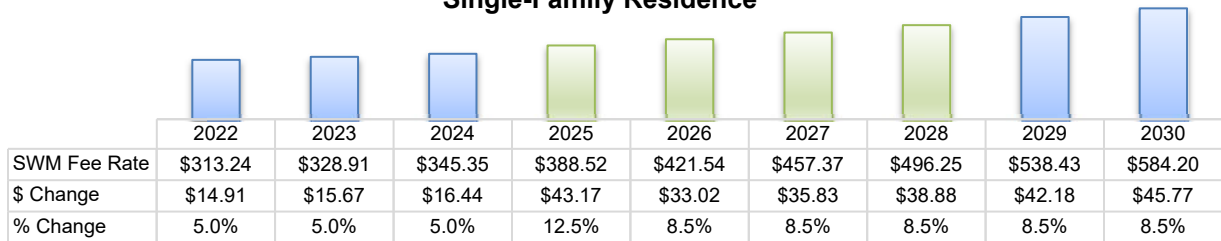


## Surface Water Utility Fund

The budget accounts for the surface water utility operations in a Surface Water Utility Fund. This complex utility fund includes revenue from storm drainage utility fees, debt financing, grants and investment interest. It serves in both an operating and capital capacity and operates much like a private business. The City contracts with King County to collect the utility revenues via the annual property tax assessments.

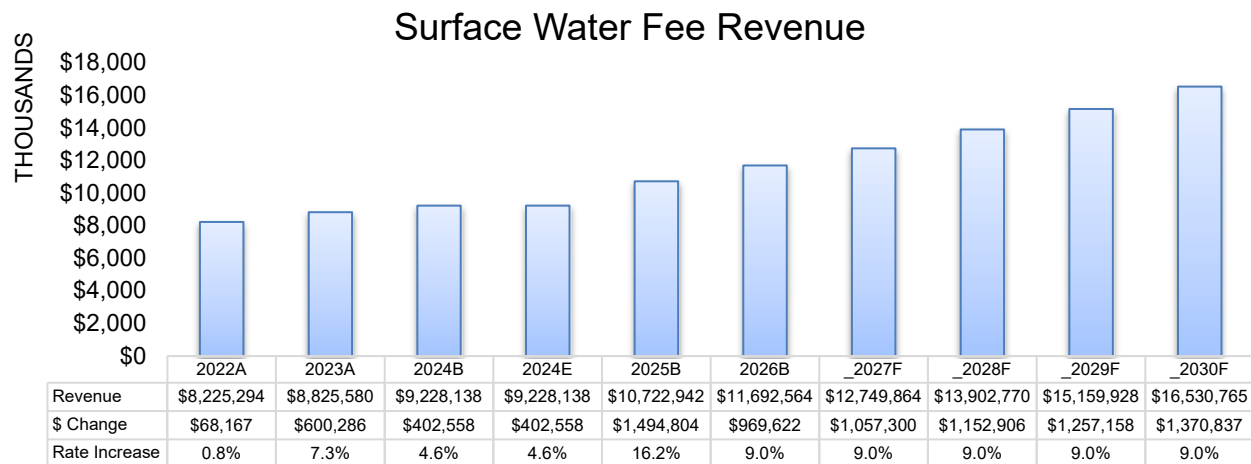
On July 22, 2024, Council approved the Surface Water Master Plan to develop Surface Water Management (SWM) Fee rates for 2025-2030 based on the Option 4 (Maximum) service level approach. SWM Fee rate increases will be 12.5% for 2025 and 8.5% for 2026. The Surface Water 2025-2026 biennial budget will provide funding to continue all current operational service levels and complete all ongoing capital projects as a baseline. Service level increases will be funded to reflect community priorities, including expanding the Soak It Up green stormwater rebate, launching a green stormwater infrastructure capital program, purchasing a new street sweeper to better protect streams, adding a new Surface Water Inspector to reduce pollution risk, and implementing Salmon-Safe improvements to the stream water quality monitoring program.

**Surface Water Management Rate  
Single-Family Residence**



Source: City of Shoreline

## **Surface Water Utility Fund Historical Comparison & Forecast**



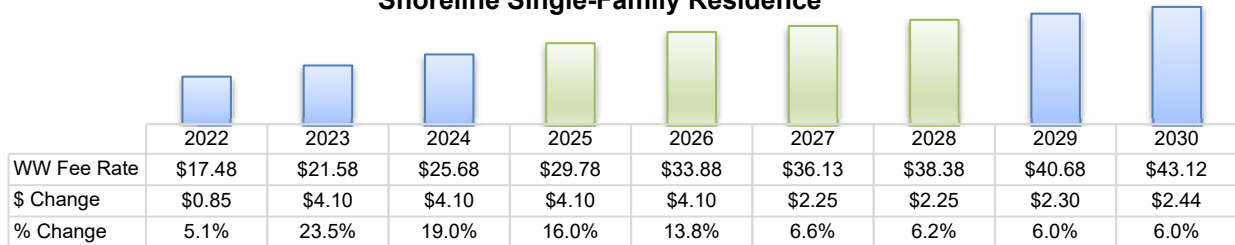
Source: City of Shoreline

## Wastewater Utility Fund

The budget accounts for the wastewater utility operations in a Wastewater Utility Fund. This complex utility fund includes revenue from wastewater rates, permit fees, debt financing, grants, and investment interest. It serves in both an operating and capital capacity and operates much like a private business.

In April of 2021, the City completed the assumption of the Ronald Wastewater District (RWD). For 2021 and 2022, the City adopted the RWD Budget. For the 2023 and 2024 budgets the City engaged FCS Group to perform a rate study and funding plan for the utility. The basis for that rate study was actual operating costs for 2021 with projected changes for 2022 as well as capital projects as defined in the 2021 utility master plan adopted by RWD Board, plus critical capital projects identified since assumption. That master plan recognized the need for significant investment in order to ensure the long-term viability of the utilities infrastructure and did not include a finance plan. The rate study included evaluation of financial policies including the balance use of debt and pay as you go funding for capital projects, expansion of the wastewater low-income discount program to renter and low-income customers of any age. The low-income discount expansion is anticipated to be implemented in 2025-2026. The proposed district rate increases to fund the operating and capital budgets are \$4.10 per month increase for 2023-2027 and \$2.25 per month in 2027 and 2028. The 2025-2026 budget and revenue projection has been created based on this rate study.

### Waste Water Management Rate Shoreline Single-Family Residence



Source: City of Shoreline

### Wastewater Fee Revenue



Source: City of Shoreline

# Capital Improvement Fund Revenues

## Real Estate Excise Tax (REET)

All real estate property sales in the county are taxed at a rate of 1.28%. A portion of these revenues, equal to a 0.5% tax rate, is distributed by King County to the cities on a monthly basis. The use of REET funds is restricted by State law. The first 0.25% of the REET tax rate must be spent on capital projects listed in the City’s Comprehensive Plan. These projects could include local capital improvements, including streets, parks, pools, municipal buildings, etc. Starting in 2009, a portion of the first 0.25% of the tax is being used for debt service payments for City Hall. In 2025 to 2030, \$4.015 million will be used for this purpose. The second 0.25% of the REET tax rate must be spent on public works projects for planning, acquisition, construction, reconstruction, repair, replacement, or improvement of streets roads, highways, sidewalks, street lighting, etc.

In 2023-2024, high-interest rate environment and high property costs resulted a decrease in real estate transactions. Consequently, REET revenue actuals have been lower than previous years. With interest rate anticipated to reduce over 2025-2026, REET revenue is anticipated to increase based on the forecasted average home sales. Below graph shows the projection for 2025-2030. Projected collections are based on the projected increase in the average sales price and in the projected level of real estate sales.

**Real Estate Excise Tax (REET) Historical Comparison & Forecast**



Sources: City of Shoreline; The Puget Sound Economic Forecaster History and Ten-Year Forecast, August 2024

## **Capital Grants**

Grants are applied for and received for specific capital improvements. The amount of capital grants received in any given year can vary greatly depending on the number of projects, their cost and the amount of grant funding available. For more details, see the Capital Improvement Plan section of this document.

### **Vehicle License Fee**

On July 13, 2009, a \$20 vehicle license fee was established by the Shoreline Transportation Benefit District (TBD) Board of Directors. The TBD was assumed by the City of Shoreline through City Council action (Ordinance No. 726). This revenue was accounted for within the Roads Capital Fund and provided funding for the Annual Road Surface Maintenance Program.

On June 4, 2018, the City Council adopted Ordinance No. 822 authorizing an additional vehicle license fee of \$20 to preserve, maintain and operate the transportation infrastructure of the City including funding for sidewalk repairs and retrofits. Collections for this source began March 1, 2019. This revenue was accounted for within the Roads Capital Fund to provide funding for the Sidewalk Rehabilitation Program.

In 2019, Washington voters passed Initiative 976 (I-976), repealing City imposed vehicle license fees. That initiative was overturned by the State supreme court in 2020. The City issued debt supported by this revenue source in 2021 to fund rehabilitation of the City's sidewalk system and the annual road surface maintenance program. The budget for this revenue source is projected at \$1.66 million per year.

## Ending Fund Balances

The following table and graphs illustrate the City's ending fund balance through the 2025-2026 biennium. The fund balances are segregated into three major components: unreserved/undesignated, reserved, and designated.

	2021-2022 Biennial Actual	2023-2024 Biennial Budget	2023-2024 Biennial Estimate	2025-2026 Biennial Budget
<b>Reserved:</b>				
General Capital Fund	\$35,930,368	\$4,721,399	\$12,038,364	\$6,298,481
City Facility-Major Maintenance Fund	310,291	398,628	506,391	\$439,796
Roads Capital Fund	\$17,772,414	\$20,446,268	\$17,533,017	\$11,620,428
Sidewalk Expansion Fund	9,550,814	10,265,426	7,051,047	\$7,051,047
Shoreline Secure Storage Fund	\$603,278	\$603,278	\$969,376	\$969,376
General Fund-Shoreline Bus Ctr	0	0	44,694	\$44,694
Street Fund	\$240,220	\$162,707	\$327,438	\$327,451
Transportation Impact Fees Fund	8,514,811	4,311,456	8,709,248	\$389,392
Park Impact Fees Fund	\$4,503,033	\$776,248	\$2,362,207	\$2,005,457
2006/2016 UTGO Bond Fund	14,014	14,014	10,561	\$10,561
2009/2019 LTGO Bond Fund	\$455,117	\$455,117	\$521,254	\$521,254
2013 LTGO Bond Fund	0	0	0	\$0
2020 LTGO Bond Fund	\$0	\$0	\$0	\$0
Sidewalk LTGO Bond Fund	8,008,282	11,079,927	12,476,738	\$15,841,796
VLf Revenue Bond	\$0	\$0	\$0	\$0
2022 Parks UTGO Bond	0	0	9,809	\$9,809
Surface Water Utility Fund	\$9,237,370	\$6,582,089	\$6,685,704	\$4,780,737
Wastewater Utility Fund	9,691,288	4,439,466	13,248,363	\$12,005,584
<b>Subtotal Reserved</b>	<b>\$104,831,301</b>	<b>\$64,256,024</b>	<b>\$82,494,211</b>	<b>\$62,315,864</b>
<b>Designated:</b>				
Equipment Replacement Fund	\$5,623,494	\$5,617,478	\$6,714,188	\$7,052,236
Vehicle Operations and Maintenance Fund	42,322	6,997	57,258	\$119,936
Unemployment Fund	29,924	29,924	29,924	\$29,924
Code Abatement Fund	467,058	327,058	380,317	\$240,317
State Drug Enforcement Forfeiture Fund	157,671	157,671	236,660	\$236,660
Federal Drug Enforcement Forfeiture Fund	12,946	12,946	12,634	\$12,634
Federal Criminal Forfeiture Fund	59,658	30,835	32,518	\$32,518
Property Tax Equalization Fund	0	0	0	\$0
Public Arts Fund	153,858	956,408	793,589	\$1,425,889
Restricted Tree Fund	0	0	0	\$0
<b>Subtotal Designated</b>	<b>\$6,546,930</b>	<b>\$7,139,316</b>	<b>\$8,257,087</b>	<b>\$9,150,114</b>
<b>Unreserved/Undesignated:</b>				
General Fund	\$44,711,215	\$33,040,660	\$47,890,254	\$38,674,567
Revenue Stabilization Fund	5,626,168	6,831,752	6,831,752	\$7,858,387
<b>Subtotal Unreserved/Undesignated</b>	<b>\$50,337,383</b>	<b>\$39,872,412</b>	<b>\$54,722,006</b>	<b>\$46,532,954</b>
<b>Total</b>	<b>\$161,715,614</b>	<b>\$111,267,752</b>	<b>\$145,473,304</b>	<b>\$117,998,93</b>

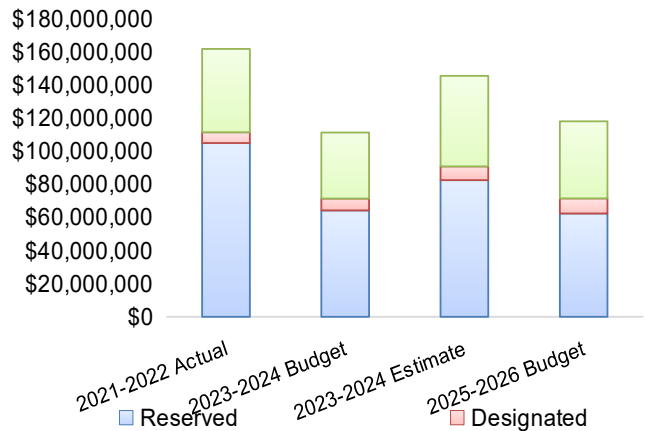
**Unreserved/Undesignated Fund Balances**

The unreserved/undesignated fund balance is the balance of net financial resources that are available for discretionary appropriations. The 2025-2026 Biennial Budget estimates unreserved/undesignated fund balance of \$46,532,954 at the end of 2026.

In addition, there are a number of projects that the City has identified for potential one-time funding utilizing a general fund Fund Balance contribution in future budgets. As of end of 2024, the following projects have been identified to receive a contribution in the future. The amounts have not been appropriated but are being tracked.

- One-time Support for Park Bond Projects
- Potential Interfund Loan/Contribution for West Side Transformation Project
- One-time Support for City Maintenance Facility

Accounting for these items, the Unassigned and Undesignated Ending Fund Balance anticipated for by end of 2026 is \$10.501 million.



**Reserved Ending Fund Balances**

The second component of ending fund balance is those funds reserved for a specific purpose. These funds are not available for appropriation because they are legally restricted. These reserves primarily represent monies allocated for capital and specific maintenance purposes. The reserved fund balances are estimated to be \$62,315,864 at the end of 2026.

**Designated Ending Fund Balances**

The third component of ending fund balances, totaling \$9,150,114 in 2026, is those moneys that have been earmarked for specific purposes (equipment replacement, unemployment, etc.). Although designated for specific purposes, there is the ability to appropriate some of these funds for other purposes since the original source of the funds was general revenues from the General Fund. The designated fund balances are estimated to be \$9,150,114 at the end of 2026.

## Change in Ending Fund Balance

	2023-2024 Biennial Estimate	2025-2026 Biennial Budget	2025 - 2026 vs. 2023 - 2024	Percentage Change
General Fund	\$47,890,254	\$38,674,567	(\$9,215,687)	(19%)
Shoreline Secure Storage Fund	969,376	969,376	0	0%
General Fund-Shoreline Bus Ctr	\$44,694	\$44,694	(\$0)	(0%)
Street Fund	327,438	327,451	14	0%
Revenue Stabilization Fund	\$6,831,752	\$7,858,387	\$1,026,635	15%
Code Abatement Fund	380,317	240,317	(140,000)	(37%)
State Drug Enforcement Forfeiture Fund	\$236,660	\$236,660	\$0	0%
Federal Drug Enforcement Forfeiture Fund	12,634	12,634	0	0%
Federal Criminal Forfeiture Fund	\$32,518	\$32,518	\$0	0%
Public Arts Fund	793,589	1,425,889	632,300	80%
Transportation Impact Fees Fund	\$8,709,248	\$389,392	(\$8,319,856)	(96%)
Park Impact Fees Fund	2,362,207	2,005,457	(356,750)	(15%)
Restricted Tree Fund	\$0	\$0	\$0	0%
2006/2016 UTGO Bond Fund	10,561	10,561	0	0%
2009/2019 LTGO Bond Fund	\$521,254	\$521,254	\$0	0%
2013 LTGO Bond Fund	0	0	0	0%
2020 LTGO Bond Fund	\$0	\$0	\$0	0%
Sidewalk LTGO Bond Fund	12,476,738	15,841,796	3,365,058	27%
VLF Revenue Bond	\$0	\$0	\$0	0%
2022 Parks UTGO Bond	9,809	9,809	0	0%
General Capital Fund	\$12,038,364	\$6,298,481	(\$5,739,883)	(48%)
City Facility-Major Maintenance Fund	506,391	439,796	(66,595)	(13%)
Roads Capital Fund	\$17,533,017	\$11,620,428	(\$5,912,590)	(34%)
Sidewalk Expansion Fund	7,051,047	7,051,047	0	0%
Surface Water Utility Fund	\$6,685,704	\$4,780,737	(\$1,904,967)	(28%)
Wastewater Utility Fund	13,248,363	12,005,584	(1,242,779)	(9%)
Vehicle Operations and Maintenance Fund	\$57,258	\$119,936	\$62,678	109%
Equipment Replacement Fund	6,714,188	7,052,236	338,048	5%
Unemployment Fund	\$29,924	\$29,924	\$0	0%
<b>Total</b>	<b>\$145,473,30</b>	<b>\$117,998,93</b>	<b>(\$27,474,373)</b>	<b>(19%)</b>

### Explanation of Changes in Fund Balance Equal or Greater than 10%

**General Fund:** The 2026 ending fund balance is \$9.216 million less than the projected 2024 ending fund balance. This use of fund balance will be used for the Operating Contingency, Insurance Reserve, one-time CIP support, transfers to the Revenue Stabilization Fund, and one-time supplemental requests as detailed in the Transmittal Letter.

**Revenue Stabilization Fund:** This fund was created in late 2007 as an outcome of the revised reserve policy adopted by the City Council that same year. The 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.

Code Abatement Fund: The 2026 ending fund balance is \$0.140 million less than the projected 2024 ending fund balance. Accumulated funds from prior years will be used for City code abatement efforts (public nuisances, dangerous buildings, etc.).

Public Arts Fund: The 2026 ending fund balance is \$0.632 million more than the projected 2024 ending fund balance. As capital projects have been constructed, funds have been accumulating in this fund. Available fund balance will support continued work on several public arts projects.

Transportation Impact Fees Fund: The 2026 ending fund balance is \$8.320 million less than projected 2024 ending fund balance as fund balance is programmed to support projects in the CIP. Additional information can be found in the 2025-2030 Proposed Capital Improvement Plan section in this book.

Park Impact Fees Fund: The 2026 ending fund balance is \$.357 million less than projected 2024 ending fund balance as fund balance is programmed to support projects in the CIP. Additional information can be found in the 2025-2030 Proposed Capital Improvement Plan section in this book.

Sidewalk LTGO Bond Fund: The 2026 ending fund balance is \$3.365 million more than projected 2024 ending fund balance, accumulated funds will be used for future bond debt.

General Capital Fund: The 2026 ending fund balance is \$5.740 million less than the projected 2024 ending fund balance as fund balance is programmed to support projects in the CIP. Additional information can be found in the 2025-2030 Proposed Capital Improvement Plan section in this book.

City Facility – Major Maintenance Fund: The 2026 ending fund balance is \$0.067 million less than the projected 2024 ending fund balance as the City purposely builds reserves to address future major maintenance needs. Additional information can be found in the 2025-2030 Proposed Capital Improvement Plan section in this book.

Roads Capital Fund: The 2026 ending fund balance is \$5.913 million less than the projected 2024 ending fund balance is programmed to support projects in the CIP. Additional information can be found in the 2025-2030 Proposed Capital Improvement Plan section in this book.

This fund balance includes Vehicle License Fees, which is restricted in its use and is dedicated to repayment of debt to fund the Annual Road Surface Maintenance Program and Sidewalk Rehabilitation Program. Amounts available in excess of that needed to pay debt service is available to fund these programs on a pay as you go basis.

Surface Water Utility Fund: The 2026 ending fund balance is \$1.905 million less than the projected 2024 ending fund balance. The 2024 Surface Water Master Plan identified several new capital projects and operational initiatives. These projects have been programmed in the 2025-2030 Proposed Capital Improvement Plan. Additional information can be found in the 2025-2030 Proposed Capital Improvement Plan section in this book.

Vehicle Operations Fund: The 2026 ending fund balance is \$0.063 million more than the projected 2024 ending fund balance. This fund strives to maintain a minimum balance needed to fund a \$40,000 contingency.



# MUNICIPAL DEBT

Fund	Fund Name	Type of Debt	Purpose	Issue Date	Maturity Date	Total Amount Authorized	Interest Rate	Original Amount	Outstanding Debt 12/31/2023	Outstanding Debt 12/31/2024	Avg Annual Debt Service	2024 Standard & Poor Rating
<b>General Obligation</b>												
Fund 221	Ltd Tax GO Bond 2013	General Purpose Councilmanic Bonds - Limited Tax General Purpose	Purchase & Improvements of a Maintenance Facility	8/21/2013	12/1/2033	\$3,565,000	4%	\$3,565,000	\$2,125,000	\$1,945,000	216,111	AA+
Fund 211	Ltd Tax GO Bond 2009/2019	General Purpose Councilmanic Bonds - Limited Tax General Purpose	Pre-payment of the City's Administration Building	11/6/2019	12/1/2039	15,490,000	3.00% - 6.4%	15,490,000	13,410,000	12,820,000	854,667	AA+
Fund 230	Sidewalk LTGO Bond	General Purpose Councilmanic Bonds - Limited Tax General Purpose	Sidewalk Expansion	11/6/2019	12/1/2034	\$10,000,000	3.00% - 5.0%	\$10,000,000	\$7,955,000	\$7,375,000	737,500	AA+
Fund 212	LTGO BAN Fund 2020	General Purpose Councilmanic Bonds - Limited Tax General Purpose	Acquisition of Open Space & Improvements to Parks & Recreation Facilities	2/14/2020	12/1/2022	25,000,000	1.92%	25,000,000	16,600,000	16,600,000		AA+
Fund 235	LTGO VLF Revenue Bond	General Purpose Councilmanic Bonds - Limited Tax General Purpose	Vehicle License Fee Supported Projects	5/21/2021	12/1/2036	\$8,060,000	1.87%	\$8,060,000	\$7,116,960	\$6,631,796	552,650	AA+
Fund 240	UTGO Parks Bond 2022	General Purpose Councilmanic Bonds - Unlimited Tax General Purpose	Acquisition of Open Space & Improvements to Parks & Recreation Facilities	5/26/2022	12/1/2041	37,840,000	4.125% - 5.000%	37,840,000	36,570,000	35,240,000	2,072,941	AA+
<b>Total General Obligation</b>						<b>\$99,955,000</b>		<b>\$99,955,000</b>	<b>\$83,776,960</b>	<b>\$80,611,796</b>	<b>\$4,433,869</b>	
<b>Revenue Bond</b>												
Fund 401	Surface Water Utility Fund	Revenue Bond	Surface Water Utility Pipe Replacement Projects	12/2/2016	12/1/2031	2,000,000	2.23%	2,000,000	1,278,428	1,015,848	145,121	
Fund 401	Surface Water Utility Fund	Revenue Bond***	Surface Water Utility Capitalization Projects	12/1/2019	12/1/2033	\$500,000	3.35%	\$500,000	\$3,090,586	\$2,808,042	329,057	
<b>Total Revenue Bond</b>						<b>\$2,500,000</b>		<b>\$2,500,000</b>	<b>\$4,369,014</b>	<b>\$3,823,890</b>	<b>\$474,178</b>	
<b>Total Debt</b>						<b>\$102,455,000</b>		<b>\$102,455,000</b>	<b>\$88,145,974</b>	<b>\$84,435,686</b>	<b>\$4,908,047</b>	

## General Obligation Long-Term Debt

General obligation bonds have been issued for general government activities only and are being repaid from a voter-approved “excess” property tax levy, voter approved sales taxes, real estate excise tax and lease revenue. All principal and interest payments on the general obligation debts are recorded as expenditures in the City’s debt service funds. The city’s general obligation bonds were given an **AA+ rating** from Standard & Poor in 2024.

## Municipal Debt Capacity

<b>2024 Assessed Valuation:</b>		<b>\$14,501,514,911</b>									
<b>General Purpose Debt</b>											
	Legal Limit	Councilmanic (Non-voted)	Legal Limit	Voted Debt (60% of Voters)	Legal Limit	Voted Debt (60% of Voters)	Legal Limit	Voted Debt (60% of Voters)	<b>TOTAL DEBT CAPACITY</b>		
Total Debt Capacity	1.50%	\$217,522,724	2.50%	\$362,537,873	2.50%	\$362,537,873	2.50%	\$362,537,873			
Less Councilmanic Debt		45,371,796		45,371,796		N/A		N/A	90,743,592		
Less Voted Debt		N/A		0		35,240,000		0	35,240,000		
Remaining Debt Capacity		<u>\$172,150,928</u>		<u>\$317,166,077</u>		<u>\$327,297,873</u>		<u>\$362,537,873</u>	<u>\$1,179,152,750</u>		

There are four types of General Obligation (GO) Debt that the City is currently authorized to use for financing purposes. They each have statutory limitations and require approval by either the City Council or City voters.

- General Purpose Councilmanic Debt:** The City Council may approve bond issues without voter approval up to 1.5% of the City’s assessed valuation. Prior to the passage of new legislation in 1994, councilmanic debt was available for lease-purchase contracts only (RCW 35.43.200). This statutory authority can be used for any municipal purpose now, including using the entire 1.5% for bonds. Councilmanic debt must be approved by a majority of the City Council and must be repaid from existing operational revenue sources. In 2024 the City Council can levy up to \$217,522,724, or 1.5%, of the City’s estimated assessed value. Because the City currently has outstanding Councilmanic debt of \$45,371,796, the remaining Councilmanic Debt Capacity for 2024 is \$172,150,928.

2. **General Purpose Voted Debt:** As authorized by the Revised Code of Washington (RCW) 39.36.020(2), the public may vote to approve bond issues for general government in an amount not to exceed 2.5% of the value of all taxable property within the City. This requires a 60% vote of the City electorate and must have a voter turnout of at least 40% of the last State general election. The debt would be repaid from an increase to the City's existing property tax levy. An amount up to 2.5% of the City's assessed value can be levied, or \$362,537,873 for 2024. Because the City currently has outstanding Councilmanic debt of \$45,371,796 (as noted above) and General Purpose voted debt of \$0 the remaining Voted Debt Capacity for 2024 is \$317,166,077.

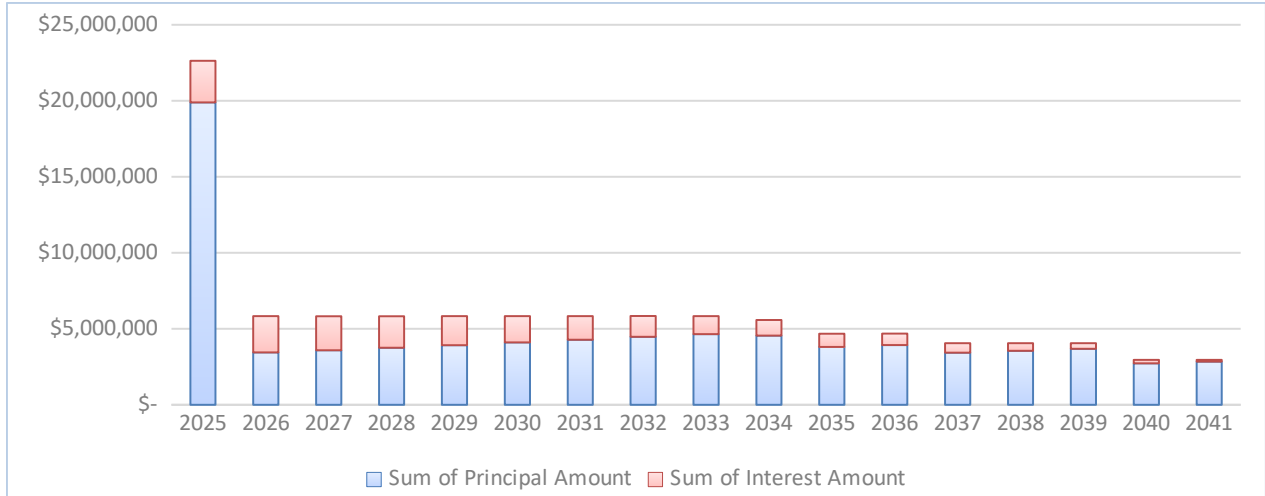
**The total General Purpose Voted Debt and Councilmanic Debt cannot exceed 2.5% of the City's assessed value.**

Under RCW 39.36.030(4), the public may also vote to approve park facilities and utility bond issues, each of which is also limited to no more than 2.5% of the City's assessed valuation.

3. **Open Space, Parks, and Economic Development Facilities Debt:** The City is authorized to issue debt and increase the property tax levy for acquiring or developing open space and park facilities. This requires a 60% vote of the City electorate and must have a voter turnout of at least 40% of the last State general election. Debt is repaid from the increased property tax levy. An amount up to 2.5% of the City's estimated assessed value, less outstanding debt, can be levied or \$327,297,873 for 2024.
4. **Utility Purpose Debt:** The City is authorized to issue debt and increase the property tax levy for utility purposes if a utility is owned and controlled by the City. This requires a 60% vote of the City electorate and must have a voter turnout of at least 40% of the last State general election. Debt is repaid from the increased property tax levy. An amount up to 2.5% of the City's estimated assessed value can be levied \$362,537,873 for 2024.

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Fund 211 Ltd Tax GO Bond 2009/2019	Fund 212 LTGO BAN Fund 2020	Fund 221 Ltd Tax GO Bond 2013	Fund 230 Sidewalk LTGO Bond	Fund 235 LTGO VLF Revenue Bond	Fund 240 UTGO Parks Bond 2022	Total Principle & Interest
2025	\$ 1,094,344	\$ 16,807,500	\$ 257,938	\$ 897,600	\$ 619,156	\$ 2,953,419	\$ 22,629,956
2026	\$ 1,098,594		\$ 261,000	\$ 898,600	\$ 619,686	\$ 2,953,419	\$ 5,831,299
2027	\$ 1,096,094		\$ 258,688	\$ 898,600	\$ 620,226	\$ 2,949,919	\$ 5,823,526
2028	\$ 1,097,094		\$ 256,188	\$ 901,100	\$ 620,501	\$ 2,952,919	\$ 5,827,801
2029	\$ 1,096,344		\$ 258,500	\$ 901,850	\$ 621,340	\$ 2,951,919	\$ 5,829,953
2030	\$ 1,098,844		\$ 260,438	\$ 900,850	\$ 621,913	\$ 2,951,919	\$ 5,833,963
2031	\$ 1,099,344		\$ 257,000	\$ 898,100	\$ 622,498	\$ 2,952,669	\$ 5,829,610
2032	\$ 1,097,844		\$ 258,375	\$ 901,500	\$ 622,935	\$ 2,953,919	\$ 5,834,572
2033	\$ 1,098,044		\$ 259,375	\$ 901,750	\$ 623,703	\$ 2,950,419	\$ 5,833,290
2034	\$ 1,096,844			\$ 901,250	\$ 624,323	\$ 2,952,819	\$ 5,575,235
2035	\$ 1,098,344				\$ 624,955	\$ 2,951,819	\$ 4,675,117
2036	\$ 1,099,219				\$ 625,566	\$ 2,952,419	\$ 4,677,204
2037	\$ 1,098,231					\$ 2,949,419	\$ 4,047,650
2038	\$ 1,096,588					\$ 2,952,819	\$ 4,049,406
2039	\$ 1,094,288					\$ 2,952,219	\$ 4,046,506
2040						\$ 2,954,350	\$ 2,954,350
2041						\$ 2,951,944	\$ 2,951,944
<b>Total Principle &amp; Interest</b>	<b>\$ 16,460,056</b>	<b>\$ 16,807,500</b>	<b>\$ 2,327,500</b>	<b>\$ 9,001,200</b>	<b>\$ 7,466,802</b>	<b>\$ 50,188,325</b>	<b>\$ 102,251,383</b>
<b>Total Debt Outstanding</b>	<b>\$ 12,820,000</b>	<b>\$ 16,600,000</b>	<b>\$ 1,945,000</b>	<b>\$ 7,375,000</b>	<b>\$ 6,631,796</b>	<b>\$ 35,240,000</b>	<b>\$ 80,611,796</b>

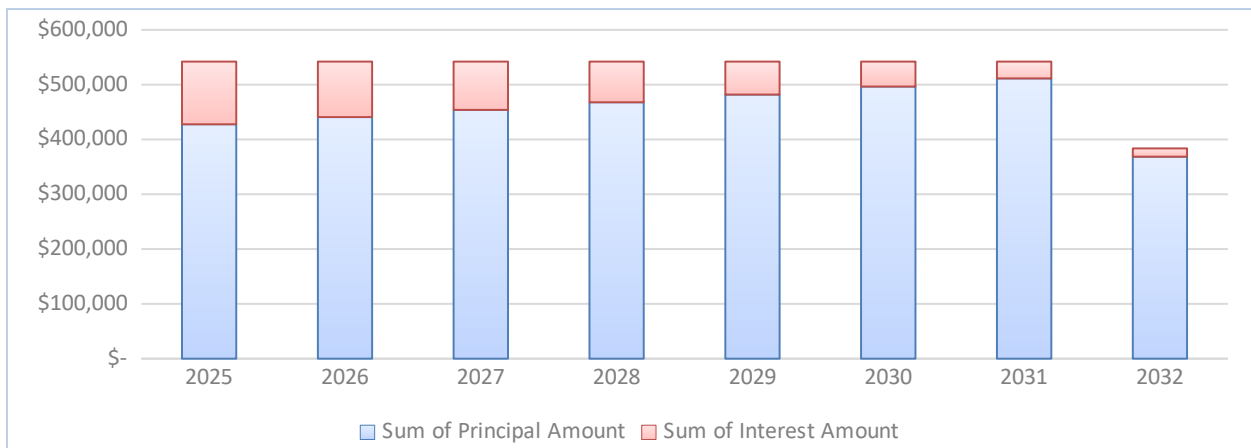


## Revenue Bonds

The City currently has two Revenue Bonds, both of which are being used to fund improvements to the City’s drainage facilities. These loans are the obligation of the Surface Water Utility Fund and are backed by the surface water fees collected from property owners and are considered in the City’s general obligation debt and are not subject to the limitation of indebtedness calculation.

The annual debt service requirements to maturity for the Revenue Bonds debt are as follows:

Year	Surface Water 2016 Revenue Bond		Surface Water 2018 Revenue Bond		Total Principal & Interest
2025	\$	158,351	\$	383,732	\$ 542,083
2026	\$	158,351	\$	383,732	\$ 542,083
2027	\$	158,352	\$	383,732	\$ 542,084
2028	\$	158,351	\$	383,732	\$ 542,083
2029	\$	158,351	\$	383,732	\$ 542,083
2030	\$	158,351	\$	383,732	\$ 542,083
2031	\$	158,351	\$	383,732	\$ 542,083
2032			\$	383,732	\$ 383,732
<b>Total Principal &amp; Interest</b>	<b>\$</b>	<b>1,108,459</b>	<b>\$</b>	<b>3,069,855</b>	<b>\$ 4,178,314</b>
<b>Total Debt Outstanding</b>	<b>\$</b>	<b>1,015,848</b>	<b>\$</b>	<b>2,632,456</b>	<b>\$ 3,648,304</b>



## **Other Long-Term Debt**

In addition to general obligation debt, the City can utilize a number of other long-term debt instruments, including special assessment bonds and loans from the State of Washington's Public Works Trust Fund. Special assessment bonds are used to finance public improvements that benefit a specified group of property owners and are funded from the collection of special assessment payments from property owners. Loans from the Public Works Trust Fund (PWTF) can be used for pre-construction and construction activities for the repair, replacement, rehabilitation, reconstruction, or improvement of eligible public works systems to meet current standards for existing users and may include reasonable growth as part of the project.