

# Ten Year Financial Sustainability Update

February 24, 2014

Presented by

Robert Hartwig, Administrative Services Director



# Background

- Project Began in 2012
- Aligns with Council Goal 1 – Strengthen Shoreline’s Economic Base
  - Action Step 3 – Develop a 10-year Financial Sustainability Plan
- Process to Date
  - Developed Base Model & Base Scenario
  - Staff Evaluated Services/Calculated Costs of Each Service (Core & QOL)
  - Identified Economic Development, Revenue, & Expenditure Strategies
  - Currently Meeting with Council Subcommittee
  - First Update to Full City Council Tonight

# Expected Outcomes

- Develop a Preferred Alternative Based on Identified Strategies
- Use this Alternative to Assist in the Annual Budget Process
- Close Potential Budget Gaps Before They Occur
- Keep the Budget Balanced Into the Future
- Maintain Reserves Based on City Policies

# Subcommittee Work

- 3 Meetings Before Tonight
- 1<sup>st</sup> Meeting
  - Consensus Re: Potential for Gaps
  - List of 125 Services
  - Base Scenario (101/98)
  - Baseline Assumptions
  - Agreement on the Approach Taken

## 2<sup>nd</sup> Subcommittee Meeting

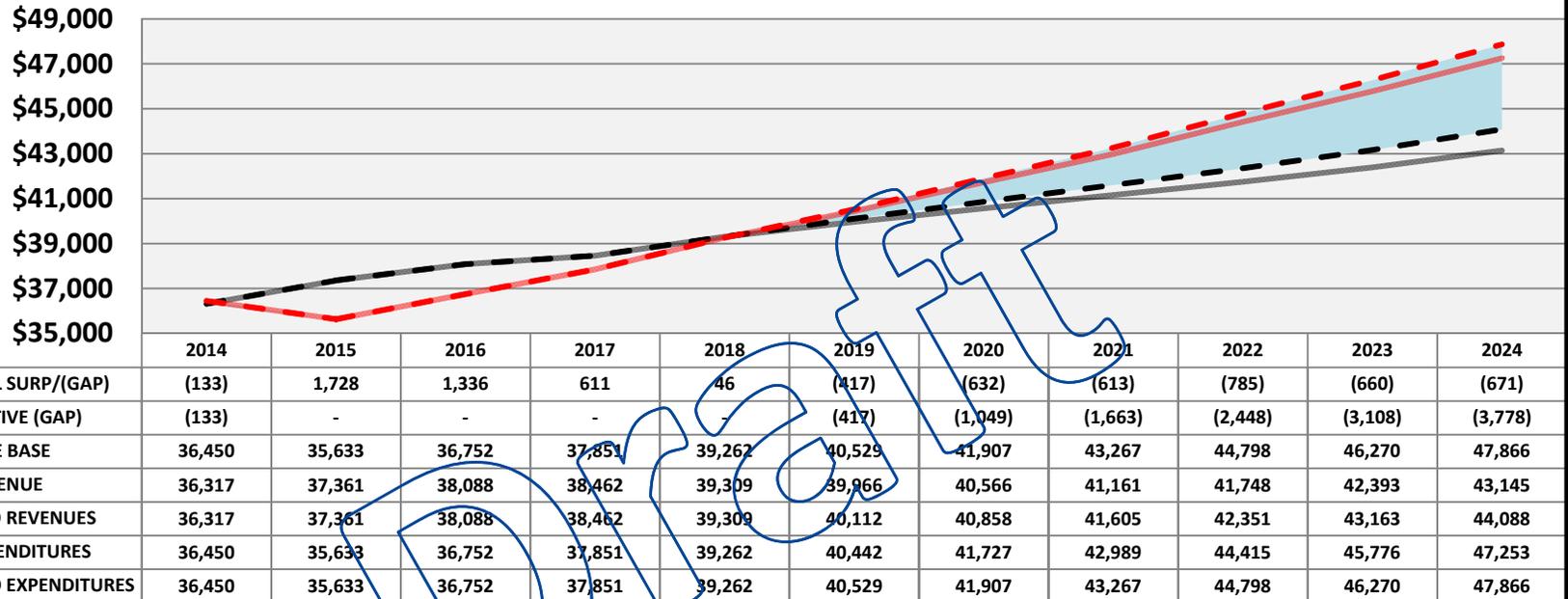
- Reviewed Economic Development Strategies
- Reviewed Revenue Strategies
- Reviewed Annual AV Growth to Achieve 2%

# Economic Development

- Model Alternative With
  - 160 Additional Units of Multi-Family/Yr
  - 7,500 Sq Ft Additional Retail/Yr

## ECONOMIC DEVELOPMENT

Attachment B



**Assumptions:**

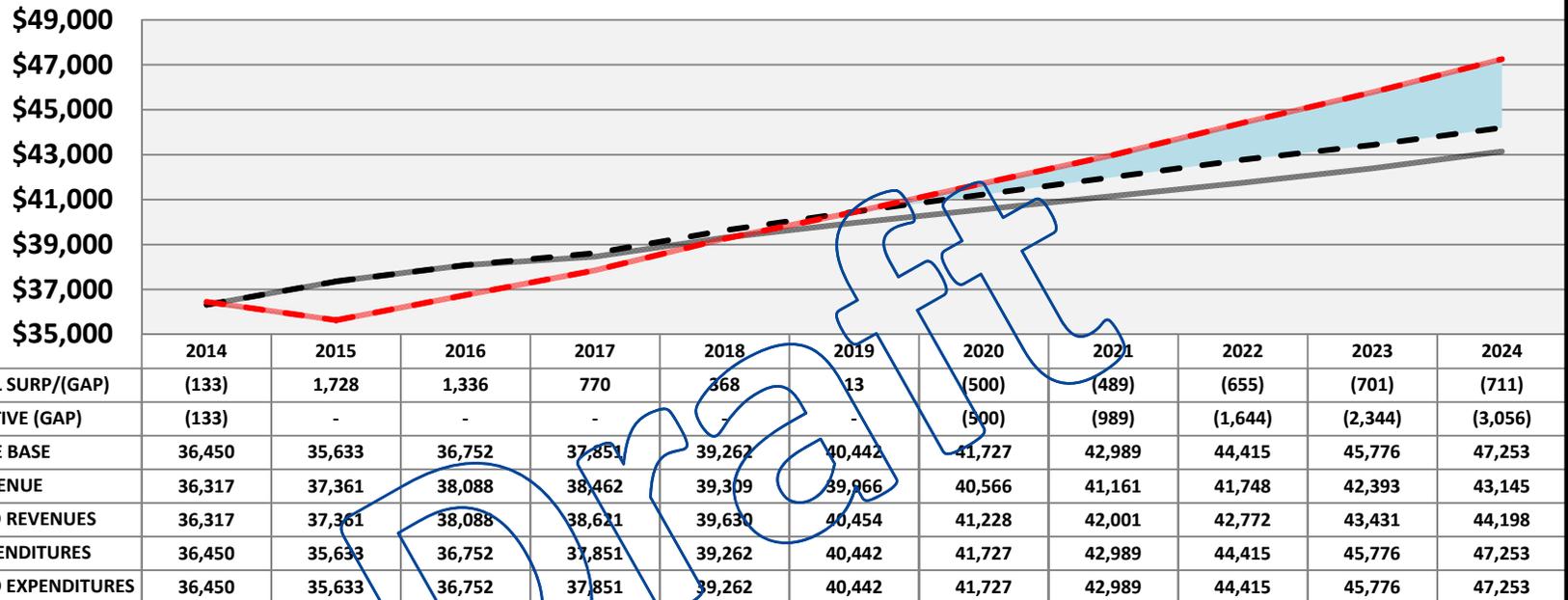
1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).

# Revenue Strategies

- Proposition 1 Renewal in 2017/2019
- Cost Recovery of Fees (\$415K/Yr) – Begins 2017
- B&O Tax (Rate of 0.1%) in 2017

## PROPOSITION 1 RENEWAL IN 2017

Attachment C

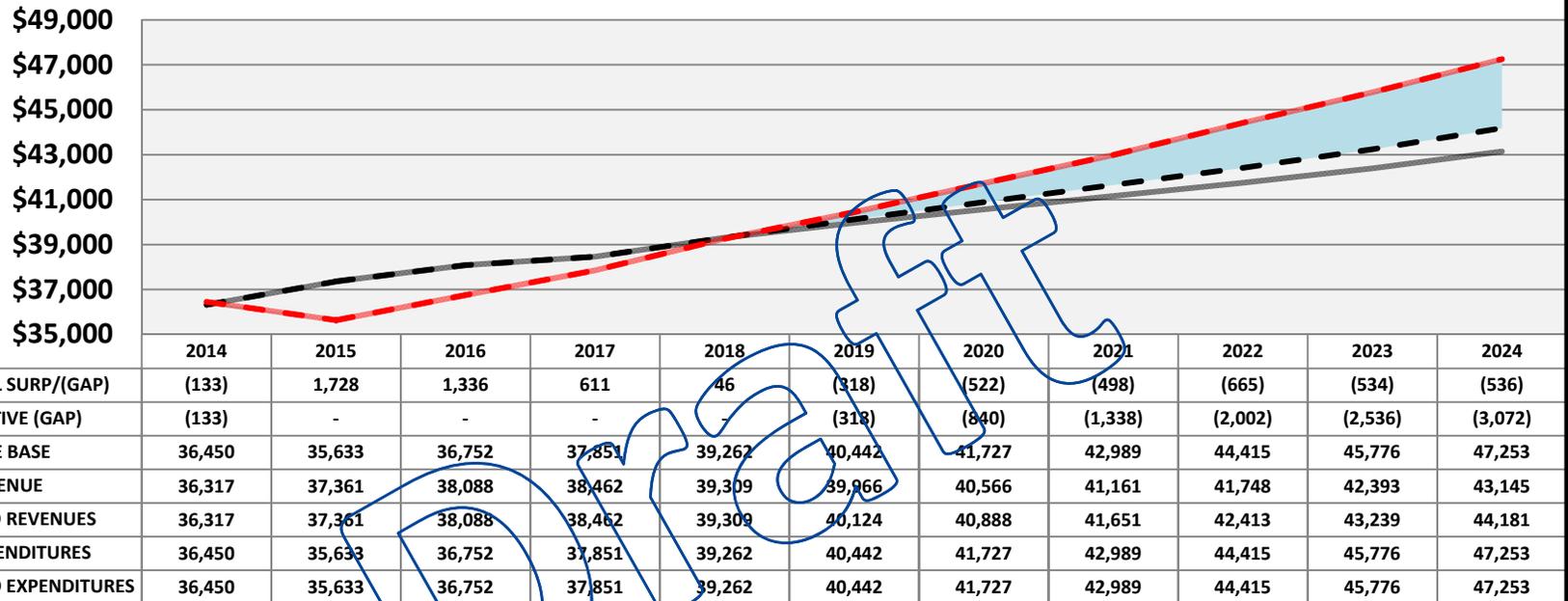


**Assumptions:**

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Property tax levy lid lift in 2017 that includes an annual escalator based upon the change in the June-to-June CPI-U for years 2017 through 2022.

## PROPOSITION 1 RENEWAL IN 2019

Attachment D

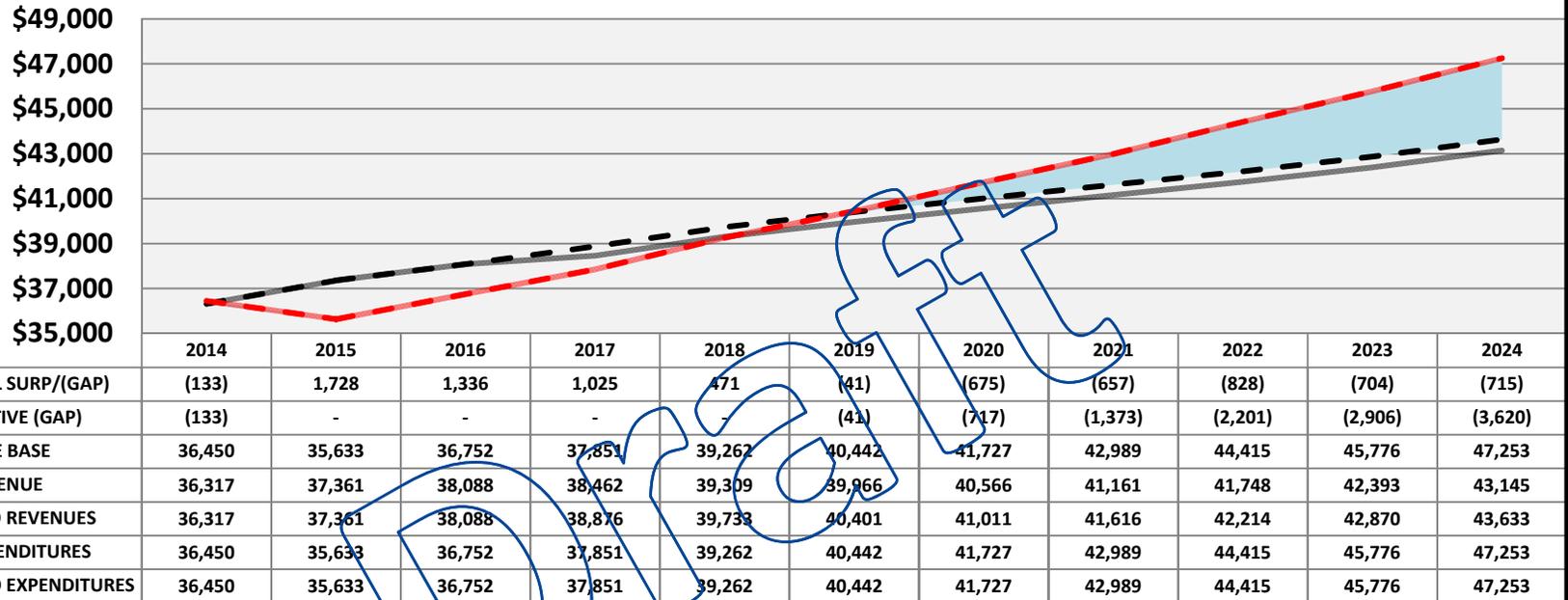


**Assumptions:**

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Property tax levy lid lift in 2019 that sets the levy rate at \$1.48 and includes an annual escalator based upon the change in the June-to-June CPI-U for years 2019 through 2024.

## COST RECOVERY

Attachment E

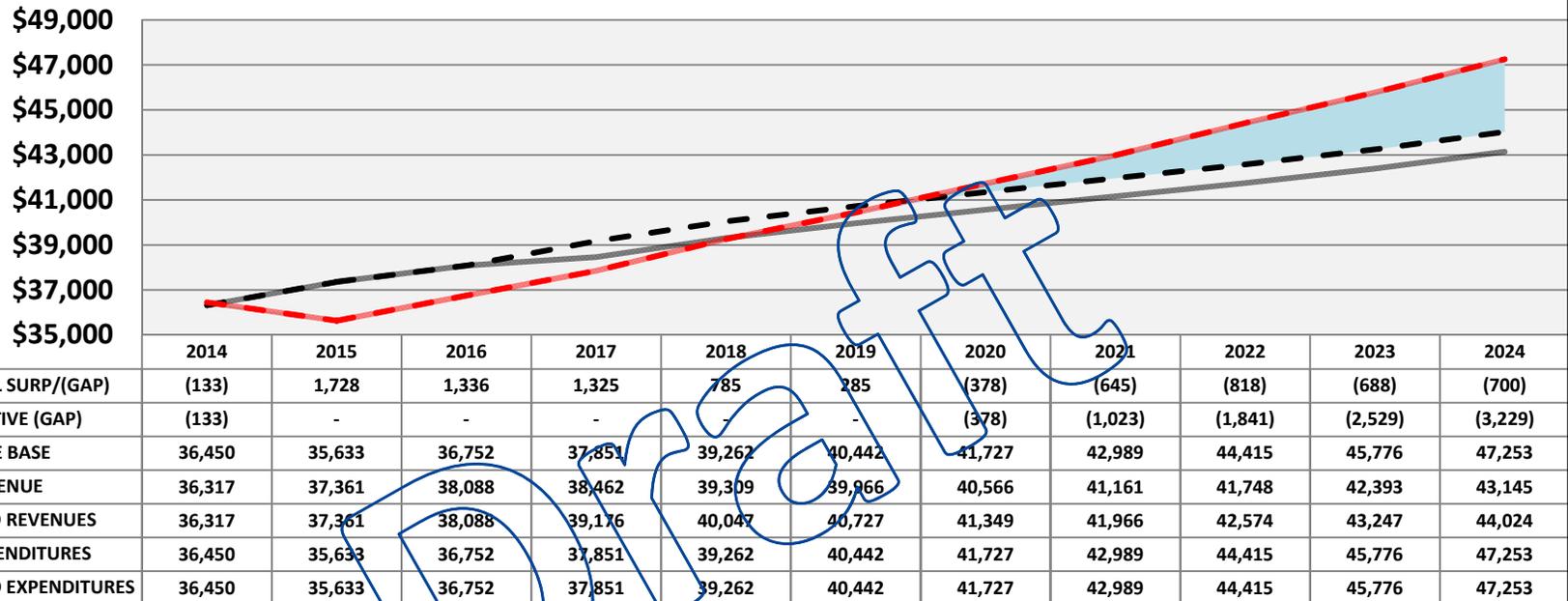


**Assumptions:**

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Cost recovery of fees totaling \$415,000 starting in 2017.

## BUSINESS & OCCUPATION TAX (2017)

Attachment F



### Assumptions:

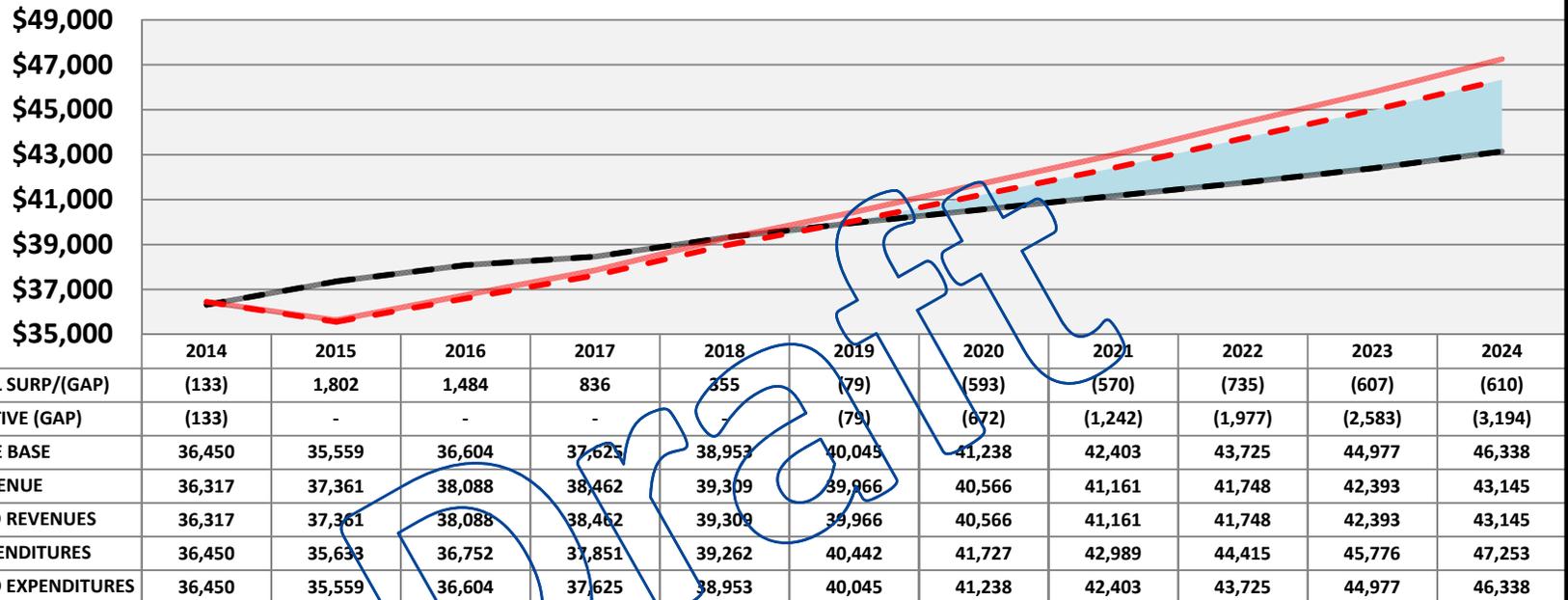
1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Business & Occupation tax (rate of 0.1%) implemented in 2017.

# 3<sup>rd</sup> Subcommittee Meeting

- Reviewed Expenditure Alternatives
  - Salary & Benefit Adjustments
  - Public Safety Adjustments
  - Services & Charges Adjustments
  - Other Adjustments
- Strategies
  - 0.2% Decrease in Rate of Future Increases
  - Additional \$20 TBD Fee in 2015

## EXPENDITURES ANNUAL GROWTH RATE (AGR) 0.2% Lower

Attachment G

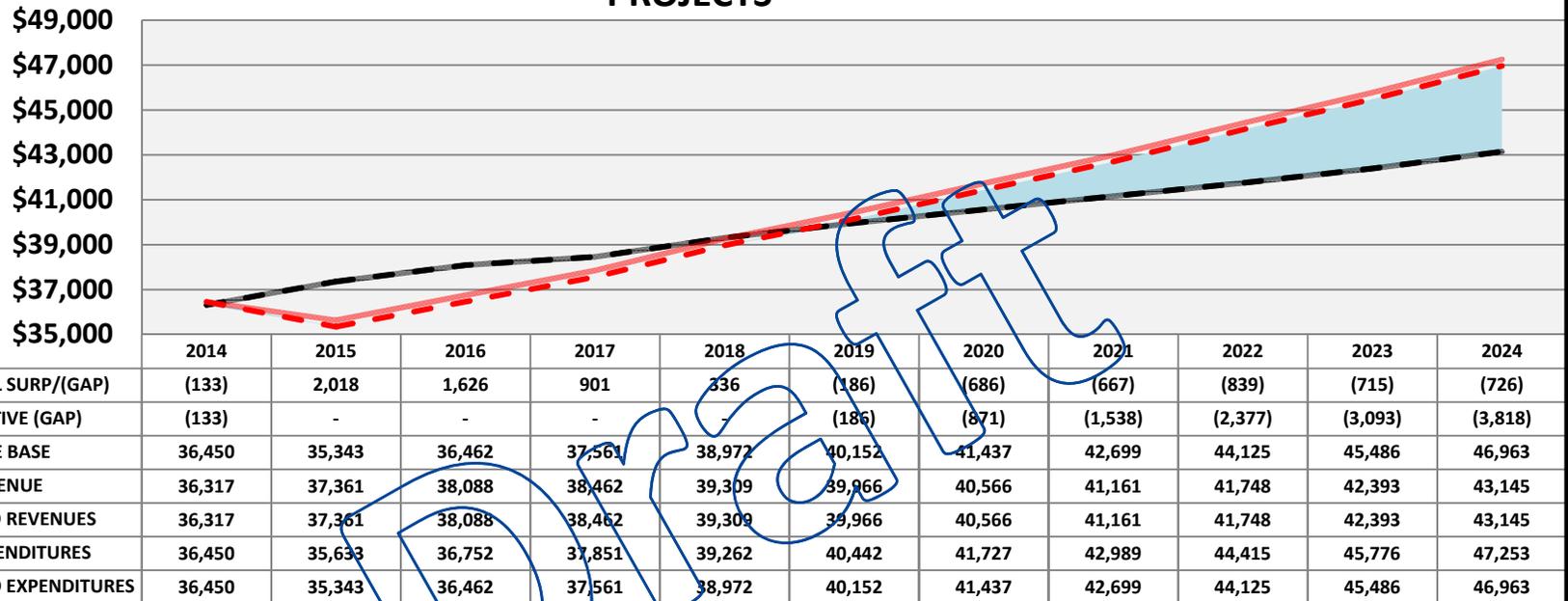


### Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Expenditures grow at a rate 0.2% lower than the Base projection.

## REDUCTION OF OPERATING BUDGET ALLOCATION FOR TRANSPORTATION PROJECTS

Attachment H



**Assumptions:**

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Expansion of the \$20 Transportation Benefit District (TBD) fee.

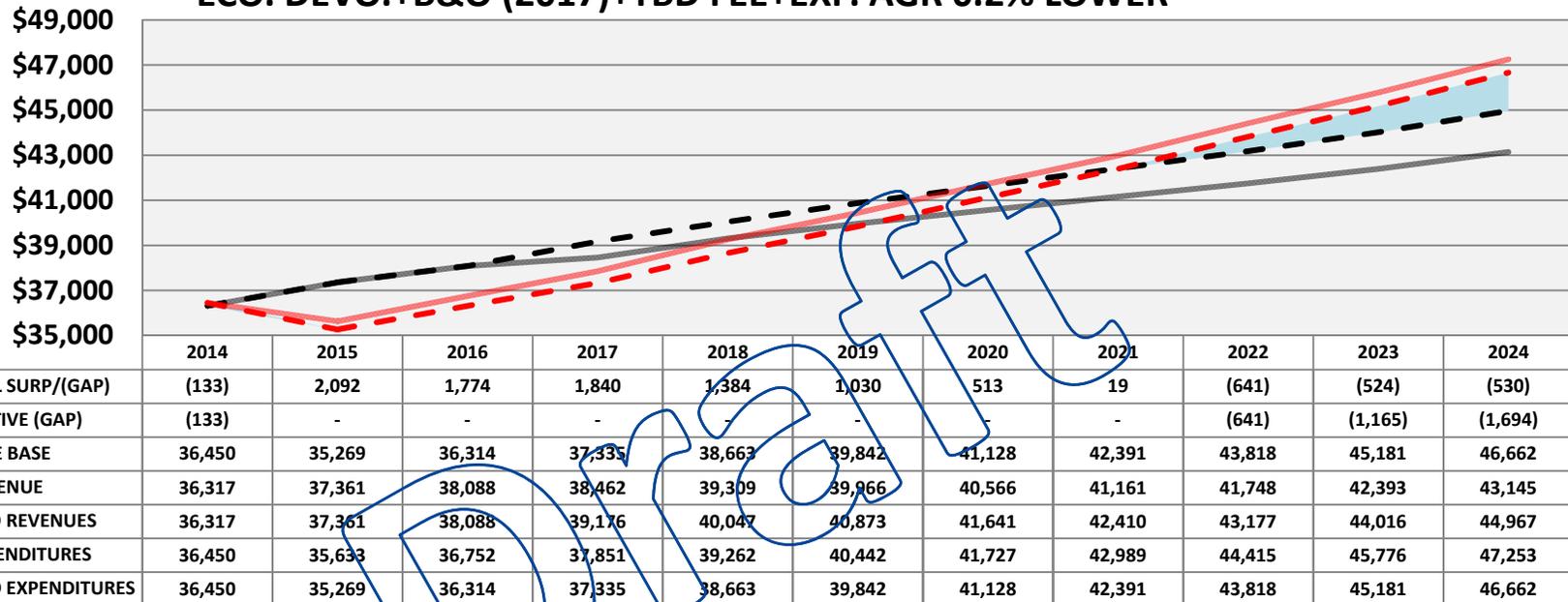
## 3<sup>rd</sup> Subcommittee Mtg (Cont'd)

- Discussion of Possible Overlapping Strategies
  - 3 Alternatives

## POSSIBLE OVERLAYING STRATEGIES #1

Attachment I

### ECO. DEVO.+B&O (2017)+TBD FEE+EXP. AGR 0.2% LOWER



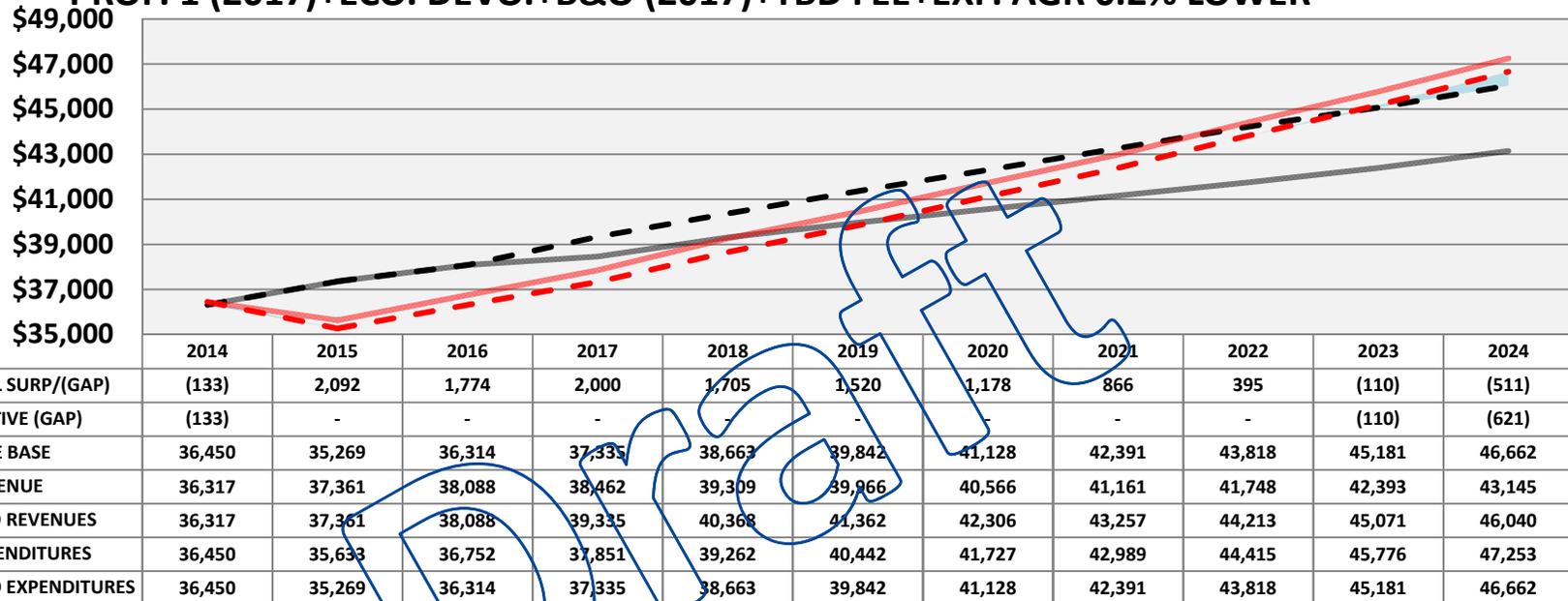
#### Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
2. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
3. Business & Occupation tax (rate of 0.1%) implemented in 2017.
4. Expansion of the \$20 Transportation Benefit District (TBD) fee.
5. Expenditures grow at a rate 0.2% lower than the Base projection.

## POSSIBLE OVERLAYING STRATEGIES #2

Attachment I

### PROP. 1 (2017)+ECO. DEVO.+B&O (2017)+TBD FEE+EXP. AGR 0.2% LOWER



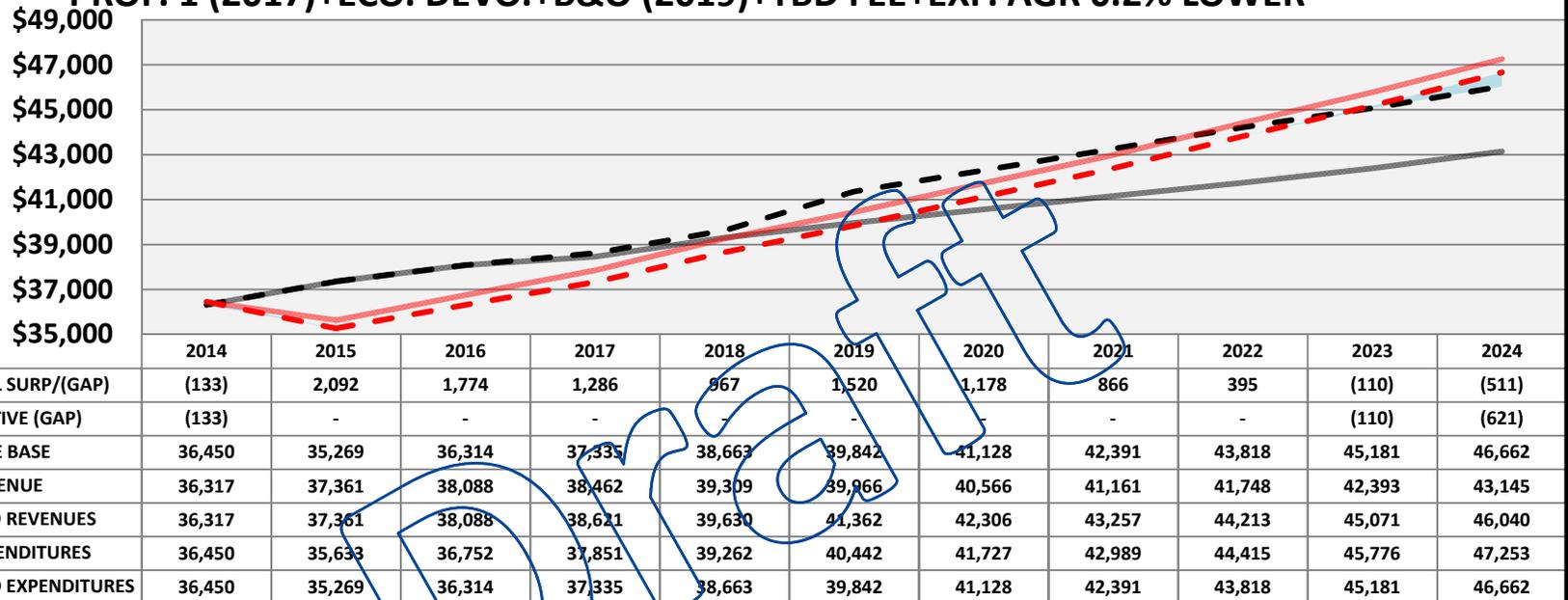
**Assumptions:**

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3. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
4. Business & Occupation tax (rate of 0.1%) implemented in 2017.
5. Expansion of the \$20 Transportation Benefit District (TBD) fee.
6. Expenditures grow at a rate 0.2% lower than the Base projection.

### POSSIBLE OVERLAYING STRATEGIES #3

Attachment I

#### PROP. 1 (2017)+ECO. DEVO.+B&O (2019)+TBD FEE+EXP. AGR 0.2% LOWER



#### Assumptions:

1. Base revenues projected at 101%. Base expenditures projected at 98%.
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3. Economic Development (additional 160 multi-family residential units and 7,500 sq. ft. of retail growth per year).
4. Business & Occupation tax (rate of 0.1%) implemented in 2019.
5. Expansion of the \$20 Transportation Benefit District (TBD) fee.
6. Expenditures grow at a rate 0.2% lower than the Base projection.

# Additional Meetings

- Subcommittee Meetings
  - 4<sup>th</sup> Meeting Earlier Tonight
  - 5<sup>th</sup> Meeting March 1 or 3
  - 6<sup>th</sup> Meeting March 31
- Council Meetings
  - Council Update March 17
  - Deliberations on Preferred Alternative in April

# Council Discussion/Questions

- Please Provide Feedback for the Subcommittee's Use in Its Deliberations