



Burien

Washington, USA

City of Burien

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October 3, 2016

Dear City Councilmembers,

I am delighted to submit the 2017/2018 City Budget for your consideration. This proposed budget is guided by the Burien Strategic Plan 2017-2020, which was adopted by the City Council on June 20, 2016. The Plan details priorities for this budget and the next, and addresses Burien's needs and goals in alignment with the City's resources. Specific Strategic Plan Goals are shown in parentheses by the *2017/2018 Initiatives* shown in each department's narrative. A copy of the Plan is included in the appendices.

Just as the Strategic Plan is a guide for the City's priorities, the budget provides the means for important city functions and services. In that regard, it is perhaps the most important document reviewed and approved by the City Council to help improve our quality of life. Thanks in advance for your thoughtful consideration.

The total two-year budget is \$81.5 million and includes \$53 million in General Fund expenditures. The ongoing expenditures in this budget are balanced and are consistent with the Council's adopted Financial Policies. This budget also reaches the General Fund reserve goal of a 20% that contributed toward the City receiving an increase in its credit rating from A1 to Aa3.

Our budget documents are by necessity lengthy to fulfill the City Council's request that staff work be transparent and include important details. Priorities from the Strategic Plan supported in this budget respond to community input and take steps to address public safety, sidewalks and streets, and programs for youth and teens. Major elements and themes in this budget are:

- Preserving our assets by increasing funding to maintain Burien's infrastructure.
- Continuing to protect Burien's financial health through prudent management and savings.
- Designating funds to begin replacing outdated software and other technology.
- Addressing the structural deficit and expiration of the Annexation tax credit.
- Restoring key resources to our Police to provide community-based policing services.
- Increasing the Capital Partnership Reserve and establishing a new Capital Equipment Reserve.
- Increasing Human Services Funding because of the increased general fund revenues.
- Providing funds for the Art in Public Places Fund.
- Continued economic development investments such as implementation of the new City brand, and implementation of the mobility study and downtown wayfinding.

Revenues and Expenditures

Burien's preliminary assessed valuation (AV) provided by the King County Assessor shows a growth of more than 7.5%, increasing our AV to \$5.5 billion. Levying the 1% property tax increase pursuant to adopted city policy will mean an extra 28 cents per month for a home with the median value of \$250,000, while generating \$150,000 over the biennium to help maintain critical services, including public safety. Burien has benefitted from the annexation sales tax credit in excess of \$800,000 per year resulting from the 2010 annexation of the North Highline area. The City must prepare for the end of this credit in 2020. One option to make up for this gap would be to allocate 100% of property tax to the General Fund (instead of 90%), provided that Real Estate Excise Tax receipts are sufficient to fund the City's debt service.

A structural deficit means that revenue increases will not keep pace with current level expenditures regardless of how well the economy is performing. Though the economy is rebounding from the recession, sales tax revenues are up, and property values are up, there continues to be less revenue available than is needed for basic services. In the last budget cycle, we implemented a 2.5% expenditure reduction and staff has continuously sought to underspend the adopted budget where possible. However, costs continue to rise.

Over 55% of Burien's General Fund budget is allocated for public safety. Those costs continue to rise at a much higher rate than the Consumer Price Index (CPI). An inventory of our pavement conditions shows that the City is not keeping pace with maintaining our streets in their current condition. Without proper maintenance, our longer-term costs will be higher due to the need for replacement rather than repair. Our 2016 Community Survey and Strategic Plan process indicated that the public understands the need for additional funds for public safety, streets and sidewalks. Staff is recommending a \$10 increase in the car tab fee to provide additional funding for pavement management and new financial policy language to help manage cost increases.

Staffing Levels

To address priorities identified in the Strategic Plan and Community Survey, a 2% cost of living adjustment (COLA) for 2017 and 2% COLA placeholder for 2018 are included, and the budget includes selected new positions and modifications to certain current positions as follows:

- Restore the Senior Planner position eliminated during the recession since our Community Development Department has seen a sustained increase in land use and building permitting activity.
- Restore the Information Systems Manager position by reclassifying the Systems and GIS Administrator to also focus on replacing the City's outdated business systems and meeting room technology.
- Restore the GIS Analyst I position by reclassifying the part-time GIS Intern position to keep pace with the increased development activity and improve productivity.
- Increase the Front Desk Assistant from half-time to full-time to provide even better customer service.
- Add two community policing positions (one sergeant and one officer/detective) to address the Strategic Plan Goal of increasing public safety and reducing crime.
- Increase a Recreation Coordinator from 0.55 to 0.75 to enhance arts programming.
- Increase a 0.75 Parks Maintenance Worker to 1.0 to address outstanding maintenance needs.
- Add 0.60 Human Resources Technician to handle personnel workload and provide more time to the Administrative Services Manager to update policies and oversee public records process improvements.
- Add a Street Maintenance Worker II to enhance our infrastructure maintenance. This position is only recommended if Council approves the increase in the Transportation Benefit District car tab fee.

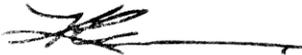
Capital Funding

To construct important capital projects in recent years, Burien has benefitted from state and federal grants and loans and we have incurred a modest amount of debt. Our revenue sources for capital projects are even more modest and have been used for debt service payments. Unless we consider and adopt additional revenue sources for project design and local matching funds, we likely will struggle to compete for new grant funds given a highly competitive environment and shrinking federal and state programs. Several peer cities have been adopting franchise fees and/or utility taxes on water and sewer services, and it will be in Burien's interest to monitor those efforts and consider such sources to help fund new capital projects.

As is the case every two years, the budget document represents a major work product for city staff, particularly for the Finance/IT Department. I very much appreciate their hard work and that of the other departments who analyzed work programs, sought opportunities for savings and efficiency and completed this work while undertaking other major work program items.

Staff looks forward to answering the Council's questions and implementing your direction to refine and adopt the 2017-18 Burien City Budget. Thanks again for your thoughtful consideration.

Sincerely,



Kamuron Gurol
City Manager