

2017-18

Preliminary Operating Budget Overview

COUNCIL BRIEFING

OCTOBER 3, 2016

Goals for Tonight

1. Overview of Proposed 2017-18 Budget
2. Identify key components and how they relate to City Council direction
3. Focus on General Fund
4. Review additional proposed changes to the financial policies

2017-18 Budget Process

- Updated Six-year Financial Forecast: July 25
- General Budget Discussion and Financial Policy Presentation: August 1
- First Public Hearing on Budget: August 1
- Preliminary Operating Budget Presentation: October 3
- *Preliminary CIP Budget Presentation: October 17*
- *Human Services Funding Presentation: October 17*
- *Arts Funding Presentation: October 17*

Budget Overview

- Budget based on City Council policy guidance
 - Adopted Financial Policies
 - Strategic Plan 2017-2020
 - Economic Development Priorities
 - Community Survey
- Public Hearing, Council deliberation, guidance for staff
- Adoption: early December

2017-18 Preliminary Budget Document

- Introduction
- Budget Summary
- General Fund
- Other Funds (Special Revenue)
- Capital Improvement Program
 - Parks and General Government
 - Transportation
 - Surface Water Management
- Appendix

City-wide Revenue Highlights

General Fund

- **Increased Assessed Valuation of just over 7.5%**
 - Estimated \$5.5 billion total AV
 - Budget includes 1% property tax increase per financial policies
 - 1% increase requires Resolution declaring Substantial Need - Implicit Price Deflator less than 1%
- **Sales tax showing strong growth**
 - Projecting 12% increase over 2016 Revised Budget



Revenue Highlights

Utility Taxes* Projection is Declining

- Projecting 2.7% less than 2016 Revised Budget
- Declining telephone land lines and cellular companies reclassifying some revenue as data, which is not taxable.



*Utilities are cable, telephone, natural gas, and electricity

Revenue Highlights

Other Funds

- Increased Transportation Benefit District Car Tab Fee by \$10
 - **Supports Strategic Plan Goal 2.a:** *Take care of our streets by investing more resources to maintain current pavement conditions.*
 - **Increases Annual Pavement Management Capital Improvement Project** by \$350,000
 - **Improves Pavement Management Funding** to two-thirds required to maintain current conditions.

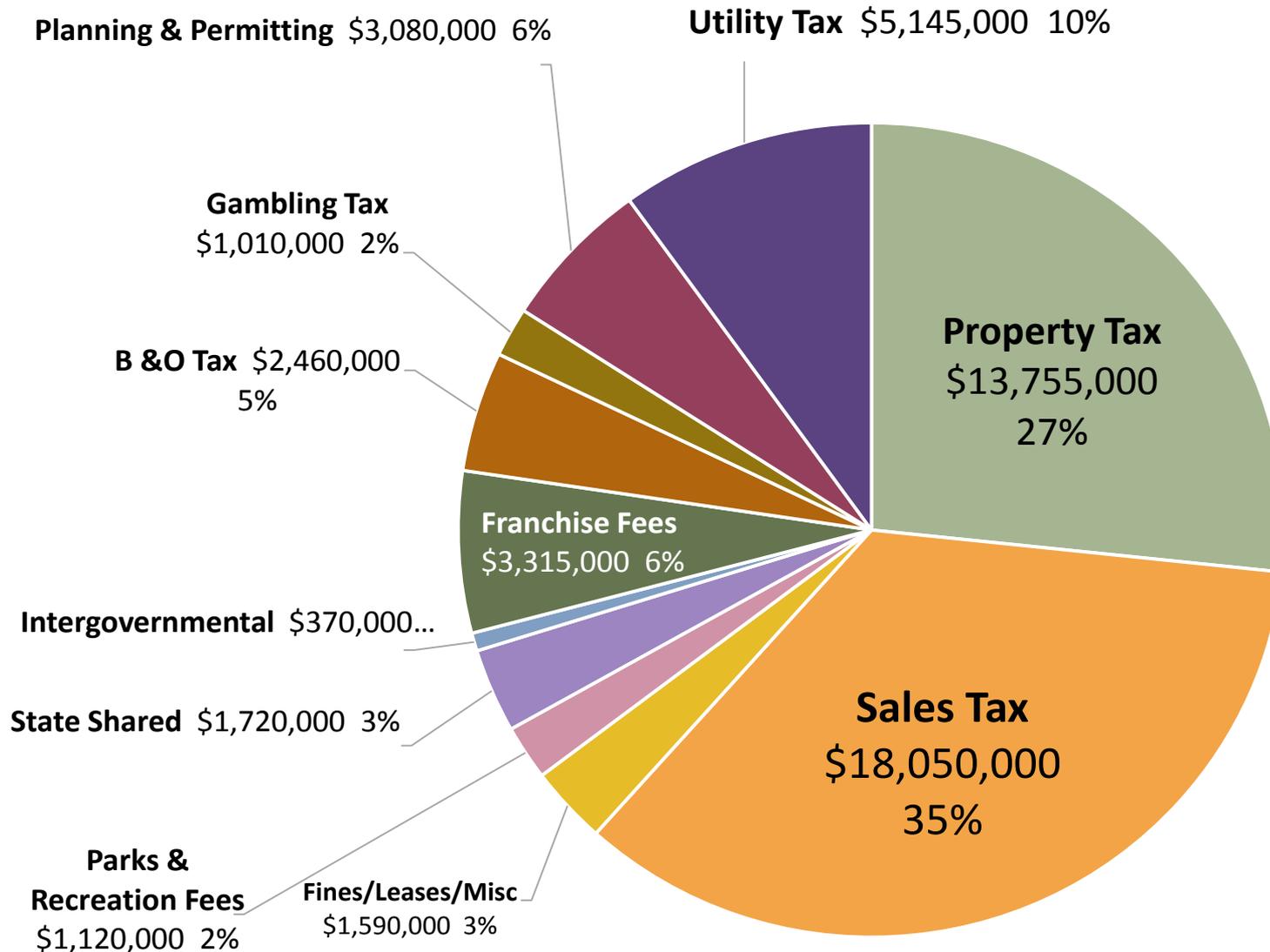


General Fund Highlights

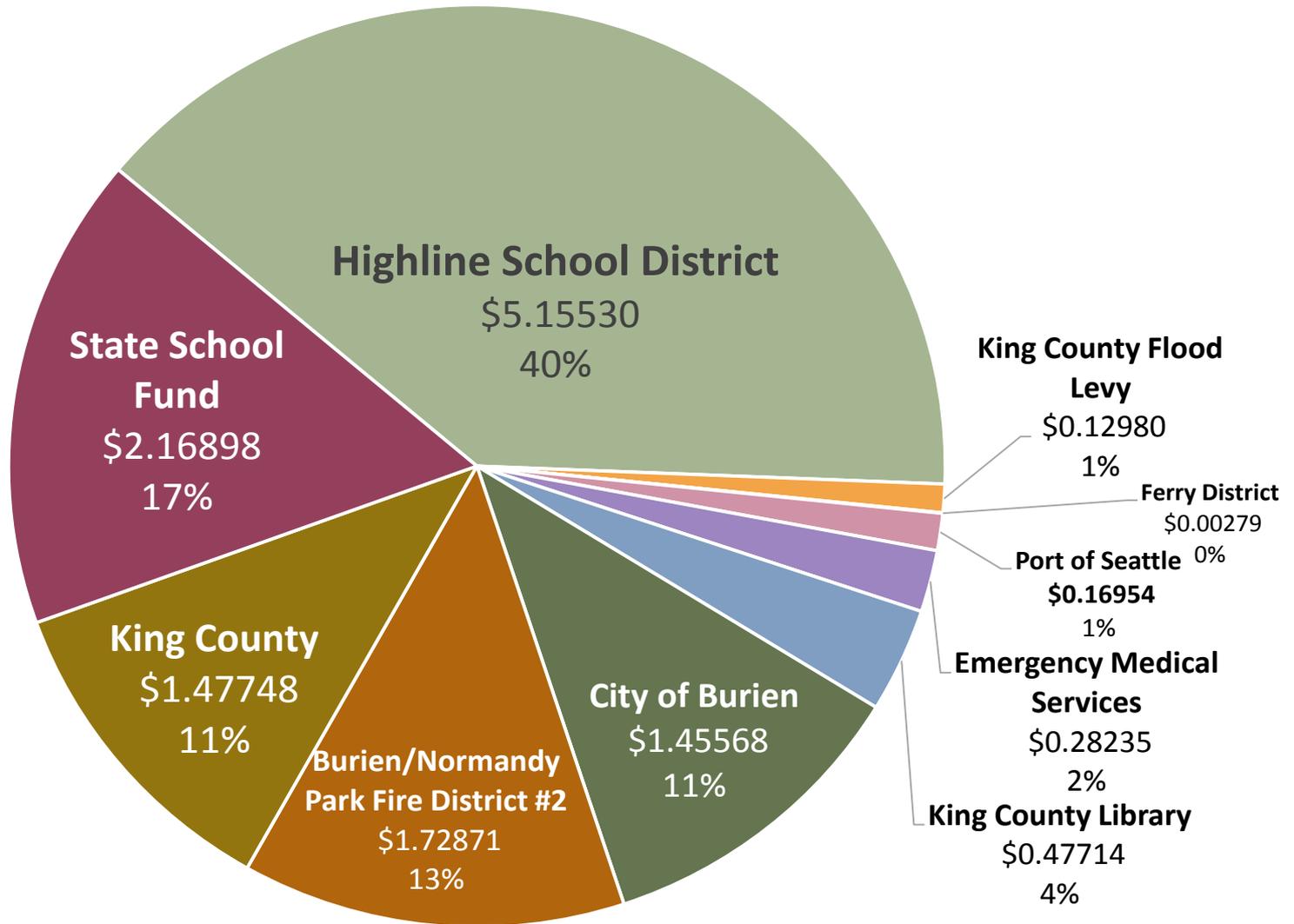
Ending Fund Balance allows for:

- 20% Contingency Reserve of \$5.2 million
- Capital Partnership Reserve increased to \$3 million
- Establishing a Capital Equipment Reserve for new City facilities
- Save for continued technology replacement in 2019-2020

2017-2018 General Fund Revenues \$51.6 Million



2016 Property Tax Distribution



2016 Rate = \$13.0477 per \$1,000 Assessed Valuation

City-wide Expenditure Highlights:

Staffing

Implements the 2016 Salary Survey*

(Conducted every three years, per City policy)

Includes:

2% Cost of Living Adjustment (COLA) in 2017

2% COLA placeholder in 2018

Benefit Costs:

2017 medical rates received 9/26. Cost update prior to adoption.

PERS rates to increase by 12.2%, from 11.16% to 12.52%



*Indicates Strategic Plan Goal

City-wide Expenditure Highlights:

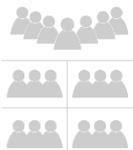
Staffing

New Positions

- Police Sergeant and Officer/Detective*
- Senior Planner
- Human Resources Technician (0.6)
- Maintenance Worker II—Street Fund*

Current Position Adjustments

- Increase 0.75 Parks Maintenance Worker to 1.0
- Increase 0.55 Recreation Coordinator to 0.75—Arts Programs*
- Increase 0.5 Front Desk Assistant to 1.0
- Increase 0.5 GIS Intern to 1.0 GIS Analyst I
- Reclassify Systems/GIS Administrator to Information Systems Manager



*Indicates Strategic Plan Goal

City-Wide Expenditure Highlights:

Technology Upgrades: \$2.1 Million

 Financial System*

 Permitting System* (2018)

 Telephone System

 Meeting Room Technology:

- Council Chambers Audio, Video, and Voting System

 Agenda Management Software*

 Completion of Website Upgrade

*Indicates Strategic Plan Goal

City-Wide Expenditure Highlights:

Economic Development

Branding Implementation*

Mobility Study Implementation*

- Wayfinding

Urban Center Plan*



Continues Implementation of Economic Development Priorities

*Indicates Strategic Plan Goal

City-wide Expenditure Highlights:

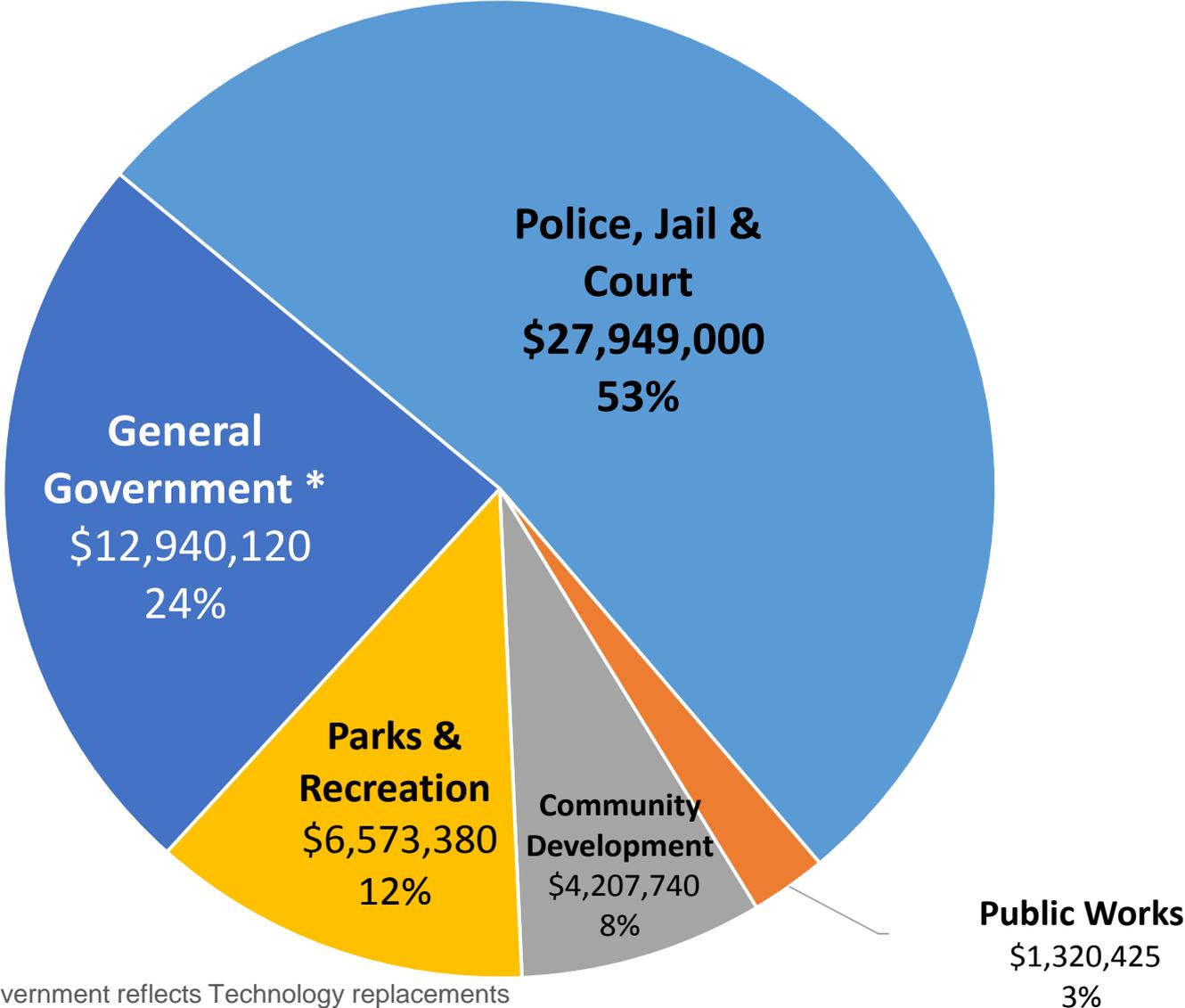
Additional Funding For:

- \$15,000 annually to **Arts in Public Places Fund***
- Teen Programs*
- Human Services Funding, \$320,000 annually*
- Pavement Management, funded through additional \$10 car tab fee*



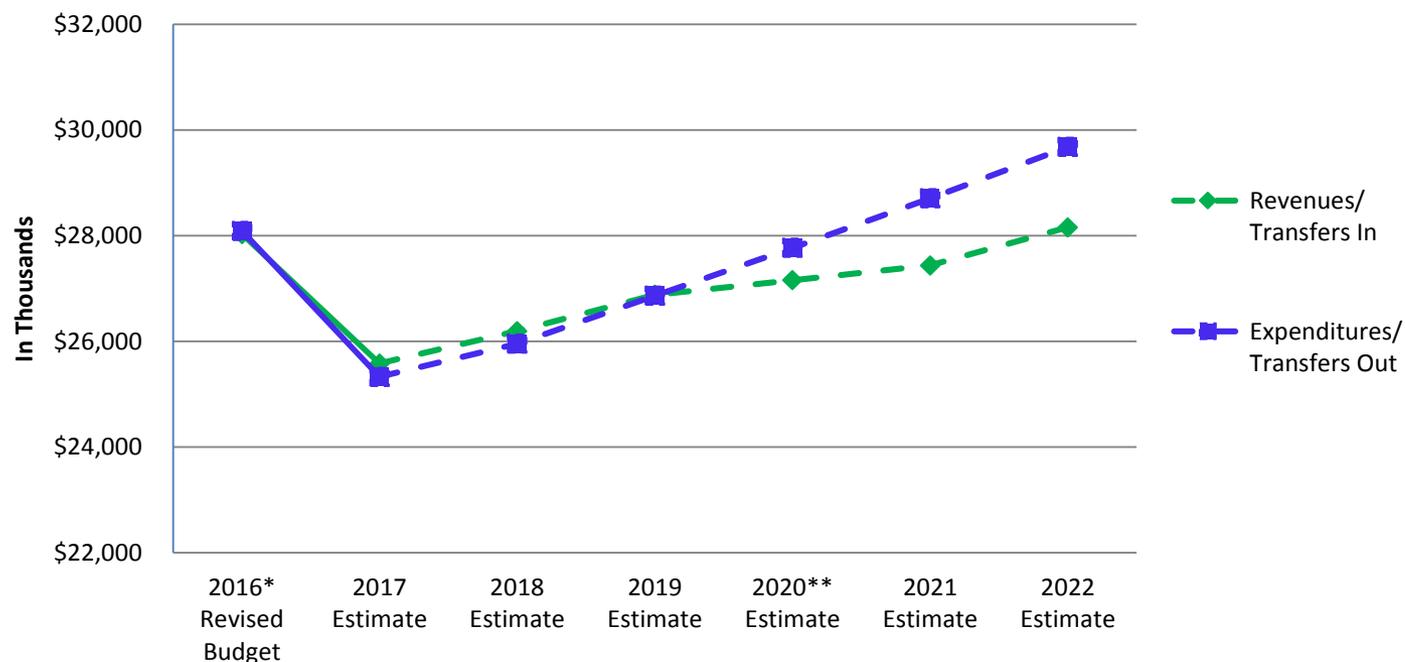
*Indicates Strategic Plan Goal

2017-18 General Fund Expenditures by Function



* Increase in General Government reflects Technology replacements

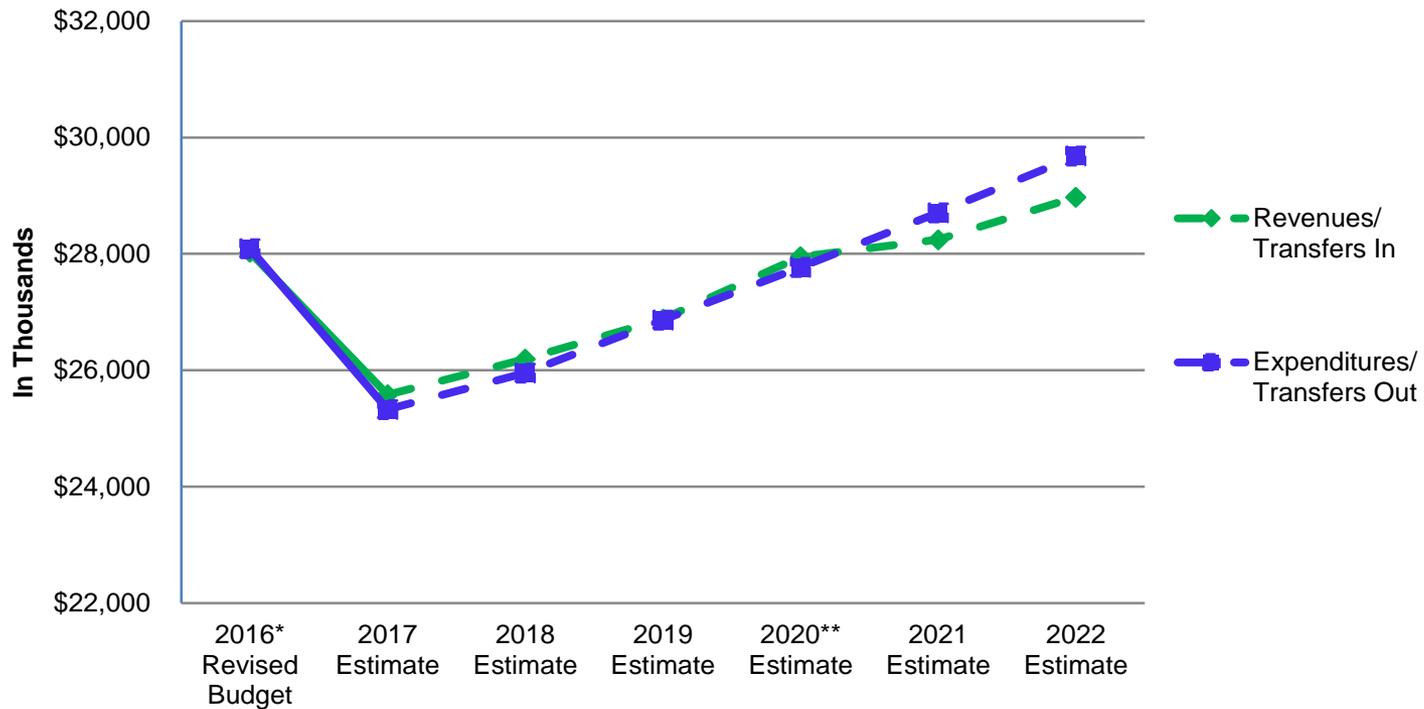
General Fund Forecast: Updated with 2017-18 Preliminary Budget



* 2016 Revised Budget includes sale of NERA property and line of credit payoff

** 2020 reflects loss of Annexation Sales Tax Credit

General Fund Forecast: Updated with 2017-18 Preliminary Budget and 100% of Property Tax Allocation Effective 2020



* 2016 Revised Budget includes sale of NERA property and line of credit payoff

** 2020 reflects loss of Annexation Sales Tax Credit/100% Property Tax Allocation

Appendix

Additional Draft Financial Policy amendments:

- Includes Strategic Plan as a guideline for budget development
- Add language to address loss of Annexation Sales Tax Credit in 2020
 - Limit contract expenditure growth
 - Allocate 100% of Property Tax to General Fund
- Identify funding sources for project design and matching funds
 - Water/sewer franchise fees or utility taxes
 - New or updated impact fees
 - Streets
 - Parks
- Increase Capital Partnership Reserve to \$3 million
- Establish \$1 million Capital Equipment Reserve to furnish new City facilities

Includes 2017 Proposed Salary Schedule and 2017-18 Position History

Next Steps

Action	Timeline
Preliminary CIP Budget Presentation	October 17
Human Services/Arts & Culture Grants Funding Discussion	October 17
Budget Follow-up/Financial Policy Discussion	November 7
Second Public Hearing on Revenue Sources/Expenditures	November 7
Discussion on Property Tax Levy/Proposed SWM Rates/TDB Fee Increase	November 7
Budget Ordinance/Financial Policy Discussion	November 21
Property Tax Levy/SWM Rate/TBD Fee Increase Adoption	November 21
Budget Ordinance/Financial Policy Adoption	December 5

Questions?



Kim Krause, Finance Director
KimK@burienwa.gov