



# **TRANSMITTAL LETTER**



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October 14, 2024

**Total Budget: \$406.529 million**

**Operating Budget: \$149.818 million**

**Capital Budget: \$133.204 million**

**Utility Budget: \$99.102 million**

**Other Budgets: \$24.403 million**

**General Reserves: \$46.533 million**

**General Fund Ending Fund Balance: \$38.675 million**

**Population: 61,120**

**AA+ Bond Rating**

**S&P Financial Management Rating of "Stable"**

**26 years of Unqualified (clean) Audit Opinions**

**GFOA Budget Award for 24 consecutive years**

**89% of residents believe that Shoreline is an excellent or good place to live**

Honorable Mayor Roberts and Members of the City Council Residents and Stakeholders of the City of Shoreline

Dear Mayor Roberts and City Councilmembers:

We are pleased to present the City's 2025-2026 Proposed Biennial Budget. This budget represents the results of thoughtful direction provided by the City Council along with the dedicated efforts of the Department Directors and City staff members. The 2025-2026 Proposed Biennial Budget is scheduled for City Council review during several upcoming meetings in October and November 2024 and will be presented for final adoption on November 18, 2024.

The City's budget is used as a planning and policy document, estimating future City revenues and expenditures, and allocating resources to accomplish community and Council priorities including financial sustainability. It serves to guide the City's operations and capital programs from a fiscal perspective for the upcoming biennium. The budget is prepared on a fund-by-fund basis. Each fund accounts for different services and activities.

Shoreline adheres to generally accepted accounting principles (GAAP) applicable to governments. Shoreline uses proprietary funds to account for the surface water utility and wastewater operations in addition to certain internal service activities (fleet, equipment, and unemployment management activities). Other activities are recorded in governmental funds (General Fund, Streets Fund, Capital Services Funds, Debt Service Funds, etc.). All City funds are included in the 2025-2026 Proposed Biennial Budget and each fund is described in more detail at the beginning of each fund section.

### **Council Goals and Community Priorities**

As a planning and policy document, one fundamental purpose of the City's budget is to allocate resources that support the community's vision and priorities. The 2024 Shoreline Resident Satisfaction Survey reported that 89% of residents believe that Shoreline is an excellent or good place to live and 67% of residents somewhat agree or strongly agree that the City is spending their tax dollars responsibly.

Each year the City Council reviews and adopts its goals with action steps identifying the most important items for the City to accomplish over the next 18 to 24 months. The 2025-2026 Proposed Biennial Budget allocates resources that allow staff members to successfully accomplish these key goals. Following is a list of the Council's 2024-2026 goals that contain funding in the 2025-2026 Proposed Biennial Budget. The City Council's 2024-2026 Goals are:

**2024-2026 Council Goals: For more information about these goals, please click on the links below:**

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

The complete 2024-2026 Council Goals and Workplan is available here:

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

**Delivery of Public Services and Organizational Goals**

Although much emphasis is placed on the accomplishment of City Council goals, the primary focus of the City's budget is to provide resources to deliver public services to the Shoreline community. This is the mission of the City organization. The 2024 Resident Satisfaction Survey reflects a 67% satisfaction in the overall quality of City services with only 4% of residents being dissatisfied. 81% of respondents were satisfied with the quality of parks, programs, and facilities, and 66% with the quality of police services, with only 6% dissatisfied. These results represent improvements of 3 to 10% since the 2022 Satisfaction Survey. This survey was conducted during the summer of 2024, amid continued economic uncertainty in a world that has adapted to a 'new normal' as we move away from the pandemic era. In the face of these challenges, the 2024 survey results confirm the public's confidence in the leadership and direction of the City and the effective delivery of public services. The 2025-2026 Proposed Biennial Budget includes the allocation of resources to support these key organizational goals:

## ORGANIZATIONAL GOALS

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

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

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

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



## **2025-2026 Proposed Biennial Budget Highlights**

During the 2023-2024 Biennium, Shoreline, like the rest of the world, grappled with continued economic uncertainty. Efforts by the Federal Reserve to reduce inflation were successful but slow to realize the intended outcome and some economists have continued to raise concerns about a potential recession in the coming years.

### ***Budget Challenges***

- *Gaps in Resources to Support All City Plans* - Both the Capital and Operating budgets as forecasted are not able to support all projects and services that have been identified in adopted plans. Some notable gaps between desired and planned level of service exist in Climate Action, Human Services, Transportation, and Technology staffing and funding of a City Maintenance Facility. Staff continue to seek grant and alternative funding resources wherever possible and are utilizing one time funding to address specific project needs and produce ongoing cost savings projects.
- *Contracted Services* - The City has a number of contracted services through King County, such as Police Services, municipal court services, jail services, and animal control. These contracted services allow the City to participate in a larger service pool without the heavy investment of managing its own services. Contracted services do however limit the City's ability to impact cost increase, especially as these services are impacted by other cost factors that are outside the City's control, such as labor contract negotiation, changing statutory and other regulatory requirements, and rising insurance costs.
- *Expenditure and Revenue Structural Imbalance* - Historically, the City's increase in expenditures exceed inflation due to other economic factors outside our control. In 2023-2024, inflation has been exceptionally high at 10.14% in 2023, and 4.62% in 2024. In addition, there are expenditures that are impacted by other factors such as the contracted services mentioned above. While the City achieves cost efficiency by participating in the broader services operated by King County or other agencies, the cost of these services generally increases at higher rate. These increases are reflected in some of the base budget increases for 2025-2026 Proposed Biennial Budget. On the revenue side, the City faces revenue growth limitation as property tax is restricted by state law to grow 1% annually. To mitigate against the structural imbalance of revenue and expenditure growth, a key strategy of the City's financial sustainability plan is the use of a voter approved levy lid lift every six years, where residents are asked to approve a one-time property tax levy rate reset followed by inflationary increases to the City's levy instead of the 1% state limit. The last levy lid lift was approved in 2022, which allowed the City to reset the property tax levy at \$1.39 per \$1,000 Assessed Value for 2023 and grow at the pace of inflation for the following five years. While this has allowed the City to be financially sustainable and continue its operation without impacting service levels, without major changes in the State's property tax limitations, the City will likely need to obtain voter approval of a levy lid lift every six years.
- *Potential Impact on Property Tax Revenue* - Shoreline's assessed valuation decreased by 10% in 2023 resulting in an increase to the property tax rate in 2024. While assessed valuations are projected to increase by approximately 11% for 2025 with a modest increase for 2026, a potential recession that includes reductions in assessed valuations could limit the City's ability to increase an allowable property tax levy within the maximum amount stipulated by the State. This could also have future implication on the City's ability to "bump" our rates during a levy lid lift in 2028.
- *Capital Project Funding Gaps* - Although the City has been successful in funding several significant transportation projects, there continues to be several un- or under-funded projects identified in our Capital Improvement Plan (CIP), such as the N 175<sup>th</sup> Street (Stone Avenue N

to I-5) project. The City has included significant investment in transportation in the 2025-2030 CIP and, as in the past, plans to take advantage of grant opportunities to support road projects. However, the rate of capital project cost escalation continues to outpace available resources. Going forward, innovative strategies and proactive actions to pursue funding partnerships with local business and our local, regional and state government agency partners are still needed.

### ***Budget Bright Spots***

Despite these challenges, there are several areas of financial “good news” that are incorporated into this budget. A major “Bright Spot” is the completion of the Sound Transit Lynnwood Link Extension Light Rail Project, including Shoreline’s two Light Rail Stations. This marks a major milestone in the City’s development. City Council rezoned the areas around the Light Rail Stations almost 10 years ago in anticipation of this milestone. While the station areas will take time to redevelop into the envisioned walkable, mixed-use, transit-oriented communities, the investment into these areas and along the Aurora Corridor has been dramatic and is projected to continue. There have been three multi-family housing projects adding 990 units completed so far in the 2023-2024 Biennium including the St. Margaret’s Place affordable housing project. Eight projects adding 2,284 units are currently under construction including the Shoreline 192 affordable housing project. An additional 25 projects are currently in the development pipeline totaling more than 6,000 units. These projects are all expected to include affordable housing through the City’s Multifamily Property Tax Exemption (MFTE) Program. Development projects provide immediate benefit in the form of sales tax, state-shared revenue, and utility tax that adds up to a far greater revenue increase than the foregone revenue of the MFTE.

In addition to bringing residents to Shoreline to support our economic infrastructure, these projects also ultimately increase the City’s assessed valuation and many of those moving into Shoreline’s new multifamily inventory are those relocating to the Seattle area to be a part of the innovation economy, and their spending power has been a boon to the Shoreline economy. While Shoreline’s population has grown by 15% overall in the past 20 years, the population employed in the “information” sector has grown by about 70% and the population employed in “Professional, Scientific, and Technical Services” sector has grown by about 65%. Regional growth of these high-paying industries are why high-wage earners have been the fastest growing segment of Shoreline’s population since 2004. While affordable housing remains a high need, illustrated by a significant decrease in reported employment in the low and mid-range of earnings, a remarkable 90% increase in population in the top range of earnings shows why Shoreline businesses have largely fared well since the pandemic; especially when compared to the widespread closures in areas like Downtown Seattle. Starting in 2009, when more race and ethnicity data became available, we have also seen that Shoreline has become less white since then, as well as more affluent at the same time.

Other Notable Bright Spots include:

- The City’s Sales Tax revenues have continued to exceed projections in this biennium. This trend is significantly due to the continued strength of the construction category (as discussed above) of sales tax. Given our conservative budget practices, we are projecting that 25% of the construction sales tax revenues are one-time revenues, resulting in a decrease in our sales tax projection for 2025 and 2026.
- The City’s Business & Occupation Tax, implemented in 2019, has been consistently generating revenue beyond original projections. With the implementation of compliance review and increased outreach, we anticipate this trend will continue.
- In the 2023-2024 Biennial Budget, Council approved a Limited Term Grant Administrator position. That position has been working to seek State and Local funding for adopted plans in

addition to our already robust grant activity. During the biennium this position has supported the submission of 14 grants totaling \$11.9 million. This is in addition to the ongoing grant applications that are sought by staff throughout the City on an ongoing basis. All grant applications in 2023 totaled \$42.2 million with \$37.1 million in awards and 2024 year to date totaled \$36.2M with \$638,513 in awards, \$5.2 million anticipated to be awarded and \$30.4 million pending notification.

- In the 2023-2024 Mid-Biennial Budget Amendment, Council approved a Limited Term Performance Management & Continuous Improvement Analyst position to facilitate the internal work related to the City's performance measures, continuous improvement efforts, and strategic planning. With the onboarding of this position, the City has reviewed and redesigned its performance measures to ensure measures are more meaningful, measurable, and are well aligned to the City Council priorities and goals. The details of the updated performance measures are presented in a later section of the budget book.
- One of the City's strategies for long range financial sustainability was to increase the returns on the City's investment portfolio. The City had significant success in this area in 2023-2024 as we started working with a Financial Advisor to help direct investments of a portion of the City's portfolio within the guidelines of the City's investment policy. As a result, Citywide investment earnings totaled \$7.8 million for 2023 and \$3.5 million through June 30, 2024.
- The eight (8) park renovation projects and other parks and art projects supported by the \$38.5 million Parks Bond proposition are anticipated to be substantially completed by the end of 2025.
- The City has been able to successfully acquire seven (7) new park properties during this biennium using a combination of Conservation Futures Tax grants, Park Impact Fees, and 2022 Park Bond Acquisition Funding.

With this as our foundation, our focus for 2025-2026 is to continue to deliver high priority public services, maintaining what we have, and meeting our commitment to the community with services that directly support them.

### ***Public Priorities***

Part of maintaining the public infrastructure is fulfilling the City's commitment for a safe community. In the 2024 Resident Satisfaction Survey, the City's response to homelessness and overall quality of human services was the highest ranked services that should receive emphasis over the next two years, with overall quality of police services being second. The 2025-2026 Proposed Biennial Budget includes continued collaboration with other cities in the Regional Crisis Response (RCR) Agency to provide regional mobile crisis response with a person-centered approach focusing on compassionate and immediate crisis response, de-escalation, resource referral, and follow-up tailored to the specific needs of those experiencing behavioral health challenges. The proposed budget also includes additional investment in human services to aid programs that support residents in various crisis situations as identified in the City's recently adopted Human Services Strategic Plan, including the addition of a Human Services Manager position and an increase to the allocation for Human Services Contract funding.

### **10-Year Financial Forecast – Long Range Sustainability**

Shoreline's staff and the City Council have proactively worked to address the challenges to long-term financial sustainability. In 2014, the City engaged in a comprehensive process to plan for the City's long-term financial sustainability. The City Council accepted the 10-Year Financial Sustainability Plan (10 YFSP) at its June 16, 2014, Council Meeting. The 10 YFSP included seven strategies to improve the City's ongoing financial position and uses the 10-Year Financial Sustainability Model (10 YFSM) to evaluate the impact of funding choices in the long-term to

ensure fiscal sustainability. All seven strategies approved by Council have been implemented at this time.

The updated 10 YFSM, reflected in Chart 1, includes all revenues and expenditures in the 2025-2026 Proposed Biennial Budget addressing Council priorities and operational needs that the City Manager recommends. As a result, this forecast reflects a surplus in 2025 of \$5.06 million after the use of \$12.3 million in fund balance for one-time expenditures, and a surplus of \$2.6 million in 2026 after the use of 3.7 million in fund balance for one-time expenditures. While the City remains in a surplus position annually until 2029, the City will end with annual deficits starting in 2030 if no levy lid lift is approved in 2028. New revenue options, use of fund balance or service (cost) reductions would be required to address the deficit.

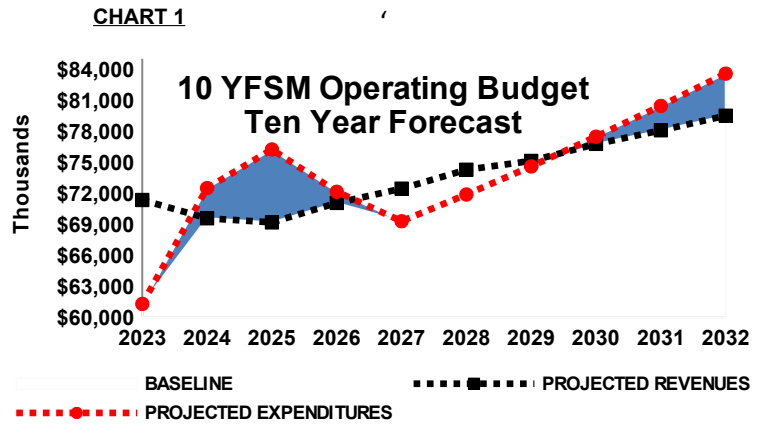


Chart 2 reflects approval of a Levy Lid Lift (LLL) by voters in 2028 to set the property tax rate at \$1.48 for 2029 and increase the rate by CPI for the remaining five years of the LLL. This scenario projects a surplus of \$3.1 million for the first three years of the LLL period that can be used to address the gap starting 2032 but could require the use of fund balance in the final years of the levy period.

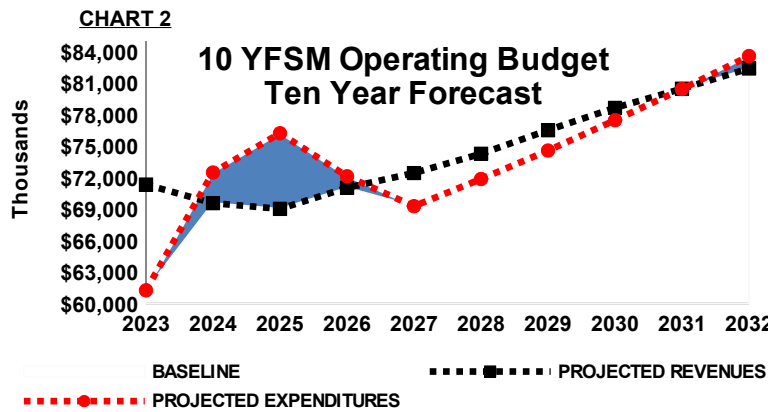
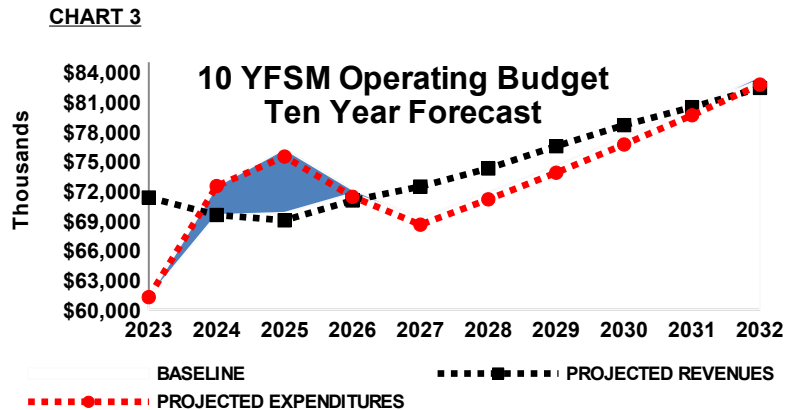


Chart 3 models a scenario where expenditures are at 99% of budget to reflect our historical trend for expenditures and assumes a successful LLL. The surplus generated in 2029 through 2031 in this scenario, mostly attributable to the LLL, appears adequate to cover the shortfall for 2032 through 2034.





### **2025-2026 Proposed Biennial Budget Overview**

The City maintains fully funded reserves that meet or exceed City policies. The City's Revenue Stabilization Fund ("rainy day reserve") is projected to total \$6.832 million at the end of 2024. No transfers are required in 2025 and 2026, maintaining the balance of \$7.858 million at the end of the 2025-2026 biennium. This meets the 30% minimum established by the City Council. The 2025-2026 Proposed Biennial Budget also provides a General Fund ending fund balance of \$38.675 million as well as an operational contingency of just over \$1 million. This exceeds the City Council's minimum policy requirement of \$4.1 million. The City's total undesignated general reserves are estimated to total \$46.533 million at the end of 2025-2026.

As a result of the Council's strong financial policies, diligent financial management, and conservative budget planning, the City continues to maintain its AA+ bond rating and a Standard & Poor's (S&P) financial management rating of "stable." The City has a record of 26 unmodified (clean) Audit Opinions and has received 24 consecutive Distinguished Budget Presentation Awards from the Government Finance Officers Association.

### ***Revenues - Overview***

Budgeted 2025-2026 revenues for all funds total \$336.965\* million. This is a biennium-over-biennium increase of \$20.309 million (6.4%) from the estimated revenues for the current biennium. This is the net result of changes to various funds as noted in the following discussion:

- Operating Funds' revenues are budgeted at \$131.064\* million. This is a 1.9% decrease from the 2023-2024 Biennial Year End Projections. This is primarily the result of a decrease in sales tax and an anticipated slowdown in developmental revenue. In addition, 2023-2024 has higher than anticipated interest income, which is generally not budgeted due to its volatile nature.
- Debt Service Funds' revenues are budgeted at \$11.108\* million. This is an 8.8% decrease. The decrease is due to sales tax revenue decreases that drives the allocation of the 0.2% sales tax dedicated to the repayment of Sidewalk Expansion projects. In addition, 2023-2024 has higher than anticipated interest income, which is generally not budgeted due to its volatile nature. In general, debt funds are budgeted so that revenues are approximately equal to actual debt service principal and interest payments each year. Revenues more than operational expenses including interest payments will create fund balance that will be used to help retire the debt principal balance.
- Capital Funds' revenues are budgeted at \$97.993\* million. This is a 4.4% decrease. The primary reason for the change is from 2023-2024 anticipated park and transportation impact fees which is not budgeted due to its volatile nature.
- Surface Water Utility Fund revenues are budgeted at \$33.576 million, inclusive of Surface Water Fees at \$22.416 million a 24.2% increase and 7 million in bond proceeds anticipated for 2025-2026, representing a 72.8% increase. This change incorporates the Surface Water Master Plan for 2025-2030. The annual increase for a single-family residential home in 2025 through 2030 are \$43, \$33, \$36, \$39, \$42, \$45, respectively.
- Wastewater Fund revenues are budgeted at \$61.136 million representing a \$11.070 million increase. The revenues for this fund are from fees for service from wastewater customer rates, permit fees, general facilities charges, and bond proceeds and fund both operating and capital costs. The forecast is the result of a Wastewater Rate Study conducted by FCS Group in 2022 to provide funding for the expanded Wastewater Master plan developed and approved by RWD in 2021 and includes the expansion of the wastewater low-income discount program to renter and low-income customers of any age.

The proposed district rate increases to fund planned capital, and operating expenses are \$4.10 per month increase for 2023-2027 and \$2.25 per month in 2027 and 2028.

- Internal Service Funds' revenues are budgeted at \$2.088\* million representing an 8.6% increase. This increase is primarily driven by additional charges for new vehicles, including additional electrical vehicles, and additional one-time contribution from General Fund. In addition, IT equipment charges are reallocated from operating to internal service sub-fund, IT Equipment Replacement Fund to better plan and set aside necessary funds annually for anticipated replacement of IT assets.

*Note: \*Amounts shown exclude interfund transfers and use of fund balance.*

### **Expenditures – Overview**

Budgeted 2025-2026 expenditures for all funds total \$406.529 million. This is a \$24.310 million (6.4%) increase from the estimated expenditures for the current biennium. 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.
- General Fund, Shoreline Secure Storage Fund, Street Fund, and the newly acquired Shoreline Business Centre Fund expenditures, commonly referred to as the City's Operating Budget, are budgeted at \$149.818 million. This is a \$12.243 million, or 8.9%, increase. Generally, expenditure budgets have grown at or faster than the rate of inflation. Some key examples of this include the City's Police Contract that is projected to increase by 7.2% in 2025 and 6% in 2026, liability and property insurance costs that increased by 30% over the biennium, and fuel and vehicle maintenance expenses that increased by 31%. The expenditure budget also includes ongoing costs to address public priorities and Council goals. These include costs associated additional ongoing human services funding, and several one-time investments that support Council Goals such as the Climate Change Implementation Plan and maintains the City's existing services and assets.
- Debt Service Fund expenditures are budgeted at \$11.865 million. This is a \$0.584 million, or 4.7%, decrease. The decrease in debt service payments is primarily due to maturity of the 2020 LTGO Bond Anticipation Notes, that will be reissued in 2025. Debt service on the new notes will be appropriated through a budget amendment in 2025.
- Capital Fund expenditures are budgeted at \$142.370 million. This is a \$19.574 million, or 12.1%, decrease primarily because of increases in Roads Capital Fund projects and decrease in appropriation required in General Capital as the Parks Bond projects are reaching completion in 2025. These expenditures include grant funding and transfers from the Transportation Impact Fees Fund and Park Impact Fees Fund that support capital projects in the Roads Capital Fund and General Capital Fund, respectively.
- The Surface Water Utility Fund expenditures are budgeted at \$36.428 million. This is a \$14.395 million, or 65.3% increase and is discussed in another section of this transmittal letter.
- The Wastewater Fund expenditures are budgeted at \$62.675 million. This is a \$16.130 million, or 34.7%, increase driven primarily by the programming and funding of projects included in the Wastewater Master Plan.
- Internal Service Funds expenditures are budgeted at \$2.689 million. This is a \$1.451 million, or 117.2%, increase. This increase is primarily driven by the increase in appropriations for vehicle and equipment replacement that is anticipated in 2025-2026.

### ***Expenditures – Staffing***

The City continues to align staff positions with long-term community service expectations, City Council goals, and the City’s ongoing work plan. As such, 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, which is also discussed in more detail below or elsewhere in this transmittal letter:

#### Reductions of Project-Funded or Limited Term FTE:

- 1.0 Light Rail Project Manager
- 0.5 Light Rail Administrative Assistant II
- 1.4 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)

### ***Positions Necessary for Specific Programs and Projects***

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:</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 (SWM 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</li> </ul>

	<p>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.</p>
	<ul style="list-style-type: none"> <li>• <i>Surface Water Inspector</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) program inspections, and support for other Surface Water programs.</li> </ul>
	<ul style="list-style-type: none"> <li>• <i>Construction Inspector</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>

<b>Conversion of Limited Term to Ongoing FTE</b>	
<b>Maintain What We Have</b>	<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>
<b>Address Council Priorities</b>	<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,</li> </ul>

	<p>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.</p>
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**One-Time Limited Term Additions:**

<b>Maintain What We Have</b>	<ul style="list-style-type: none"> <li> <p><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.</p> </li> </ul>
<b>Prepare for the future</b>	<ul style="list-style-type: none"> <li> <p><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.</p> </li> <li> <p><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.</p> </li> </ul>
<b>Address Council Priorities</b>	<ul style="list-style-type: none"> <li> <p><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.</p> </li> </ul>

	<ul style="list-style-type: none"> <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>
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<b>Continuation of Current Limited Term Positions</b>	
<b>Address Council Priorities</b>	<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 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.</li> </ul>
	<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>

**Personnel Positions and Salary Schedule**

The 2025-2026 Proposed Biennial Budget includes the City Manager’s recommended 2025 Cost of Living Adjustment (COLA) of 3.83% and a contingency for the 2024 Salary Survey that is nearing completion. Adoption of the 2025-2026 Proposed Biennial Budget will include Council approval of the 2025 Salary Schedule. The 2025 Salary Schedule will be provided to Council as part of the budget discussion on November 4, 2024. The 2025 Salary Schedule will reflect the COLA as well as changes from the 2024 Salary Survey and any reclassifications that have been made during 2024.

The tables below provide the details on the City’s personnel compliment as included in the adopted budget by Department and fund with a comparison to the prior biennium:

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

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

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

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

In 2025-2026, Shoreline will have 3.10 FTEs per 1,000 population for non-utility personnel.

**2025-2026 Proposed Biennial Budget - Significant Expenditure Changes**

**Expenditures - Police and Regional Crisis Response (RCR) Agency Contracts**  
*Shoreline Police Contract* - The Shoreline Police Department serves a population of 61,120 residents. The department will have 50 commissioned staff and 3 non-commissioned staff. Current staffing includes 26 patrol officers, 2 K9 teams, 1 traffic deputy, 3 SET detectives, 5 CIU Detectives, and 3 commanders and 10 vacancies. While progress has been made in addressing vacancies across the King County Sheriff's Office (KCSO), the vacancy rate continues to be a challenge with monthly vacancy rates ranging from a low of 7 to a high of 12 in this biennium. KCSO has, and will continue to, focus on recruitment and training to address this challenge. Shoreline currently has one candidate that is in training and may be assigned to Shoreline in early 2025. There were no new officers requested for this biennium for several reasons: crime trends have not significantly escalated and dispatched calls for service have not returned to pre-pandemic levels; and until current vacancies can be filled, the addition of new police officer positions would just result in additional unfilled positions, and the Department has been able to enhance our response with the implementation of the Regional Crisis Response (RCR) unit discussed below.



The 2025-2026 Police Department budget represents 25% of the City's Operating Budget. 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. For future years (2027 onward), the escalator is 6.0%. 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. The increase is due to the items addressed above as well as pass through cost increases related to motor pool costs, workers compensation, radio rates, and general overhead that were significantly higher than KCSO anticipated in their projections this summer. 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 including body worn cameras are included.

*Regional Crisis Response (RCR) Agency Contract* - The 2025-2026 RCR Agency cost will increase from \$814k to \$1.104 million in 2025. This is due to the transition of program cost sharing. In 2023-2024, the City of Kirkland covered a larger share of the program cost with the remaining program cost allocated equitably on a per-capita basis among all five cities. However, the cities have agreed that starting in the 2025-2026 biennium, all program cost will be shared equitably on a per-capita basis, resulting a higher increase for the four other cities in 2025-2026. Currently Shoreline has 4 Mental health Professionals and two vehicles for 24-hour coverage 7 days a week. During 2023, the RCR program served 172 people in crisis, during a total of 488 encounters. Encounters could range from a multi-hour crisis de-escalation to a short follow-up check in to ensure that someone has been effectively connected to care.

### ***Expenditures – Additional Ongoing Program Costs***

Other significant changes in 2025-2026 costs include the following:

- Salary increases include:
  - \$549,573 increase for anticipated step increases for eligible employees per the City's compensation plan;
  - \$1.479 million increase from 3.83% cost of living adjustment (COLA) in 2025 and an estimated 2.45% COLA for 2026 based on 100% of the June-to-June change in CPI-U.
- The City has experienced significant increases in liability and property insurance costs for insurance coverage through the Washington Cities Insurance Authority (WCIA). WCIA pools premium increases and anticipated membership increases. For 2025-2026, was increased by \$664k to accommodate the increase. The increase is mainly driven by a significant increase for the WCIA liability assessment for the City (including Surface Water and Wastewater). The 2025 liability assessment is \$861k, \$284k higher than the 2024 budget, with 2026 seeing a potentially similar level of increase to 2025. Increases for property and vehicle coverages were higher than CPI but less than the liability increase.
- *Public Defense & Inmate Housing Services Contracts*: On March 8, 2024, the Washington State Bar Association (WSBA) adopted revised Standards for Indigent Defense Services (WSBA Standards). The WSBA Standards provide caseload limits and other requirements related to public defense services. In particular, the revised standards will, over a three-

year period, drastically reduce the number of public defense cases an attorney can accept each year. This will contribute to the existing attorney shortage and case backlogs, and further increase costs. The base budget for both Public Defense and Jail Services were adjusted to reflect these changes. For Jail 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.

- *Significant Traffic Asset Increases:* There will be a significant increase in new traffic assets from a variety of capital projects, including the Sound Transit Lynnwood Link Extension, Meridian Avenue Safety (155th - 170th), Richmond Beach Midblock Crossing, Ridgecrest Safe Routes to School, 1st Ave Sidewalk (145th - 155th), 5th Ave Sidewalk, and various redevelopment projects. The City's base budget has been adjusted by \$271k for the 2025-2026 Biennium to maintain these assets.
- *Parks Bond Projects Maintenance Increases:* The 8 Major Park Projects have started to come on-line. Increased maintenance cost including additional staffing discussed elsewhere in this report, water, electricity and supplies have been anticipated in prior forecasts and are included in the 2025-2026 proposed budget.

**Expenditures – One-Time Funding Summary**

One-time supplemental requests are proposed only after analyzing the impacts that they might have on the 10 YFSM as discussed above. One-time supplemental requests to support Council priorities that are included in the 2025-2026 proposed operating budget are summarized below and are funded from the use of available fund balance at the end of 2024.

Category	Supplemental Request Highlights	One-Time General Fund Cost (Net of offsetting Revenue)
Investments to Prepare for the Future	<ul style="list-style-type: none"> <li>• Aquatics Facility Planning</li> <li>• LT Senior Planner</li> <li>• Tree &amp; Development Code Update</li> <li>• Sub Area Planning</li> </ul>	\$1,341,878
Investments to Address Council & Operational Priorities	<ul style="list-style-type: none"> <li>• Climate Action Plan Implementation</li> <li>• Affordable Housing Feasibility Study</li> <li>• Performance Management &amp; Continuous Improvement</li> <li>• Grant Coordinator</li> <li>• Strategic Planning</li> <li>• Permit Process Improvement Implementation</li> <li>• Organizational Development and ESJ Training</li> <li>• Contingency funding for Development and Legal</li> </ul>	\$2,204,082

Investments to Ensure a Stable Foundation	<ul style="list-style-type: none"> <li>IT Network, Application, and GIS Upgrades and Enhancements</li> <li>GIS Program Support</li> <li>Permitting Cost Recovery Study</li> <li>IT Web Support for City Website and SharePoint Upgrades and ADA compliance</li> <li>Transfer to Revenue Stabilization Fund</li> </ul>	\$2,348,951
Investments to Maintain What We Have	<ul style="list-style-type: none"> <li>New Vehicles for Park Bond Improvement Support staffing</li> <li>Vehicle Replacements</li> <li>Tree Maintenance Supplemental</li> <li>Aurora Landscape Bed Improvements</li> <li>Mental Health Program Specialist for Youth</li> <li>Land Bank Conservation</li> <li>Pride Festival and Juneteenth Celebrations</li> </ul>	\$1,985,518
Investments in our Capital Projects	<ul style="list-style-type: none"> <li>Facility Technology &amp; Security Improvements</li> <li>Miyawaki Forest</li> <li>City Maintenance Facility</li> <li>145<sup>th</sup> and I5 Interchange</li> </ul>	\$8,257,046
	<b>Total Use of General Fund - Fund Balance</b>	<b>\$15,832,106</b>

**Expenditures – Capital Outlay**

The 2025-2026 Proposed Biennial Budget for the General Capital, City Facilities-Major Maintenance and Roads Capital funds totals \$133.204 million. Significant projects making up this total include:

Fund	Project Types	Project Title	Total In Millions	
<b>General Capital</b>	<b>Parks Maintenance Projects</b>	Park Ecological Restoration Program	\$0.6	
		Parks Repair and Replacement	\$1.2	
		Playground Replacement	\$1.7	
		Turf & Lighting Repair and Replacement	\$1.2	
	<b>Facilities Projects</b>	Facility Technology Improvements	\$0.5	
		Facility Security Improvements	\$1.5	
	<b>Parks Development Projects</b>	Pk Bond: Park Improvements	\$3.7	
		<b>All other projects, Debt Service and non-project specific costs</b>		\$4.0
	<b>General Capital Fund Total</b>			<b>\$14.5</b>
	<b>City Facilities - Major Maintenance</b>	<b>All Facilities - Major Maintenance Fund Total</b>		<b>\$1.4</b>
<b>Roads Capital Fund</b>	<b>Pedestrian/Non-Motorized</b>	147th/148th Non-Motorized Bridge	\$24.2	

<b>Projects</b>		
	Meridian Ave Bicycle Lanes (175th-200th)	\$0.6
	NSP 19Th Avenue NE (NE 196Th St – 244Th St SW)	\$2.3
	NSP Dayton Avenue (N 178th Ln – N Richmond Beach Road)	\$5.8
	NSP Meridian Avenue N (N 194th St – N 205th St)	\$3.4
	NSP 8th Avenue NW (Sunset Park – Richmond Beach Road)	\$2.2
<b>Safety Operations</b>		
	145th Corridor – 99th to I5	\$1.8
	145th and I5 Interchange	\$12.8
	145th Corridor - Ph.1 Row/Cons	\$3.9
	145Th Corridor - Ph.2/3	\$17.3
	160Th and Greenwood/Innis Arden Intersection	\$2.5
	N 175Th St - Stone Ave N To I5	\$21.4
<b>System Preservation</b>		
		\$6.9
<b>All other projects, Debt Service and non-project specific costs</b>		
		\$6.6
<b>Roads Capital Fund Total</b>		
		<b>\$111.8</b>
<b>All Capital Funds Total</b>		
		<b>\$127.7</b>

**Surface Water Utility Fund**

The City has greatly improved the water quality of stormwater discharged to Puget Sound through the development of a comprehensive surface water management system. Community satisfaction with the system has increased from a 55% satisfied or very satisfied in 2004 to 73% in 2024 with only 5% of residents dissatisfied.

The system is comprised of a complex array of drainage ditches, detention structures, lift stations, underground collection and transmission pipes, natural streams, stormwater best management practices (BMPs) and treatment facilities including bioretention facilities, media filter cartridges, and other proprietary technologies that are owned and/or maintained by the City and managed using an enterprise fund – the Surface Water Utility Fund. Before incorporation, storm events often resulted in flooding conditions throughout large areas of the community. Since incorporation, and with enhancements to this system, the City’s efforts have minimized flooding to localized and rare occurrences.

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.

With the rate increase necessary to support the proactive strategy and bond proceeds to provide supplemental funding as needed for capital projects in 2025-2026, the Surface Water Utility billings along with other sources are budgeted to generate almost \$34.523 million. This is a \$15.071 million (77.5%) increase from the Current Estimates. As an enterprise fund, the Surface Water Utility Fund expends money for both operating and capital needs. This makes the Surface Water Utility unique from other City operations.

The 2025-2026 Proposed Biennial Budget appropriates \$36.428 million in expenditures. Of this total, \$14.039 million are operating expenditures, \$22.389 million are capital expenditures, and \$2.317 million are debt service expenditures. The operating budget reflects a \$3.962 million increase from the 2023-2024 Current Estimates. Capital expenditures reflect a \$10.433 million increase from the 2023-2024 Current Estimates. The difference between revenues and expenditures will be maintained in fund balance to fund capital projects.

In addition to the capital and operating activities noted above, this fund also pays for debt service. Unlike the governmental funds, surface water debt related activity occurs directly in the Surface Water Fund. In 2025-2026, this fund is expected to pay approximately \$2.317 million towards debt service principal and interest.

### **Wastewater Utility Fund**

The 2025-2026 Budget continues to implement the Wastewater Master Plan and includes rate increases as identified in the 2022 Wastewater Rate Study. The rate study included evaluation of City financial policies including the 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 early 2025.

The 2025-2026 Proposed Biennial Budget appropriates \$62.675 million in expenditures. These expenditures include \$43.270 million in operating and \$19.405 million in capital costs for the utility. Capital projects are \$13.018 million (204%) more than the current biennium end estimate, primarily due to shifting of projects from the 2023-2024 biennium to 2025-2026, and funds projects identified in the Master Plan and critical projects identified since assumption. Operating costs are 7.75% higher than the current biennium end estimate. The proposed rate increases to fund the budget are \$4.10 per month increase for 2023-2026 and \$2.25 per month in 2027 and 2028. The Wastewater Enterprise fund is projecting the need to issue debt in 2025 in line with projections identified in the rate study to support capital projects identified in the Wastewater Master Plan.

### **Outlook**

City staff members are pleased to present the 2025-2026 Proposed Biennial Budget. Even in the face of economic uncertainty and higher than usual inflation, the City continues to maintain a healthy financial position. The 2025-2026 budget is balanced and is in compliance with the City's financial and reserve policies.

The City's budget maintains priority services, furthers Council goals, addresses the highest community priorities identified in the Resident Satisfaction Survey, including addressing homelessness and enhancing human services, and maintains flexibility to respond to unanticipated impacts of continued uncertainty in the economy.

As demonstrated this year, we will continue to exercise our fiduciary responsibility to Shoreline's residents and proactively address these issues by making any budget adjustments necessary as a result of changes in the economy and any future State or Federal legislative actions with an economic impact.

We continue to strive to attract economic development investment in the City. The 2025-2026 Proposed Biennial Budget continues the City's efforts in economic development as we experience the anticipated growth in our Light Rail Station Areas. Major transportation projects to support our new Light Rail Stations are underway, including the 145<sup>th</sup> Corridor and 145<sup>th</sup> Interchange Project, where improvements will include two traffic lanes, new bike lanes, improved

sidewalks, and seismic improvement on 175th to make the road safer in case of an earthquake. These improvements will increase mobility for all transportation modes, enhance pedestrian safety, and address predicted population growth and heavier traffic. There are many multi-family developments on Aurora and in the Light Rail Station Areas in various stages of planning, permitting and construction. The City is also looking to introduce new types of homes, such as middle housing where homes that are at a middle scale between detached single-family houses and large multifamily complexes will be allowed throughout Shoreline. This not only will allow further development in the City, it will also improve affordability of housing and enhance housing choice.

Financial sustainability includes investing in infrastructure improvements. By attending to our infrastructure today, the City avoids much costlier deferred maintenance problems in the future. As stated earlier, the City will deliver \$167.051 million in capital improvements (including surface water capital projects) in 2025-2026. Long term plans include another \$219.501 million over the following four years. We recognize that even at this level funding, the construction of new facilities and infrastructure, with the exception of the Surface Water Utility and Wastewater Utility, is underfunded.

**Conclusion**

We believe that the 2025-2026 Proposed Biennial Budget responds to the current economic challenges, while maintaining priority services and addressing priority capital investment needs for the coming two years. It also addresses the top operating priorities of the City Council and the Shoreline community as supported by the 2024 Resident Satisfaction Survey. It invests in projects to implement our Human Services Strategic Plan, Surface and Wastewater Master Plans, and our Climate Action Plan. It continues to address critical transportation projects throughout the City including the delivery of sidewalk expansion projects supported by the voter approved 0.2% TBD sales tax and Sidewalk Rehabilitation supported by vehicle license fees.

Finally, it is important to acknowledge the contributions of everyone involved in this year’s budget process. We would like to express our appreciation to individuals who worked to provide realistic budget requests and to develop ways to meet City Council and community priorities.

It is also appropriate to thank several members of the Administrative Services Department and key department staff for their tireless efforts to produce the 2025-2026 Proposed Biennial Budget, while still performing day-to-day duties and keeping up with workflow demands. Special thanks go to Christy Hopkins, Katrina Steinley, Jody Jessop, Colin Sachs, Derek Moretz, and Sharon Oshima for their assistance in preparing this budget. Finally, many thanks are needed to the City Council for providing policy direction to the City of Shoreline over the years.

Respectfully submitted,



Bristol Ellington  
City Manager



Sara S. Lane  
Administrative Services Director

Attachment: 2024-2026 City Council Goals & Workplan

# 2024-2026 City Council Goals and Work Plan

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The Council is committed to fulfilling the community’s long-term vision – Vision 2029 – and being an equitable and sustainable city that meets the needs of all residents, in particular:

- community—ensuring it is safe, attractive, inclusive and serves all ages and abilities;
- environment—preserving environmental assets and enhancing the built environment so that it protects natural resources;
- services—supporting quality services, facilities, and infrastructure; and
- finances—responsible stewardship of fiscal resources to achieve the community, environment and services desired by residents.

The City Council holds an annual Strategic Planning Workshop to monitor progress and determine priorities and action steps necessary to advance Vision 2029 and the City’s equity goals. This workplan, which is aimed at improving the City’s ability to fulfill the community’s vision, is then reflected in department work plans, the City’s budget, capital improvement plan, and through special initiatives.

## **Goal 1: Strengthen Shoreline’s economic climate and opportunities**

Robust private investment and economic opportunities help achieve Council Goals by enhancing the local economy, providing jobs and housing choices for all income levels, and supporting the public services and lifestyle amenities that the community desires and expects.

### **ACTION STEPS:**

1. Conduct a review of development that has occurred in the 145<sup>th</sup> Station Area
2. Continue to implement development review and permitting best practices, including management of staffing and contract resources to meet permit review time targets, and expansion of the City’s online permitting
3. Continue business retention and expansion by building relationships and identifying regulatory challenges, safety concerns, and other barriers to business growth, especially with those that are underrepresented and under-resourced
4. Facilitate collaboration with and between members of the business community to support new and existing businesses
5. Complete delivery of American Rescue Plan Act Programs to support community recovery from the COVID-19 pandemic
6. Develop draft policies and amendments to the Development Code to allow middle housing building types in low density residential areas for consideration as part of the 2024 Comprehensive Plan update
7. Participate in the State’s Master Plan process for the Fircrest Campus to align with the City’s Comprehensive Plan
8. Monitor the City’s 10-Year Financial Sustainability Model and respond to economic changes to ensure financial sustainability
9. Support King County Metro’s evaluation of the 192<sup>nd</sup> Park and Ride as a potential location for expanded transit operations and transit-oriented-development
10. Work with Seattle City Light to ensure electric infrastructure supports Shoreline’s planned growth by sharing information and seeking to align timelines of private developments, City projects, and utility capacity expansion projects
11. Begin to conduct neighborhood subarea planning with a focus on high activity areas and neighborhood commercial centers and corridors

## **Goal 2: Manage and develop the City’s infrastructure, steward the natural environment and address climate impacts**

The City has identified needed improvements to strengthen its municipal infrastructure to maintain public services the community expects through adoption of the Comprehensive Plan, Surface Water Master Plan, Wastewater Master Plan, Transportation Master Plan and the Parks, Recreation, Open Space, Arts Plan. As capital improvements are made, it is important to include efforts that will enhance Shoreline’s natural environment and address climate change and impacts, ultimately having a positive effect on the Puget Sound region.

### **ACTION STEPS:**

1. Implement the Voter Approved New Sidewalk Program by completing design and construction of the 8<sup>th</sup> Ave NW (Sunset Park to Richmond Beach Road) and 19<sup>th</sup> Ave NE (NE 196<sup>th</sup> to NE 205<sup>th</sup> Street) Sidewalk Projects and beginning design of the Dayton Ave N (N 155<sup>th</sup> to N 160<sup>th</sup> Street) Project
2. Implement the Sidewalk Rehabilitation Program utilizing a prioritized plan for the next five years
3. Complete design and construction of the priority park improvements funded through the 2022 Park Bond
4. Begin design of Westminster Park
5. Assess existing undeveloped park properties (Rotary, West Echo Lake, 192<sup>nd</sup>/Hemlock, Edwin Pratt, South Ronald Bog, South Twin Ponds) using the Property Acquisition Development Framework, and design and construct select properties accordingly using 2022 Park Bond funding
6. Update and implement the Parks, Recreation, Open Space, and Arts Plan to guide park and recreation investments for the next six years and incorporate the new plan in an update to the Park Impact Fee
7. Continue to explore strategies for replacement of the Shoreline Pool and Spartan Recreation Center
8. Develop code amendments to holistically update tree regulations to streamline administration and improve outcomes
9. Implement the 2023 Urban Forest Strategic Plan and expand partnership with Green Cities, volunteer programs and various partner organizations
10. Continue to Implement Salmon-Safe certification (2019-2024) and recertify as a Salmon Safe City (2024-2029)
11. Implement the Climate Action Plan, including development of programs to support electrification of existing buildings, reduce per capita driving, and encourage electric vehicle adoption
12. Complete construction and commissioning of the Ballinger Maintenance Facility, design improvements at the North Maintenance Facility, and develop a funding plan for long-term facility improvements
13. Develop and implement the 2025-2030 Surface Water Master Plan
14. Update and amend the Comprehensive Sewer Plan to reflect adjusted capital improvement plan
15. Support the update to the Transportation Element/Transportation Master Plan through expansion of shared use mobility options and support of connections in high activity areas
16. Complete and begin implementation of the major update of the 2024 Comprehensive Plan
17. Complete design of Phase 1 of the N 175<sup>th</sup> Street Corridor Project from Interstate-5 to Stone Avenue N and initiate Right-of-Way acquisition and develop a funding strategy for future phases of the project
18. Construct the 145<sup>th</sup> and I-5 Interchange improvements and Phase 1 of the 145<sup>th</sup> Street Corridor improvements
19. Continue to develop the City’s Asset Management Program so that City assets are developed, tracked, maintained, analyzed and replaced in a systematic way considering the total lifecycle value (including costs and benefits) of assets and the risk of asset failure



### **Goal 3: Prepare for regional mass transit in Shoreline**

Our community looks forward to increasing mobility options and reducing environmental impacts through public transit services. The Sound Transit Lynnwood Link Extension light rail project, which includes the Shoreline North/185<sup>th</sup> Station and the Shoreline South/148<sup>th</sup> Station, is scheduled to open in 2024. The Sound Transit Stride Bus Rapid Transit project includes funding for corridor improvements and service along State Route 523 (N 145<sup>th</sup> Street) from Bothell Way connecting to the Shoreline South/148<sup>th</sup> Station. Engaging our community members and regional transit partners in plans to integrate local transit options and connect multi-modal travel corridors, including the 145<sup>th</sup> Street and 185<sup>th</sup> Street corridors, into the future light rail service continues to be an important Council priority.

#### **ACTION STEPS:**

1. Support Sound Transit's 145<sup>th</sup> Street improvements from Bothell Way to Interstate-5 as part of the Stride Bus Rapid Transit Project
2. Work collaboratively with Sound Transit on the Lynnwood Link Extension Project, including negotiation of remaining project agreements and coordination of project construction, inspection, and ongoing permitting
3. Coordinate with developers and seek partnerships and funding to realize the vision of the Light Rail Station Areas, which includes improved multi-modal connections to the light rail stations
4. Create non-motorized connections to the light rail stations including coordinating design elements of the Trail Along the Rail
5. Construct Phase 1 of the 148<sup>th</sup> Street Non-Motorized Bridge project, complete Right-of-Way acquisition of Phase 2, and advertise for construction of Phase 2
6. Collaborate with regional transit providers to implement long-range regional transit plans including Sound Transit's ST3 Plan, King County Metro's Metro Connects Long Range Plan, and Community Transit's Blue Line and Long-Range Plan
7. Launch Citywide parking program, including Restricted Parking Zones and a parking enforcement unit

### **Goal 4: Expand the City's focus on equity and social justice and work to become an Anti-Racist community**

The Council values all residents and does not tolerate any form of discrimination. On January 23, 2017, Council adopted Resolution No. 401 declaring the City to be an inviting, equitable, and safe community for all and to be a leader in protecting human rights, equity, public safety, and social well-being. And on November 30, 2020, Council adopted Resolution No. 467 declaring the City's commitment to building an anti-racist community through addressing the ways racism is maintained through beliefs, behaviors, and policies. We are committed to co-creating a vision with the community to ensure that Shoreline is an inviting, equitable, and safe community for all.

#### **ACTION STEPS:**

1. Identify and implement foundational and ongoing equity and anti-racism training for City staff, Council, the PRCS/Tree Board, and the Planning Commission
2. Assess the City's employment, hiring, and recruitment practices through an equity lens
3. Continue building trusting working relationships within the community that will support our ability to:
  - a) Better understand strengths, concerns and needed supports within historically marginalized groups and to offer resources to address these;
  - b) Foster engagement and participation in key planning process, community safety, law enforcement, and other topics important to the community;
  - c) Specifically inform the City's community policing practices; and
  - d) Work in partnership to develop long-term strategies for building an anti-racist community
4. Develop a citywide equity needs map for use in analysis and to inform service delivery and resource allocation decision making

5. Develop resources and training to assist staff in understanding meaningful community engagement practices focused on achieving equitable outcomes
6. Ensure that the City's programs, parks, facilities, activities and communications comply with the Americans with Disabilities Act and are accessible to all Shoreline residents
7. Incorporate Age-Friendly Community policies into the 2024 Comprehensive Plan update

**Goal 5: Promote and enhance community safety, broader community connections, and a coordinated response to homelessness and individuals in behavioral health crisis**

The Council recognizes that supporting stronger community connections and making it possible for residents to meet their needs are critical elements of a safe and thriving community. Maintaining a safe community is the City's highest priority. The 2022 Resident Satisfaction Survey reflected that 92% of respondents felt safe in their neighborhood during the day and 73% had an overall feeling of safety in Shoreline. The City is continuing a concentrated work plan to enhance our public safety communication and crime prevention efforts to ensure that our residents and businesses continue to find Shoreline a safe place to live, work and play. The City is also continuing to support those individuals living unhoused in our community or experiencing behavioral health issues by coordinating with regional homeless partners, working to ensure that there is adequate shelter capacity in Shoreline and North King County, and expanding behavioral health engagement and crisis intervention for those in need.

**ACTION STEPS:**

1. Use data driven policing to address crime trends and quality of life concerns in a timely manner
2. Support efforts to improve public safety by incorporating best practices and model policies for use of force, de-escalation training and police accountability
3. Achieve full staffing for the Shoreline Police Department
4. Participate on the Executive and Operations Board of the Regional Crisis Response (RCR) Agency to ensure agency effectiveness and coordinate across stakeholder response functions
5. Monitor and support the North King County Crisis Triage Center development, as well as the five additional crisis centers proposed by King County
6. Continue to collaborate with King County District Court and other criminal justice service partners to enhance community safety and provide support services to those in and at risk of being in the criminal justice system
7. Continue partnerships between the Community Services Division, Parks Operations Division, Office of Economic Development, the Code Enforcement and Customer Response Team, the Shoreline School District, the Shoreline Fire Department, and Shoreline Police on Problem Solving Projects and crime prevention to improve safety and the feeling of safety
8. Conduct trainings and community programs to promote safety, awareness, and response
9. Implement the Human Services Strategic Plan and enhance human services investment and service delivery to the community
10. Continue providing leadership and engagement with the North King County Coalition on Homelessness (NKCCCH) and the King County Regional Homelessness Authority (KCRHA) to ensure development of appropriate sub-regional homelessness response strategies and implementation activities for North King County, including support for the Oaks Enhanced Shelter and the North King County Severe Weather Shelter
11. Use data driven information to inform the City's actions and plans to provide shelter and affordable housing for low-income individuals in our community
12. Continue to enhance the City's Emergency Management and Preparedness Program to support the community in times of emergency or disaster in alignment with the Comprehensive Emergency Management Plan
13. Continue strategies to expand the City's community building efforts beyond established neighborhood associations