

# City of Burien



## 2019 General Fund Financial Plan (Phase II)

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Peter Moy, Technical Advisor

Matt Hobson, Project Manager

Luke Slaughterbeck, Financial Analyst





# Introduction

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## **Where we are:**

- **Engaged to perform general fund long term financial analysis**
- **Worked with staff to evaluate alternatives to address the projected gap and enhanced public safety priorities**
- **Nov 26<sup>th</sup> 2018 presented Council with findings and alternatives**
- **Received feedback on other options to evaluate and report on**

## **Where we're going:**

- **Review Phase I findings**
- **Introduce Phase II scenarios evaluated**
- **Report on findings**
- **Summarize**
- **Gather final feedback before preparing study documentation**



# Review of Phase I Findings

Status Quo	Detail
<b>2018 Status Quo</b>	Revenue gap forecasted to begin in 2021 beginning at \$1.6m and increasing to \$6m by 2030
Revenue Scenarios	Detail
<b>Council Directed Actions</b>	Council-directed options included increasing gambling tax, increasing Seattle City Light franchise fee, implementing utility tax/franchise fees on utility districts and increased B&O taxes. Covered gap through 2024, or 2030 with additional B&O tax increase
<b>Levy Lid Lift</b>	Total property tax revenue increase of \$5.2m total over 6 years to close gap through 2030. Resulted in approx. \$275 increase in City-related property tax for median home.
<b>City Manager's Preferred Option</b>	Combination of council-directed and voter approved revenue options to fund additional police officers in 2020 and 2021
Action	Detail
<b>Subsequent Council Actions</b>	Adoption of gambling tax increase to 11.0%, increase to Seattle City Light franchise fee, direction to begin implementation of a utility tax/franchise fee



# Phase II Scenarios

Action	Detail
<b>Phase II</b>	All Phase II scenarios include revenue solutions adopted after Phase I findings were presented
Scenario	Detail
<b>Public Safety Sales Tax</b>	Seek voter approval for the Public Safety Sales Tax (0.1%) to generate revenue toward funding four new police officers
<b>Incorporation of a Metropolitan Parks District</b>	Seek voter approval to form a Metropolitan Parks District that would levy a property tax to fund parks services for the City. General fund revenues used to fund two new police officers and build new community center
<b>City Manager's Preferred Option – Comm. Center</b>	Strategic combination of revenue options to fund new community center and two new police officers
<b>City Manager's Preferred Option – Additional Police</b>	Strategic combination of revenue options to fund four new police officers and close the remaining general fund status quo gap



# Example Council Priorities

Council Priority:	Amount:	Addressed In:
<b>Increased Public Safety Services</b>	\$200,000 per additional officer	2 new officers in all scenarios, 4 total officers in Public Safety Sales Tax & City Manager's Preferred Option – Police
<b>New Community Center</b>	\$30m bond paid over 20 years	Funded in Metropolitan Parks District and City Manager's Preferred Option - Comm. Center
<b>Enhanced Youth Services</b>	\$600,000 in 2019 and 2020	Funded in all Scenarios.



# Study Data and Assumptions

Data	Detail
<b>Historical Data</b>	City provided 10 years (2008-17) of actual expenditures and revenues to provide an historical perspective by line item
<b>Property Tax Revenue</b>	Assessed Value and New Construction – Based on historical average, 2010-17. In 2020, 100% to General Fund (10% was dedicated to capital projects from 2012-19)
<b>Sales Tax Revenue</b>	Sales tax revenue escalated consistent with budgeted 4% in 2019-20, consistent with historical average
<b>Personnel Costs</b>	Salaries and Wages as contracted (per labor agreement - CPI), benefits 6% annually based on staff input
<b>Inflationary Factors</b>	The Seattle Consumer Price Index (forecast provided by Economic and Revenue Forecast Council through 2024)



# Bonding Capacity Overview

Legal Capacity	Councilmanic	Voter-Approved
<b>City of Burien</b>	1.5% of City's total assessed value (\$95m in 2019)	2.5% of City's total assessed value (\$159m in 2019)
<b>Metropolitan Parks District</b>	0.25% of District's total assessed value (\$16m in 2019)	2.5% of District's total assessed value (\$159m in 2019)
Available Capacity	Councilmanic	Voter-Approved
<b>City of Burien</b>	\$77m in 2019*	\$141m in 2019
<b>Metropolitan Parks District</b>	N/A	N/A

\*Does not indicate revenue exists to support this amount of debt

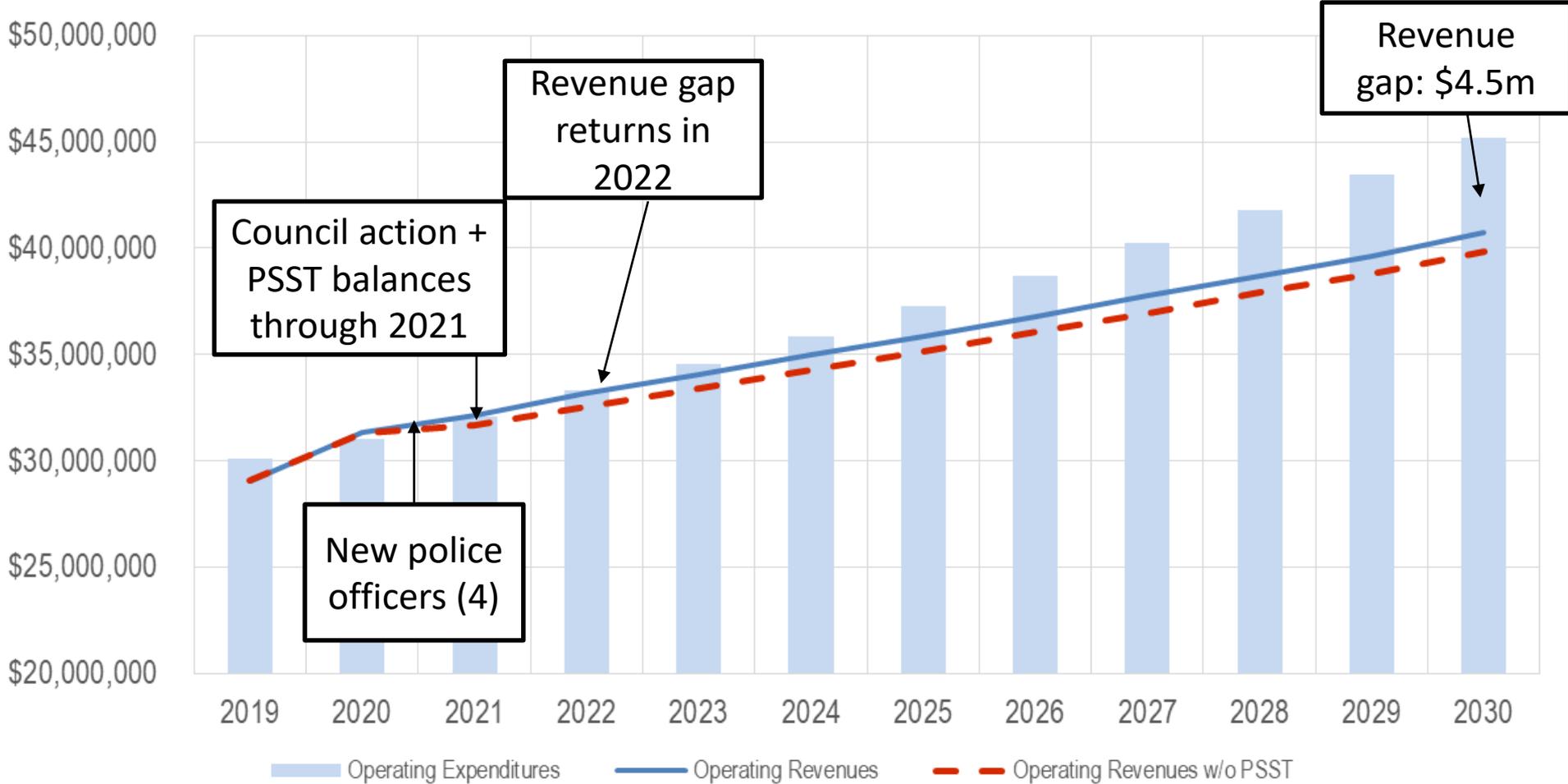


# Public Safety Sales Tax (PSST)

Action	Timing	Revenue
<b>Sales Tax Increase of 0.1%</b>	Vote in 2020, revenue increase in 2021.	Approx. \$625,000 (2021) Exempts automotive retail sales (RCW 82.14.450). City receives 85% of revenue, 15% to King County (RCW 82.14.450).

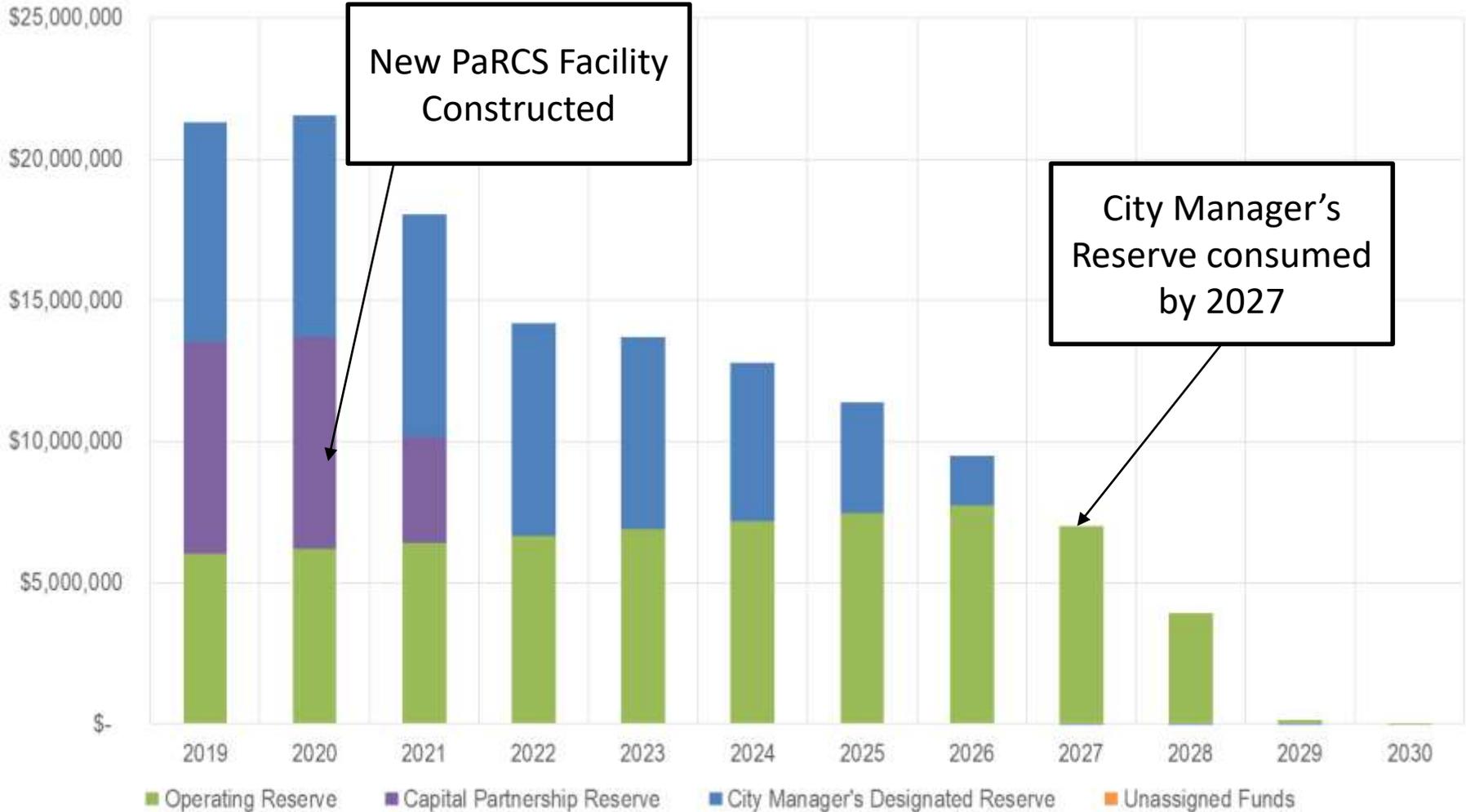


# PSST – Operating Forecast





# PSST – Reserve Balance

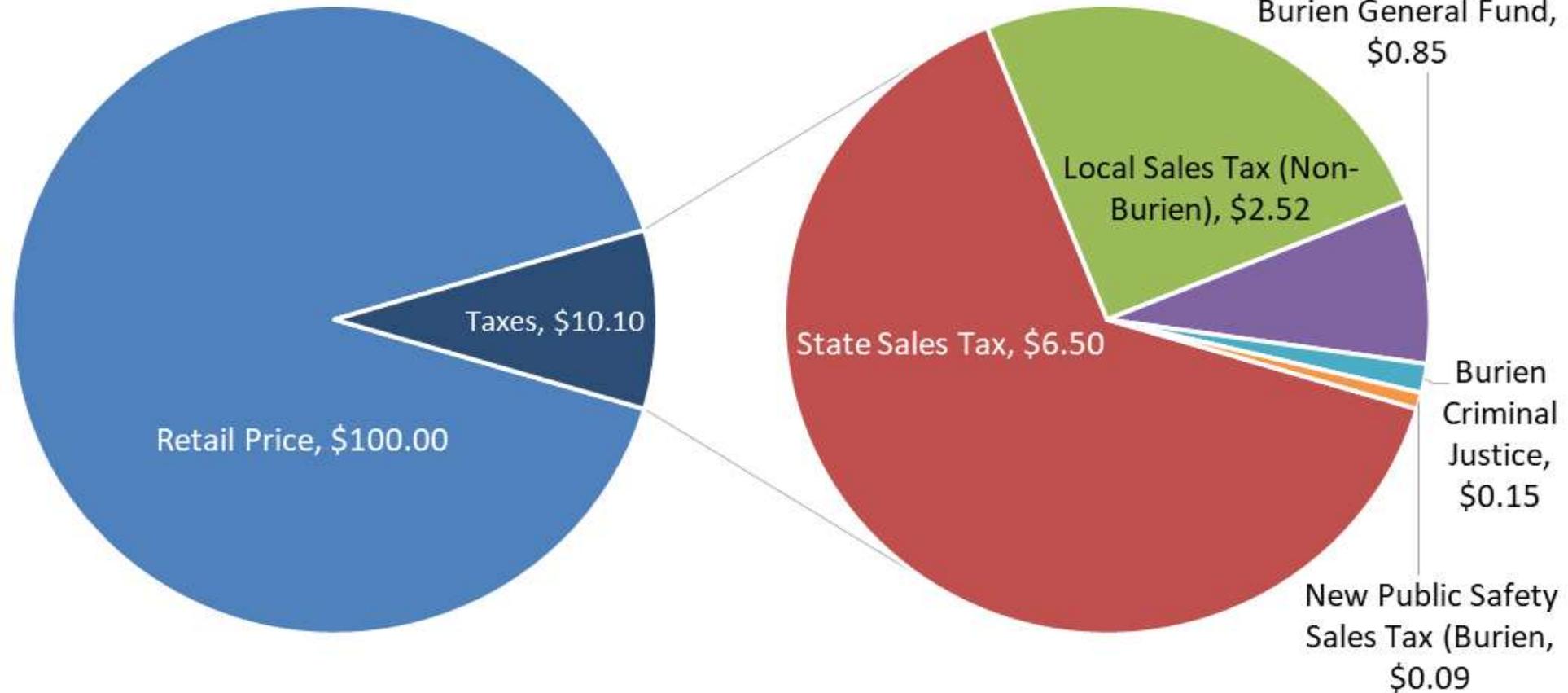




# PSST – Breakdown of \$100 Purchase

Total Cost of Purchase: \$110.10

Total Cost of Taxes: \$10.10



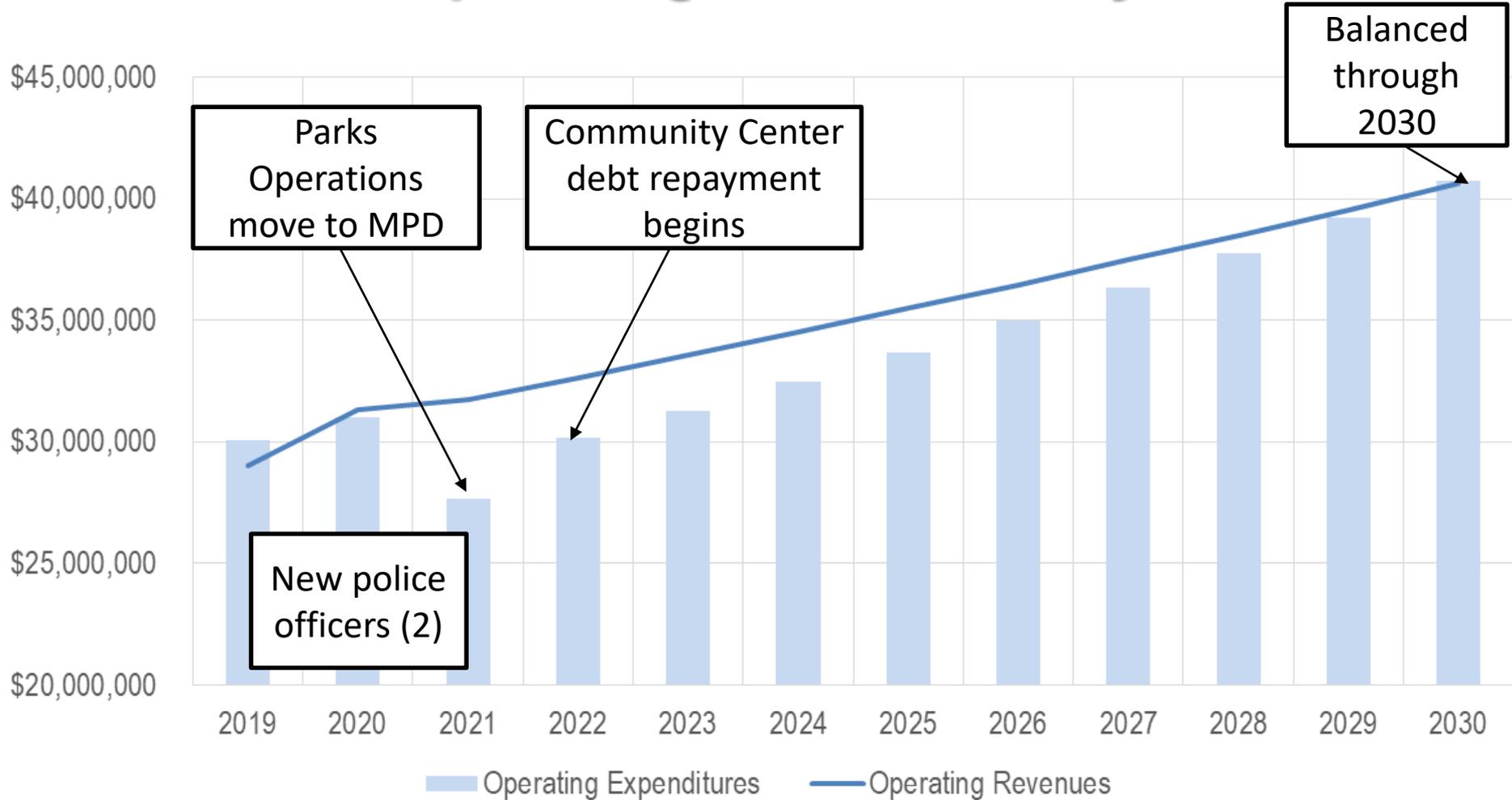


# Metropolitan Parks District (MPD)

Action	Timing	Revenue / Cost
<b>Metropolitan Parks District (MPD)</b>	Vote in 2020, incorporation in 2021	\$5.5m annual revenue Initial levy rate of \$0.75 per \$1,000
<b>New Community Center</b>	Debt payments begin in 2022	\$30m bond MPD bonding capacity limits require partnership with the City to fully fund the Community Center (35% to MPD, 65% to City councilmanic bond)

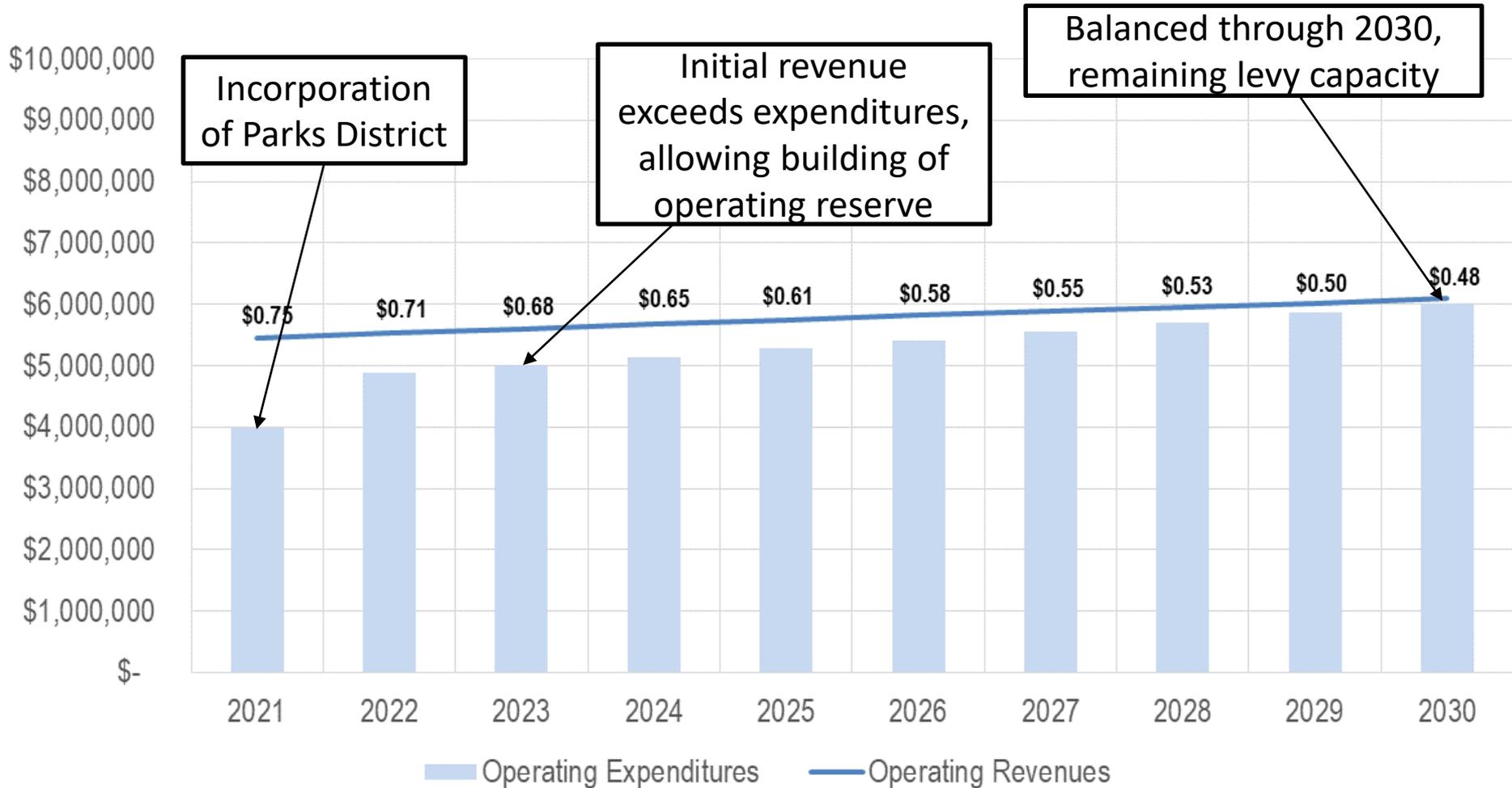


# MPD - Operating Forecast: City



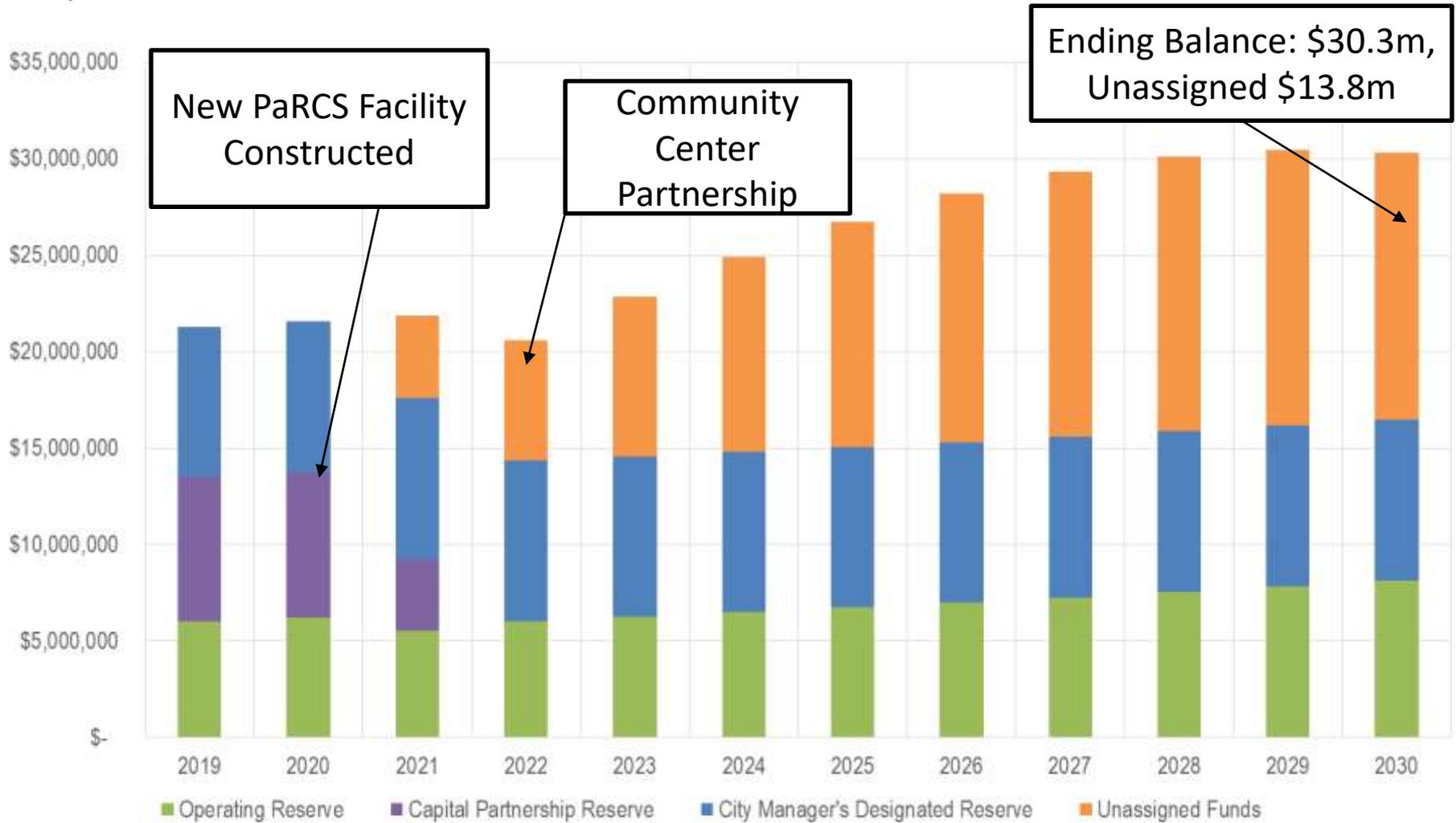


# MPD - Operating Forecast: District



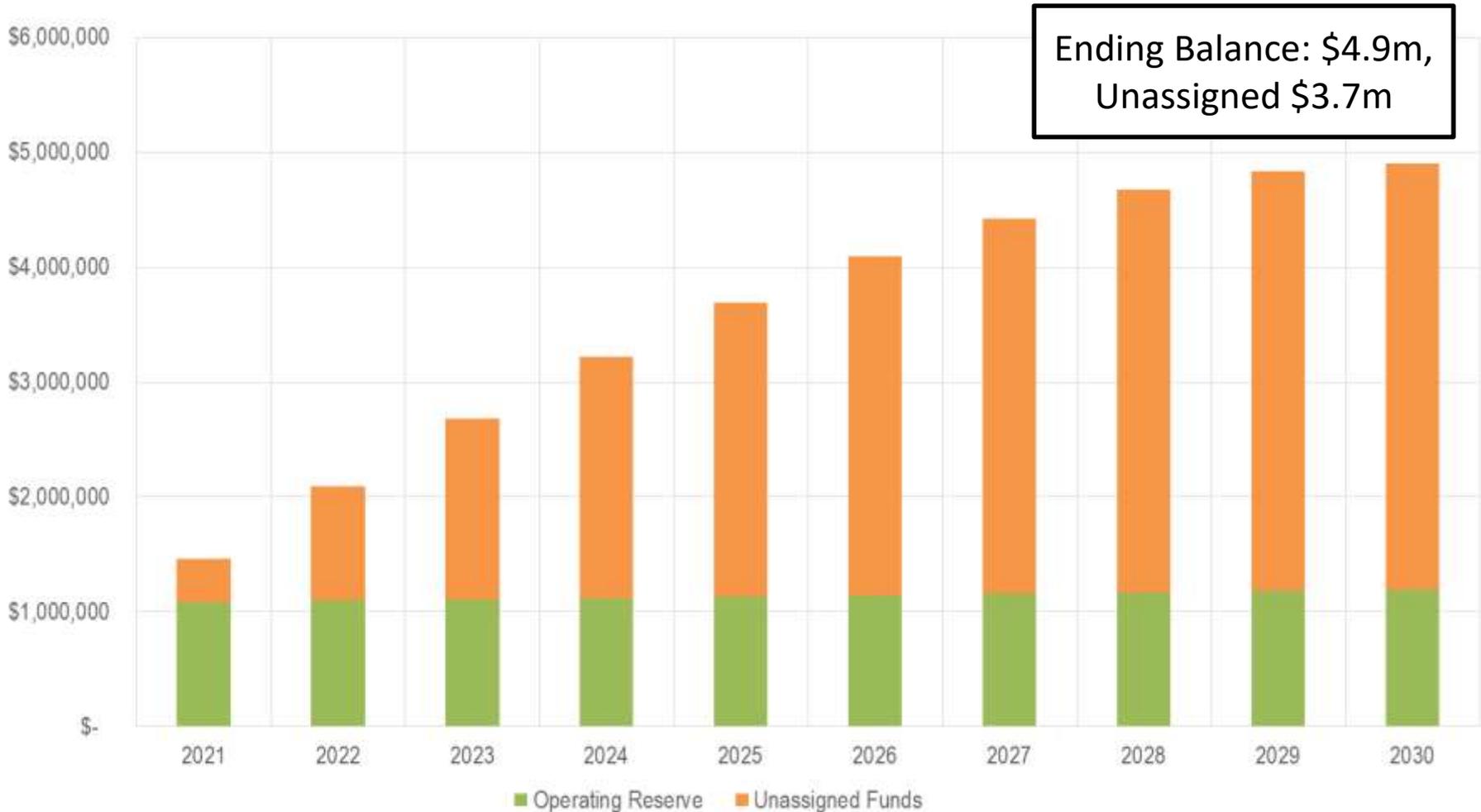


# MPD – City General Fund Reserve Balance





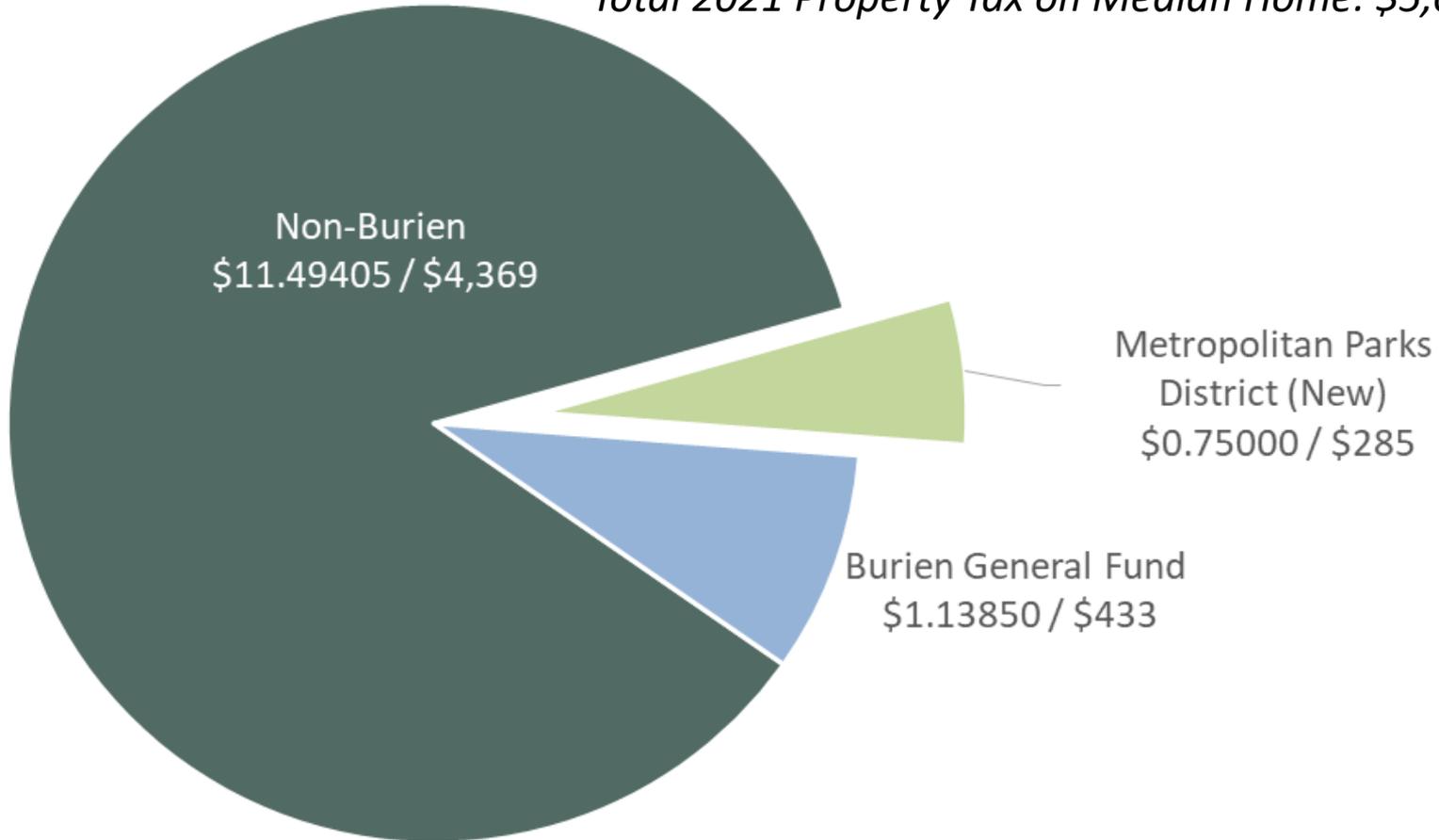
# MPD – District General Fund Reserve Balance





## 2021 Property Tax Impact of Median Home (\$380,000)

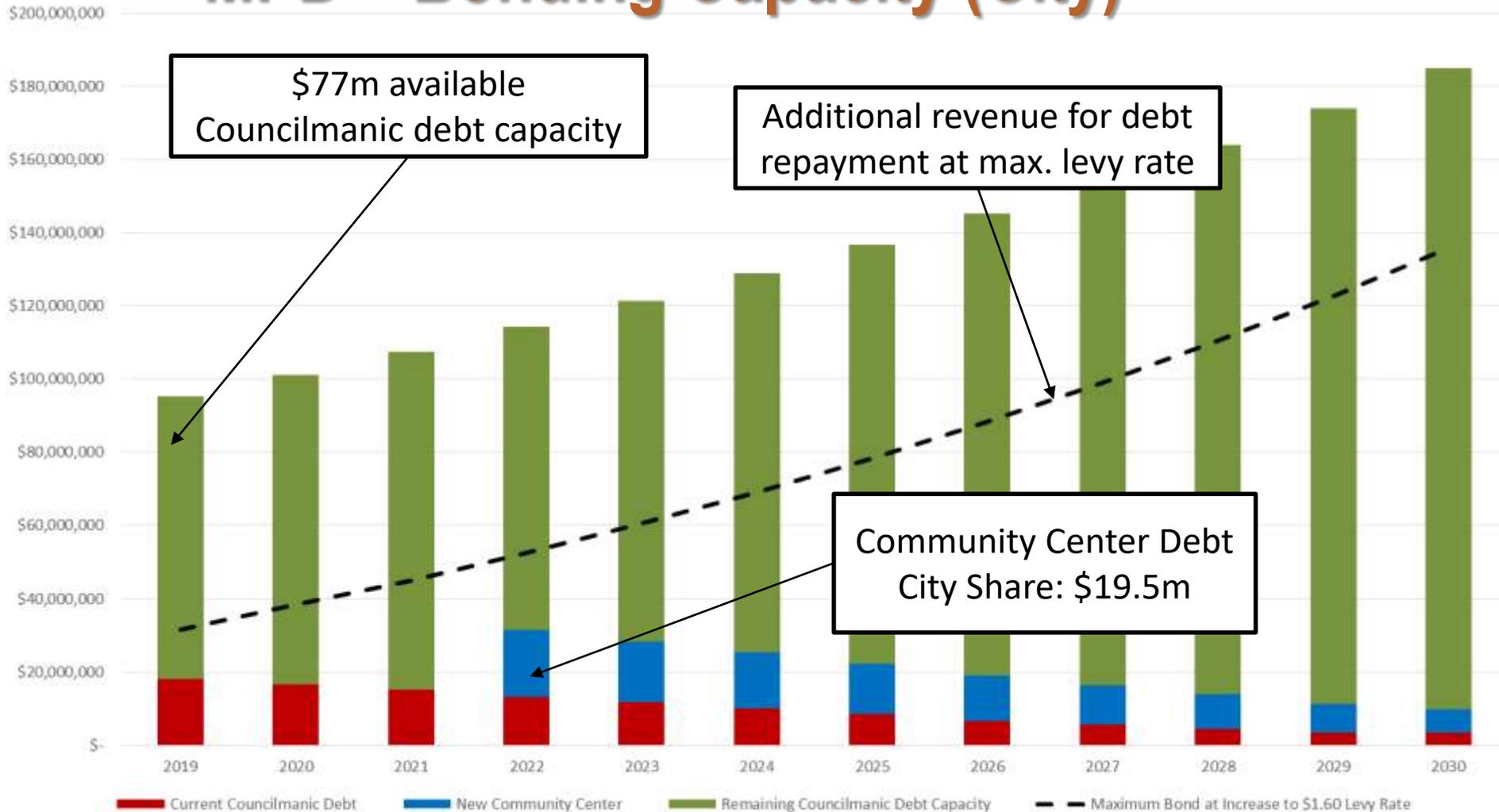
*Total 2021 Property Tax on Median Home: \$5,087*



*Levy represents a 5.5% total property tax increase*

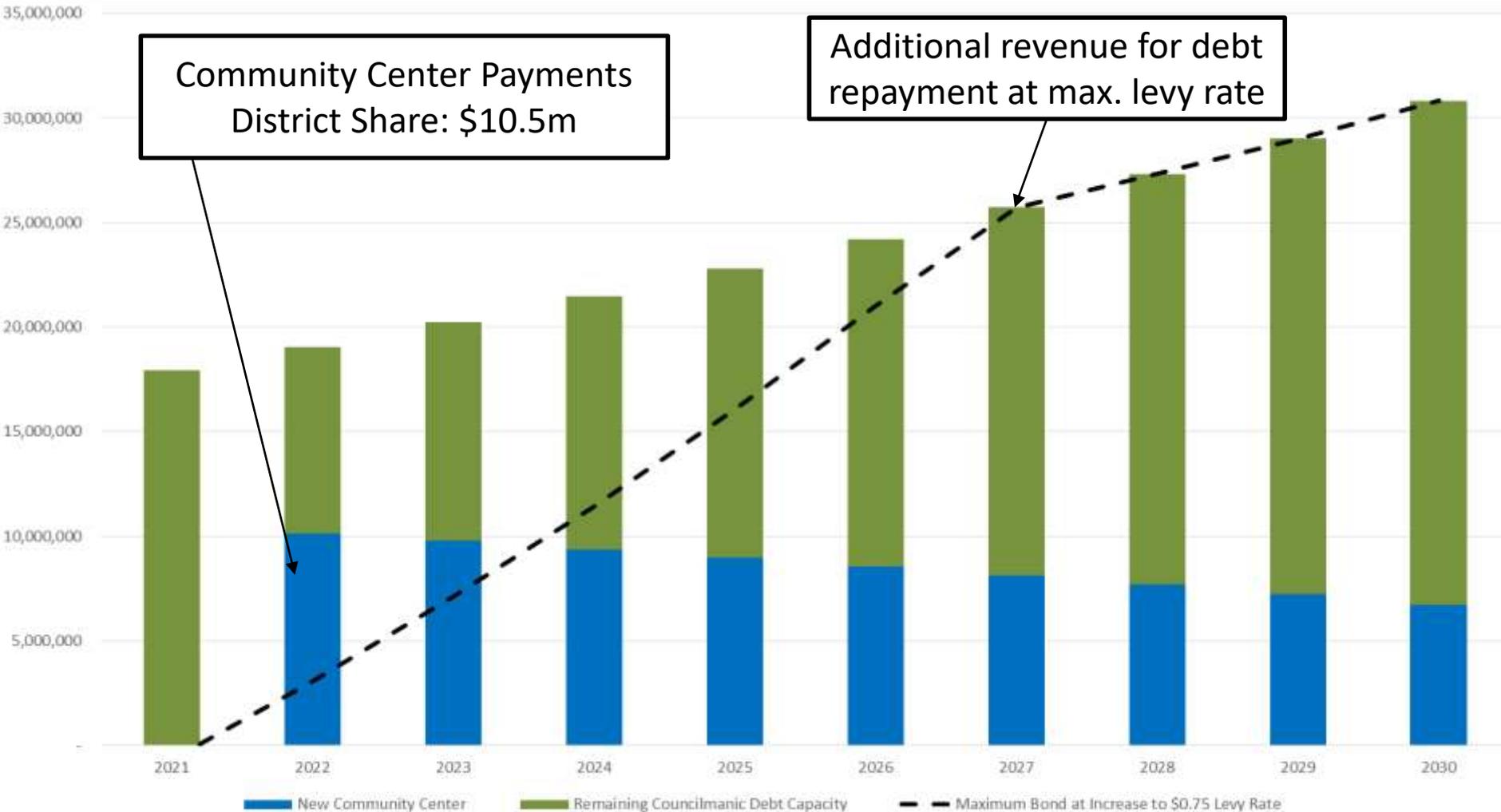


# MPD – Bonding Capacity (City)





# MPD – Bonding Capacity (MPD)





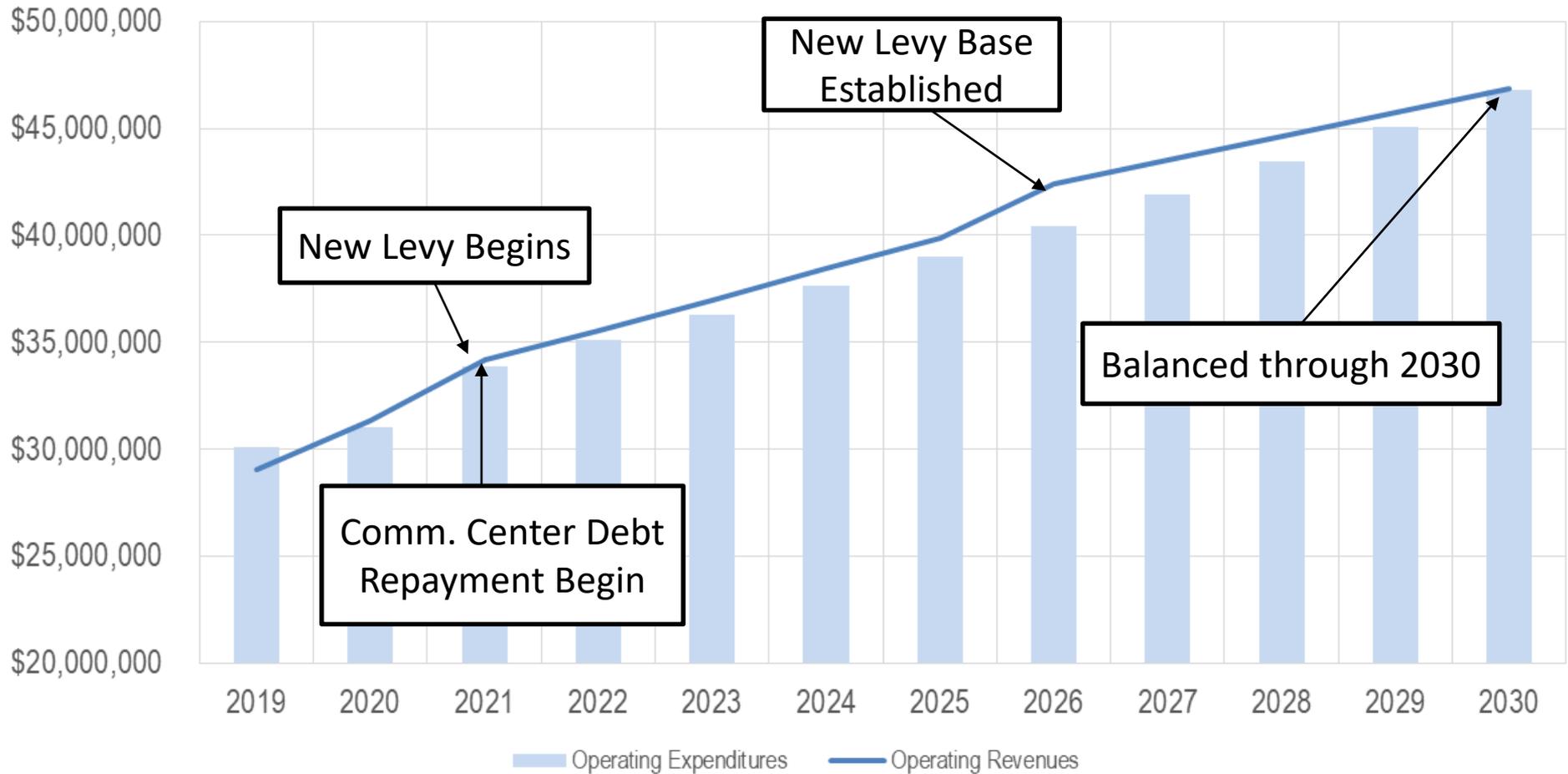
# Community Center – Levy Lid Lift

Action	Timing	Revenue / Cost
<b>Levy Lid Lift</b>	Vote in 2020, revenue begins in 2021	\$2.5m in 2021, increase to \$6.0m by 2026
<b>New Community Center</b>	Bond Payments begin in 2021	\$30m bond

Levy Schedule	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Levy Year 1	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Levy Year 2	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Levy Year 3	-	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Levy Year 4	-	-	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Levy Year 5	-	-	-	-	500,000	500,000	500,000	500,000	500,000	500,000
Levy Year 6	-	-	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Lid Lift Revenue:</b>	<b>\$2,500,000</b>	<b>\$3,000,000</b>	<b>\$3,500,000</b>	<b>\$4,000,000</b>	<b>\$4,500,000</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>
<b>Total Property Tax Rate:</b>	<b>\$ 1.484</b>	<b>\$ 1.487</b>	<b>\$ 1.485</b>	<b>\$ 1.480</b>	<b>\$ 1.471</b>	<b>\$ 1.561</b>	<b>\$ 1.493</b>	<b>\$ 1.428</b>	<b>\$ 1.366</b>	<b>\$ 1.306</b>

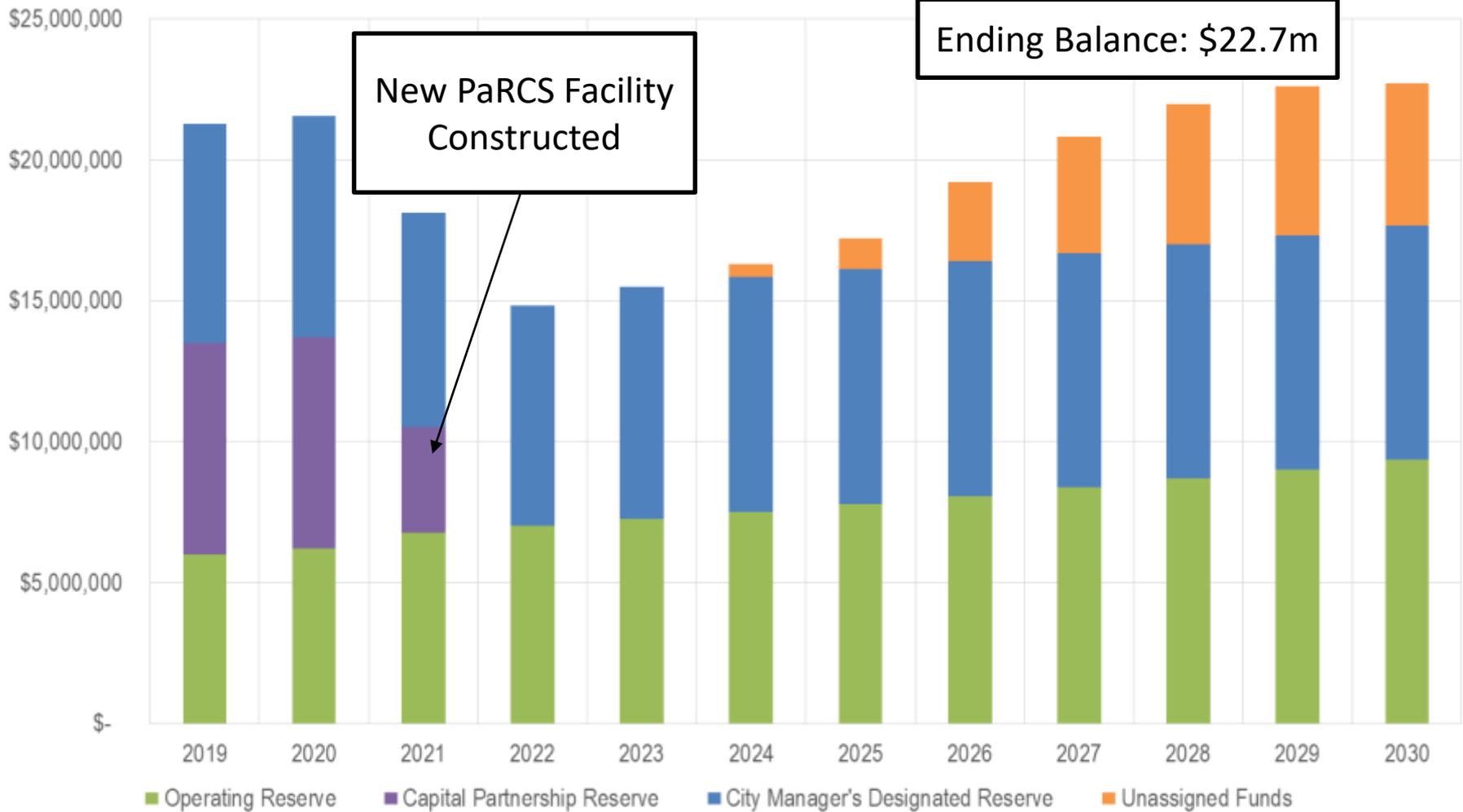


# Comm. Center – Operating Forecast





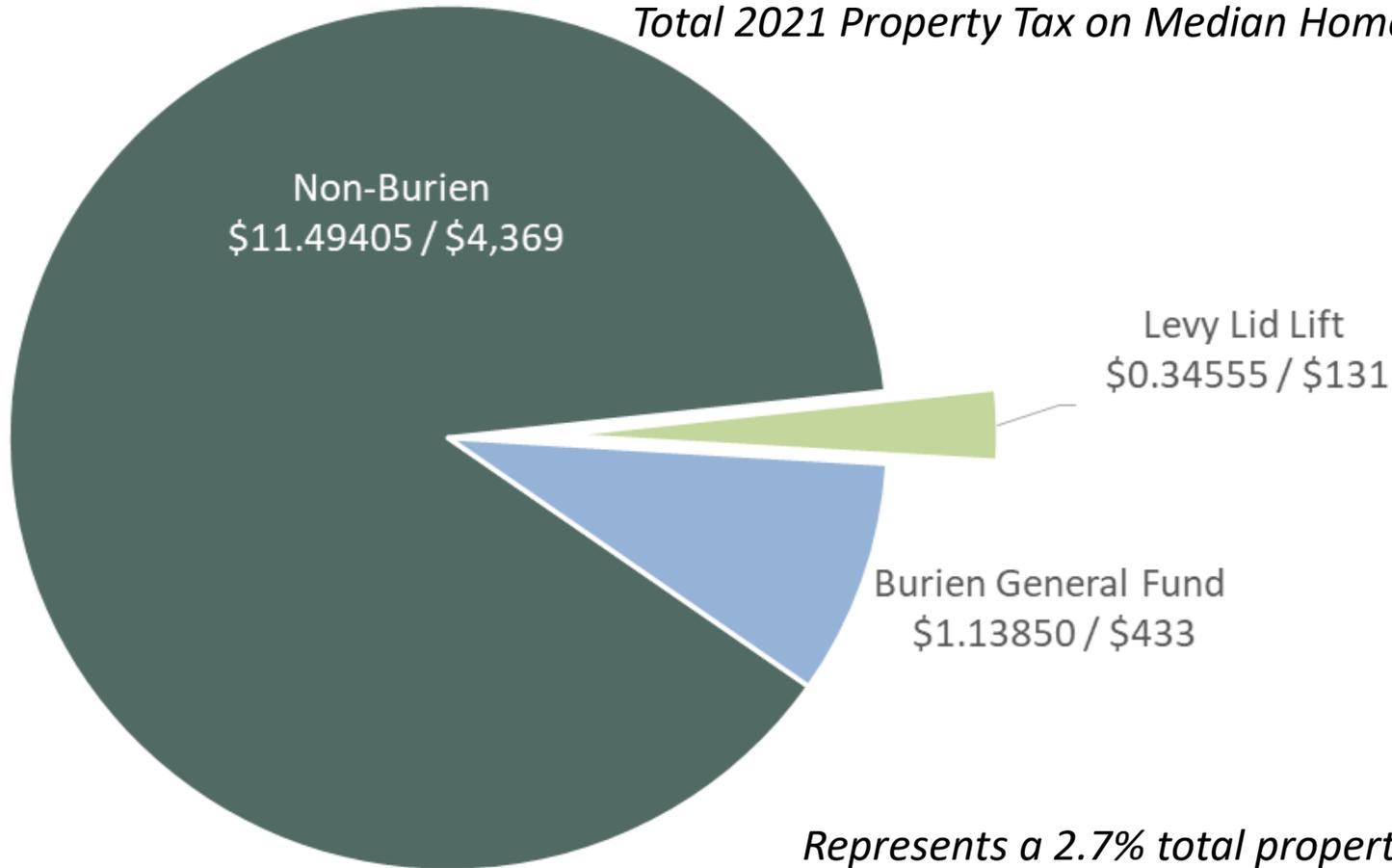
# Comm. Center – Reserve Balance





## 2021 Property Tax Impact of Median Home (\$380,000)

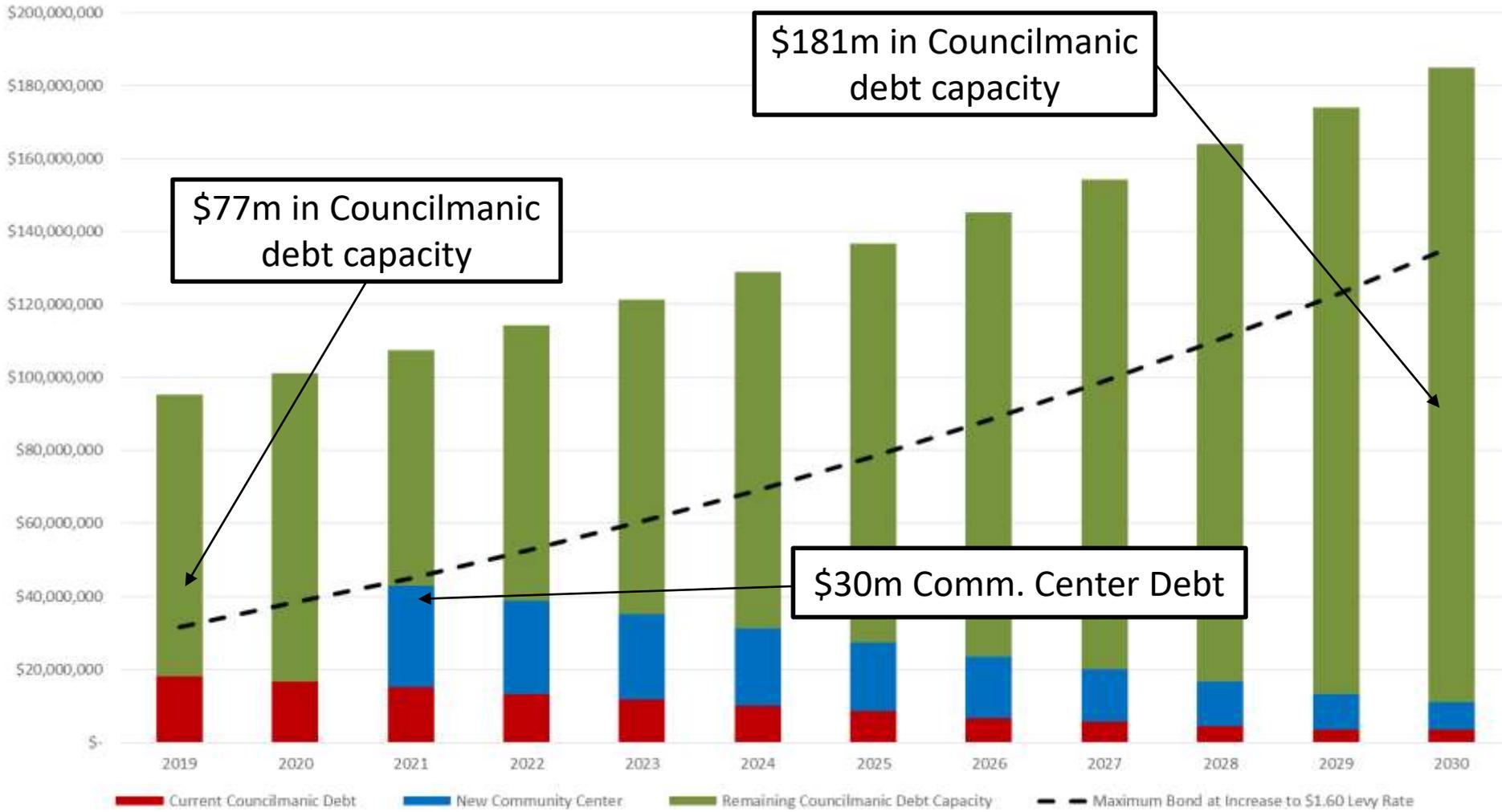
Total 2021 Property Tax on Median Home: \$4,933



*Represents a 2.7% total property tax increase in 2021. By 2026 levy increases to: \$0.63199 or \$325 increase on a median home.*



# Comm. Center – Councilmanic Bonding Capacity





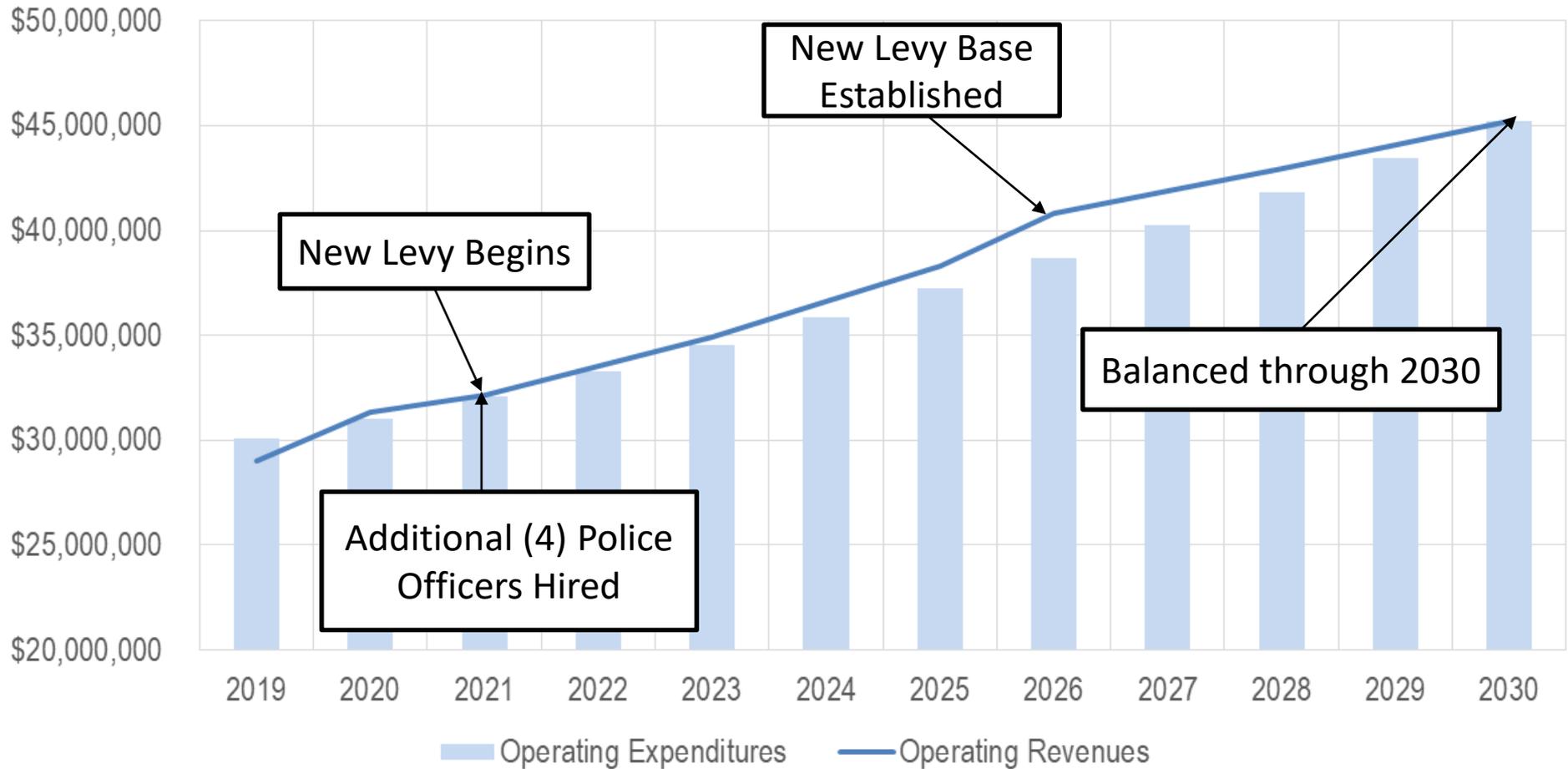
# New Police Officers – Levy Lid Lift

Action	Timing	Revenue
<b>Levy Lid Lift</b>	Vote in 2020, revenue begins in 2021	\$0.5m in 2021, increase to \$4.5m by 2026
<b>New Police Officers</b>	4 new police officers (2020-21)	Approx. \$200,000 annually per officer

Levy Schedule	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Levy Year 1	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Levy Year 2	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Levy Year 3	-	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Levy Year 4	-	-	-	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Levy Year 5	-	-	-	-	750,000	750,000	750,000	750,000	750,000	750,000
Levy Year 6	-	-	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Lid Lift Revenue:</b>	<b>\$ 500,000</b>	<b>\$1,000,000</b>	<b>\$1,500,000</b>	<b>\$2,250,000</b>	<b>\$3,000,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>	<b>\$4,500,000</b>
<b>Total Property Tax Rate:</b>	<b>\$ 1.208</b>	<b>\$ 1.224</b>	<b>\$ 1.235</b>	<b>\$ 1.271</b>	<b>\$ 1.299</b>	<b>\$ 1.398</b>	<b>\$ 1.338</b>	<b>\$ 1.280</b>	<b>\$ 1.226</b>	<b>\$ 1.173</b>

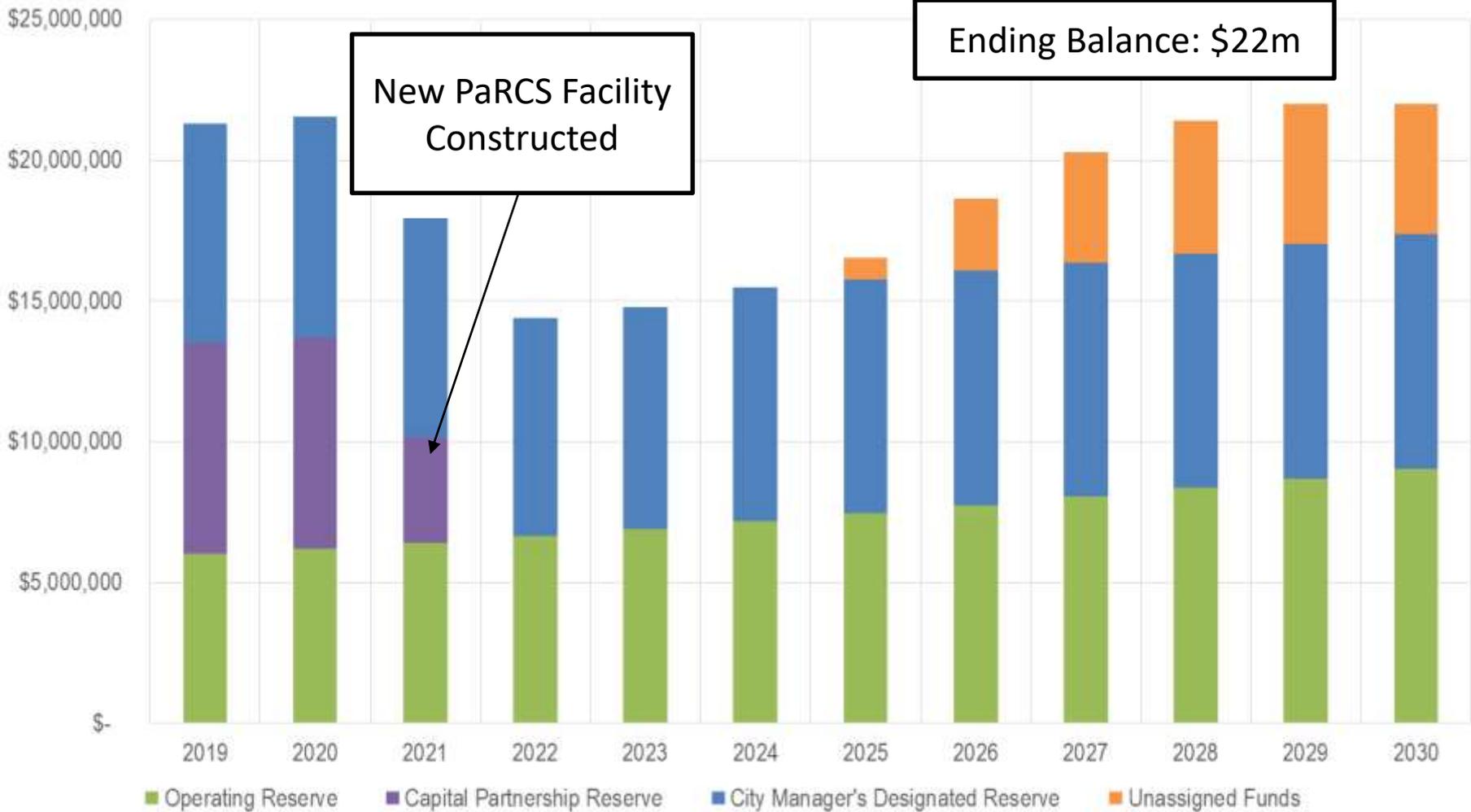


# Police – Operating Forecast





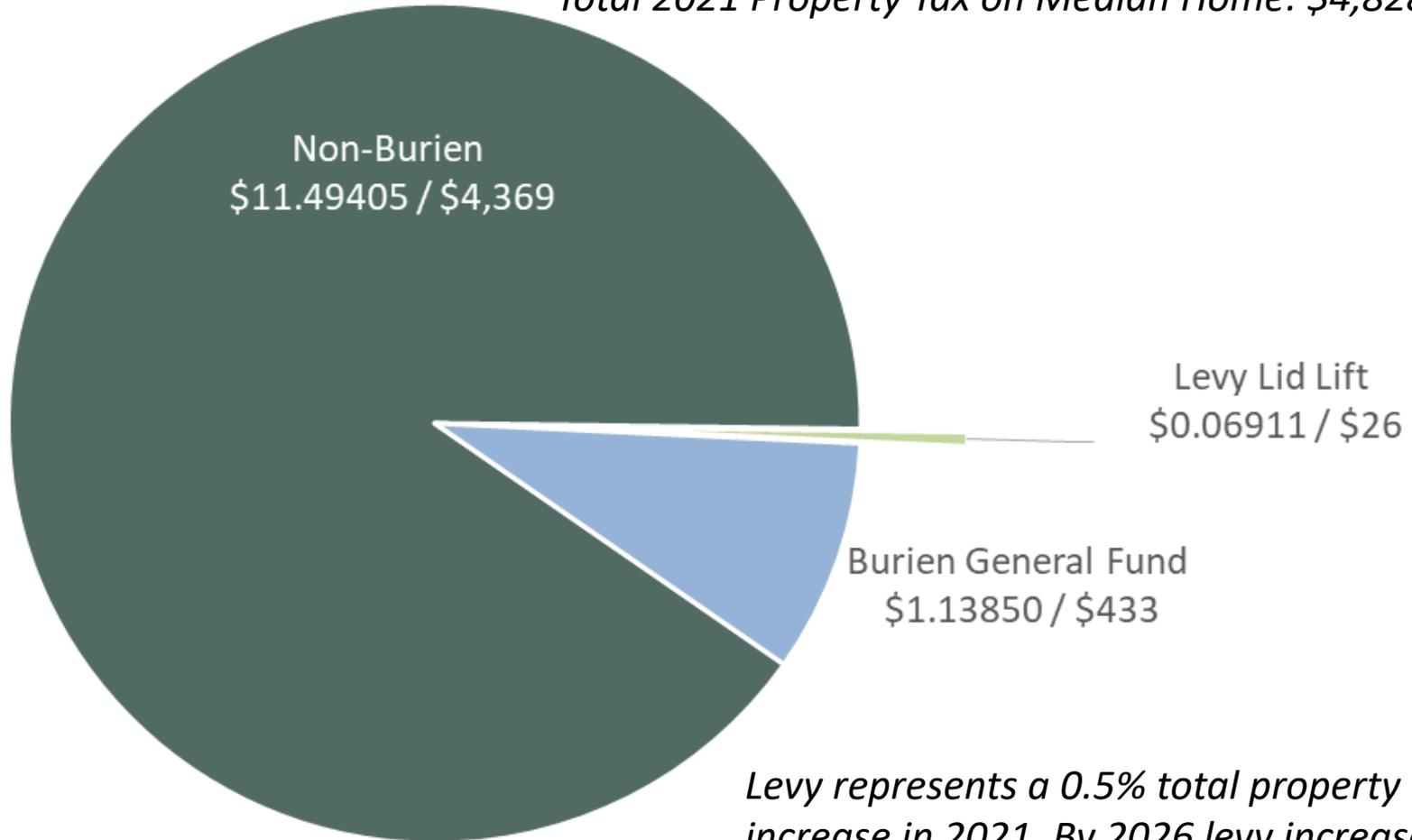
# Police – Reserve Balance





## 2021 Property Tax Impact of Median Home (\$380,000)

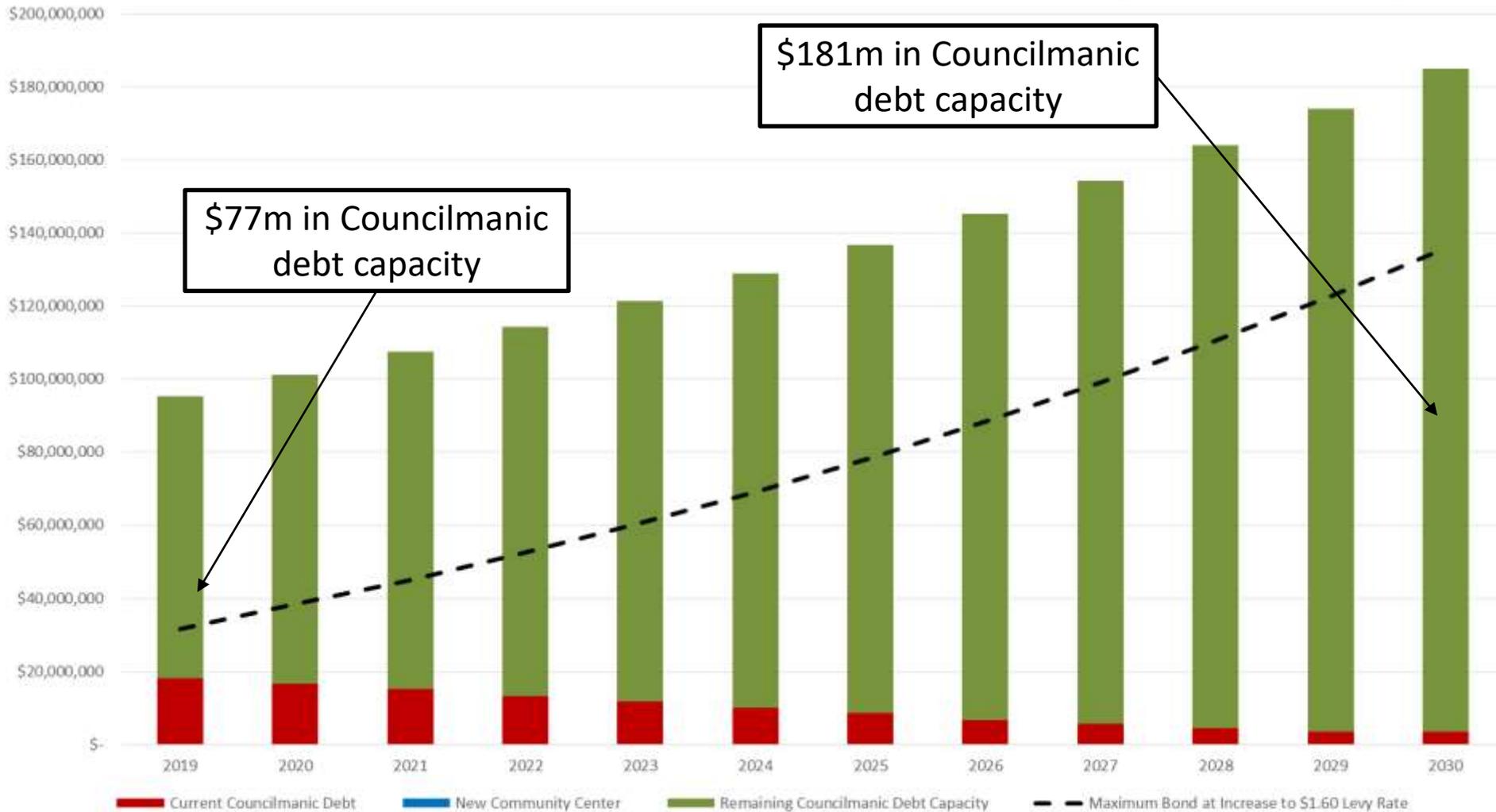
Total 2021 Property Tax on Median Home: \$4,828



*Levy represents a 0.5% total property tax increase in 2021. By 2026 levy increases to \$0.46888 or \$241 increase on a median home.*



# Police – Councilmanic Bonding Capacity





# Summary

Scenario	Summary
<b>Public Safety Sales Tax</b>	<ul style="list-style-type: none"><li>• General Fund balanced through 2021.</li><li>• Requires voter approval.</li><li>• Does not solve revenue gap (\$4.5m gap in 2030).</li><li>• City maintains current community center.</li></ul>
<b>Formation of a Metropolitan Parks District</b>	<ul style="list-style-type: none"><li>• Balances both General Fund &amp; Parks District through 2030.</li><li>• Requires voter approval.</li><li>• Property tax increase of approx. 5.5% at inception.</li><li>• New Community Center funded through City/District partnership and bond-funding.</li></ul>
<b>Community Center – Levy Lid Lift</b>	<ul style="list-style-type: none"><li>• Balanced through 2030.</li><li>• Lid lift requiring voter approval.</li><li>• Property tax increase of approx. 6.1% by final year of lid lift.</li><li>• New Community Center funded by \$30m bond.</li></ul>
<b>Additional Police – Levy Lid Lift</b>	<ul style="list-style-type: none"><li>• 2 additional police officers hired (4 total).</li><li>• Balanced through 2030.</li><li>• Lid lift requiring voter approval.</li><li>• Property tax increase of approx. 4.5% by final year of lid lift.</li><li>• City maintains its current community center.</li></ul>



# Questions?

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Matt Hobson  
Project Manager  
matthewh@fcsgroup.com

Peter Moy  
Technical Advisor  
peterm@fcsgroup.com

Contact FCS GROUP:  
**(425) 867-1802**  
**www.fcsgroup.com**