



# Agenda Bill

City Council Special Meeting & Study Session - 26 Nov 2018

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**Department**

Finance

**Staff Contact**

Eric Christensen, Finance Director (206) 439-3150

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**Agenda Bill Title**

Presentation by the FCS Group Summarizing General Fund Forecasts for Baseline and Alternative Scenarios.

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**Summary**

The FCS Group will be presenting initial findings from the ten-year General Fund forecast that analyzes a baseline scenario and scenarios related to a variety of revenue options and enhanced service levels.

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**Options**

N/A

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**Advisory Board Recommendation**

N/A

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**Administrative Recommendation**

N/A

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**Suggested Motion**

N/A

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**Fiscal Impact**

FUND: N/A

COST OF PROPOSAL: N/A

AMOUNT BUDGETED: N/A

ADDITIONAL REQUIRED: N/A

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**Attachments**

[Burien General Fund Financial Plan](#)  
[Budget Matrix 2019-2020 Update](#)



# City of Burien



## 2018 General Fund Financial Plan

Courtney Black  
Luke Slaughterbeck  
Peter Moy

November 26, 2018





# Introduction / Background

FCS Group was contracted to create a financial plan for the City's General Fund:

- Historical trend analysis – 10 years
- Baseline forecast based on 2019-20 Preliminary Budget – 10 years
- Financial plan scenario alternatives to address potential revenue/expenditure gap
- Policy review for best budgeting and financial practices

Key General Fund Forecast Issues:

- Preliminary Budget: ongoing revenues are balanced with ongoing expenditures – use of reserves for one-time capital expenditures
- Sales tax annexation credit expires July 2020 (\$1m annually) – revenue/expenditure gap begins 2021
- Potential future funding needs – enhanced public safety, Public Works/PaRCS Maintenance Partnership Facility funding gap, Community Center

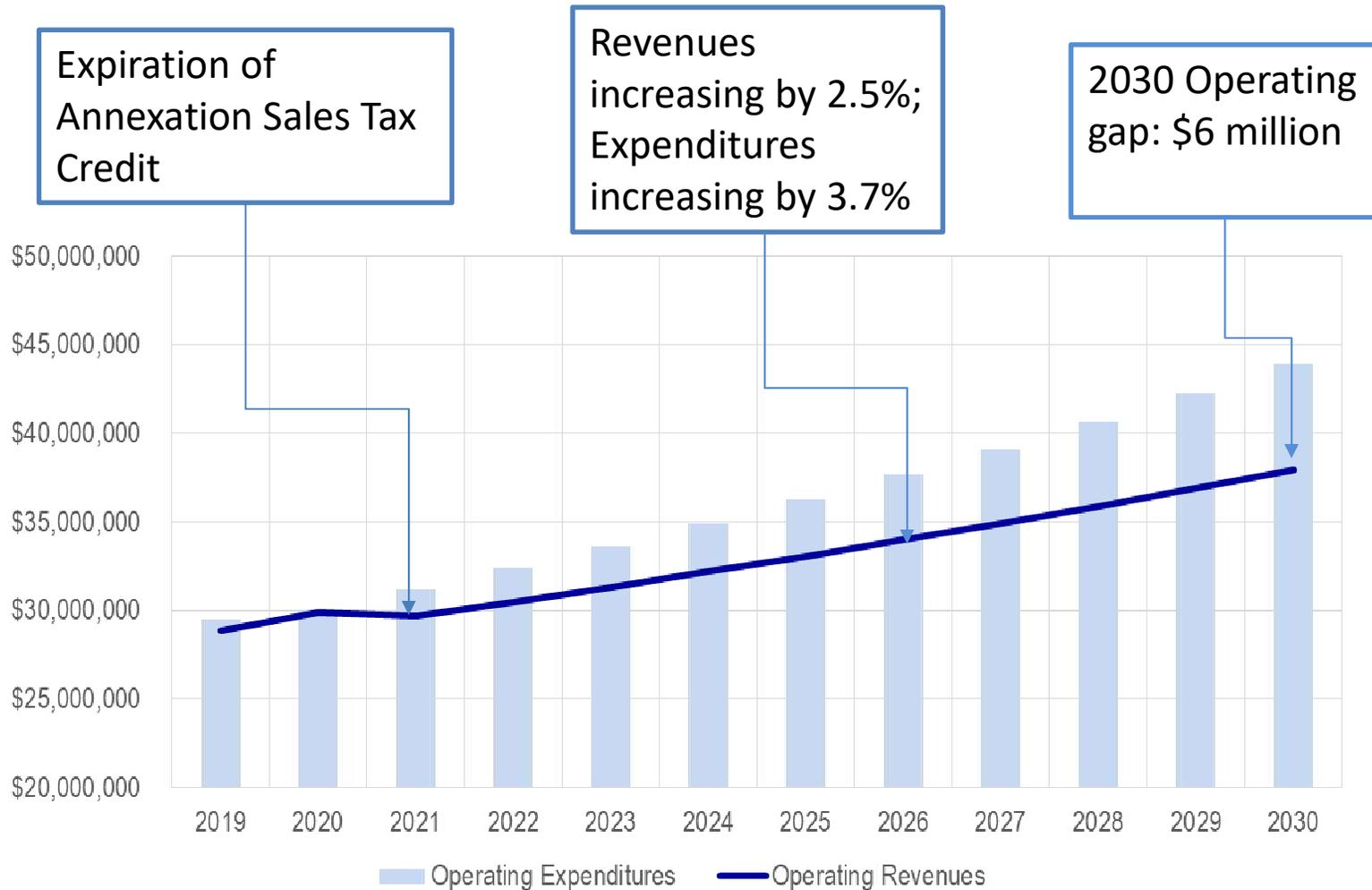


# Study Data and Assumptions

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)



# Status Quo – Operating Forecast



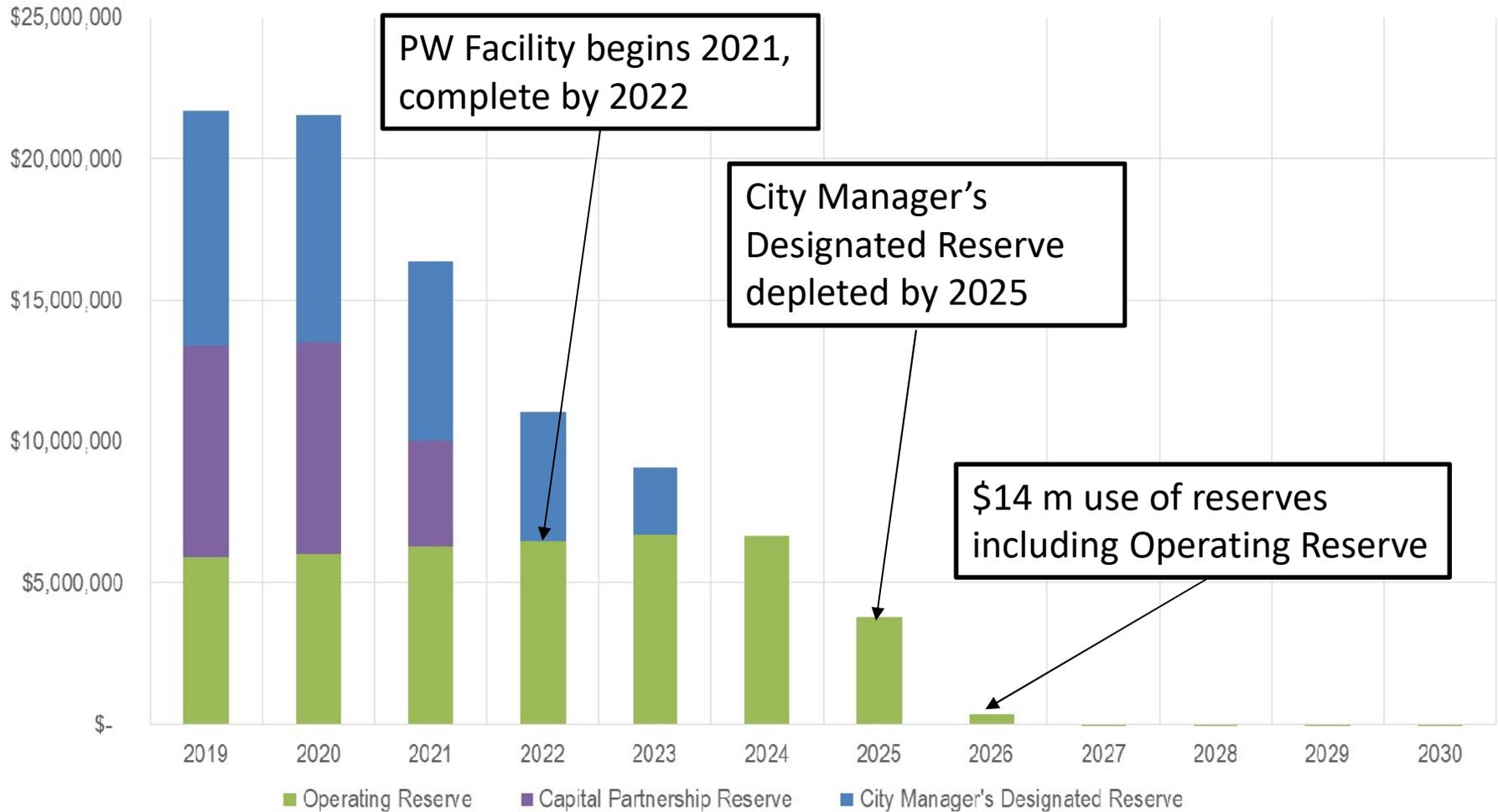


# Reserve Structure and Policies

Reserve	Policy / Purpose	2019 Target/Minimum
Operating Reserve	20% of budgeted revenues	\$5.4 million
City Manager's Designated Reserve	For economic risk and unexpected costs	\$8.3 million
Capital Partnership Reserve Assigned Funds	Partnership with other agencies on shared capital facilities	\$7.5 million
Capital Equipment Assigned Funds	Purchase furnishings or equipment for new City facilities	\$1 million
Asset Forfeiture (Drug Seizure)	Restricted for Police Operations	\$270,000
Parking Reserve	Restricted for parking development costs	\$138,000



# Status Quo – Reserve Analysis





# Financial Plan Options

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## Revenue Gap Solutions

1. Council Action Revenue Options

2. Expenditure Reductions

3. Levy Lid Lift

## Enhanced Level of Service

4. Enhanced Services Funding Plan

5. City Manager's Option/Consideration

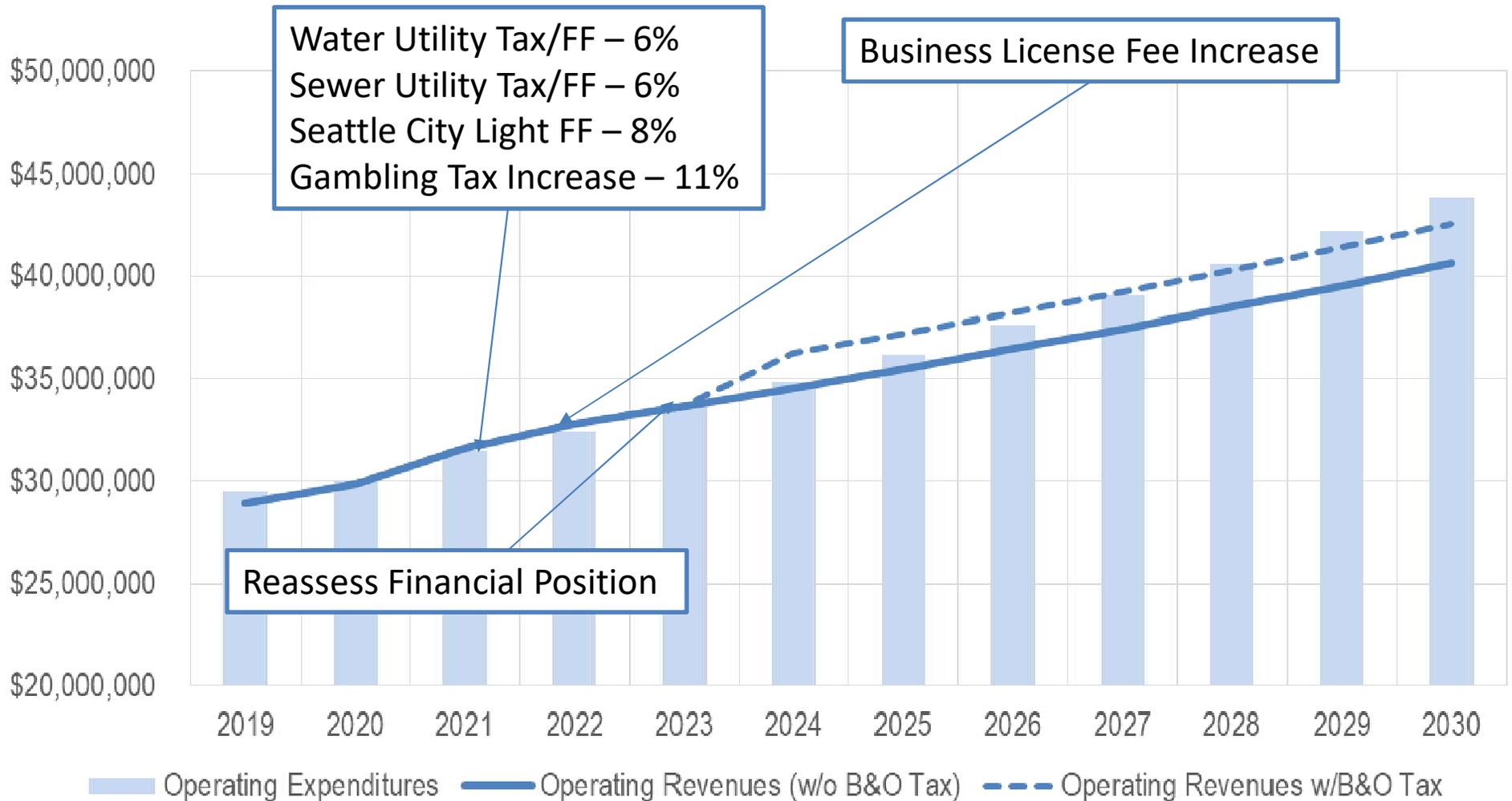


# Council Action Revenue Options

Revenue Source:	Increase:	Est. Revenue Impact:
Seattle City Light Franchise Fee	From 6% to 8%	\$400,000
Utility Tax/Franchise Fee – Water and Sewer	From 0% to 6%	\$1 million
Business License Fee Increase	From \$90 to \$180	\$300,000
Gambling – Card Room Tax Increase	From 8% to 11%	\$130,000
B&O Tax	From 0.1% to 0.2%	\$1.5 million
Transportation Benefit District	From \$20 to \$40	\$780,000 (Does not affect General Fund gap)

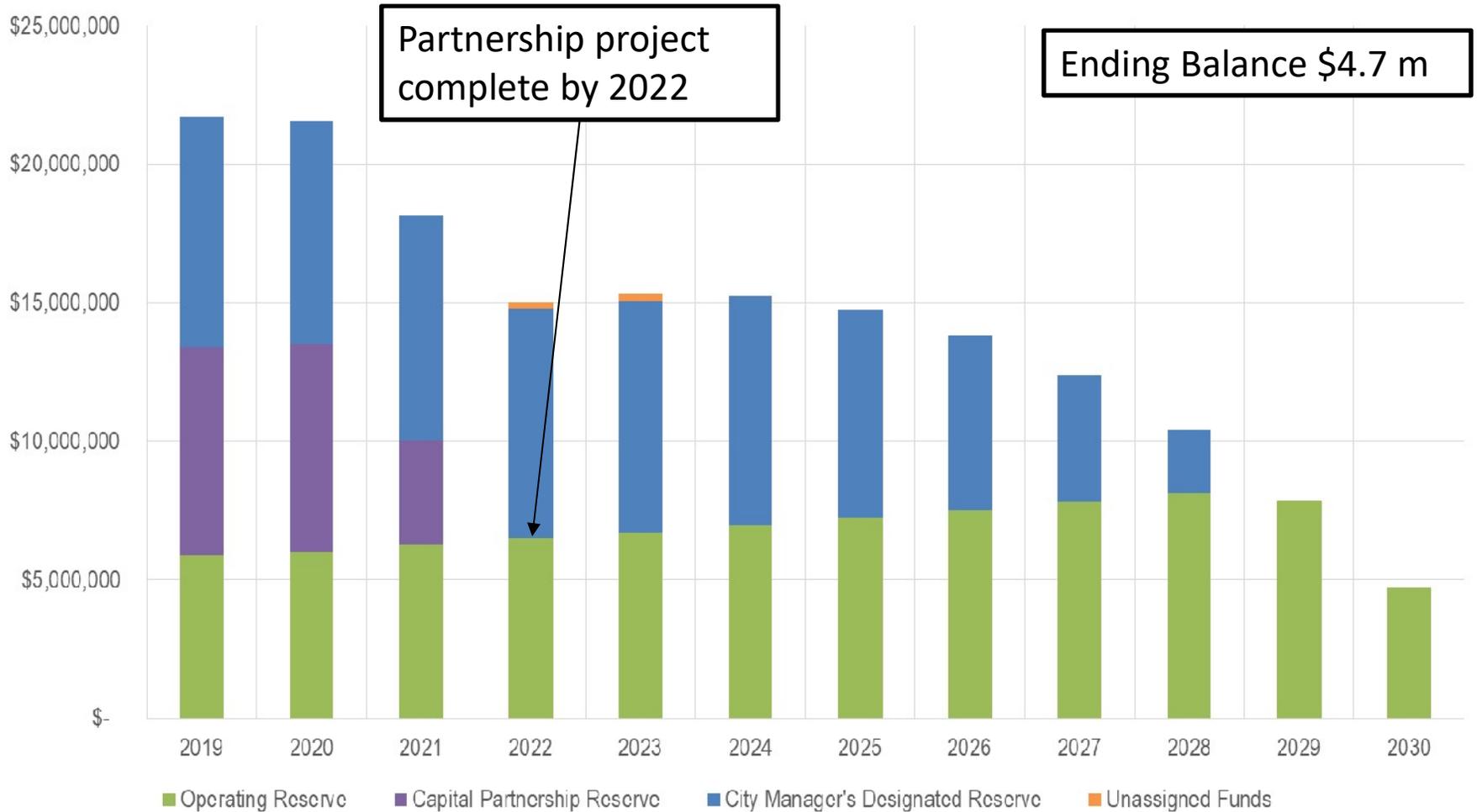


# 1. Council Action – Revenue Forecast





# 1. Council Action – Reserve Analysis





# 1. Sample Monthly Residential Utility Bill Impact





## 2. Expenditure Cuts

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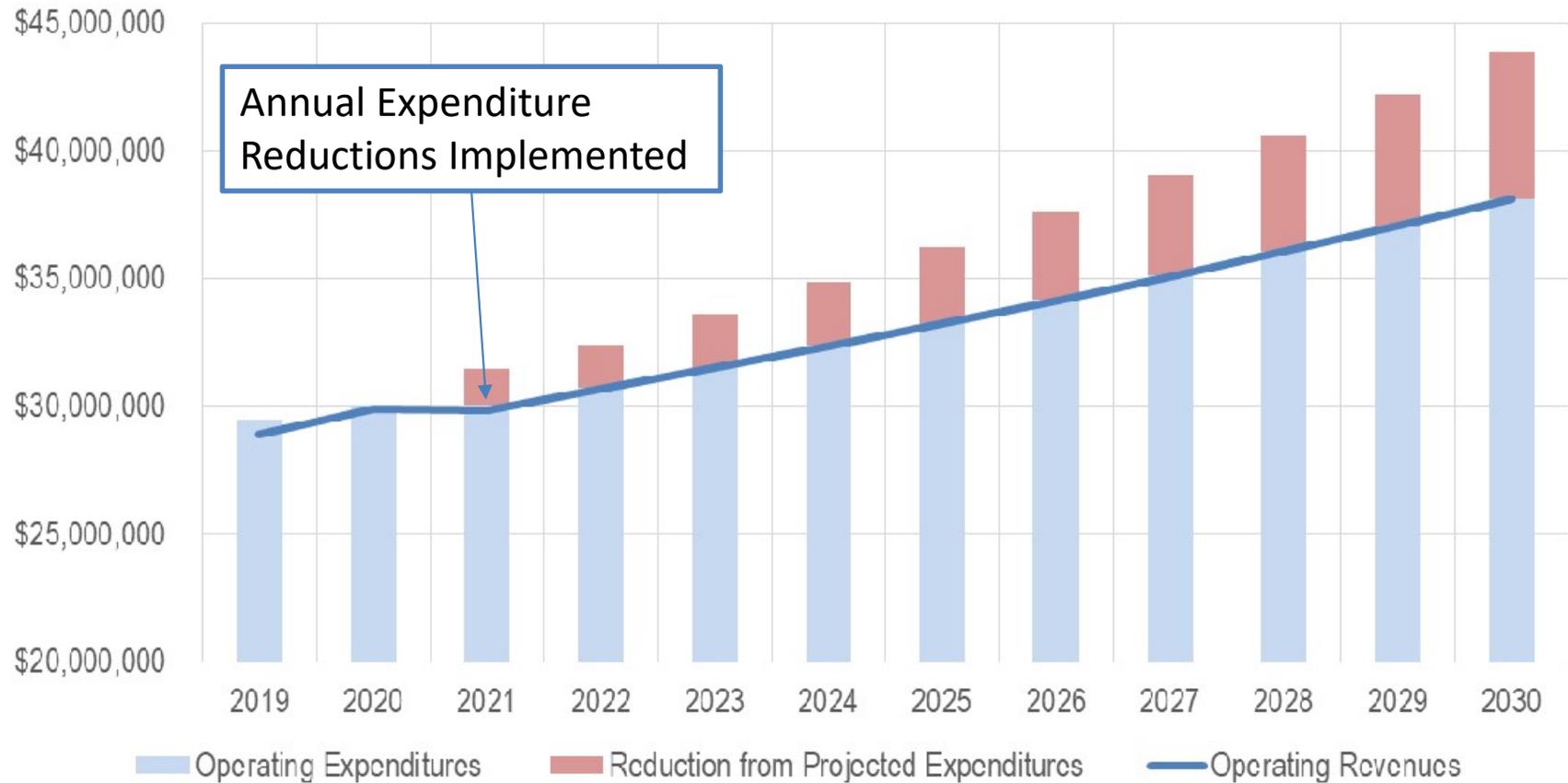
Tests the amount of expenditure cuts needed to eliminate the gap

Significant reductions required beginning in 2021

Reduced level of service to Burien residents – unidentified sources of cuts



## 2. Expenditure Cuts – Operating Forecast



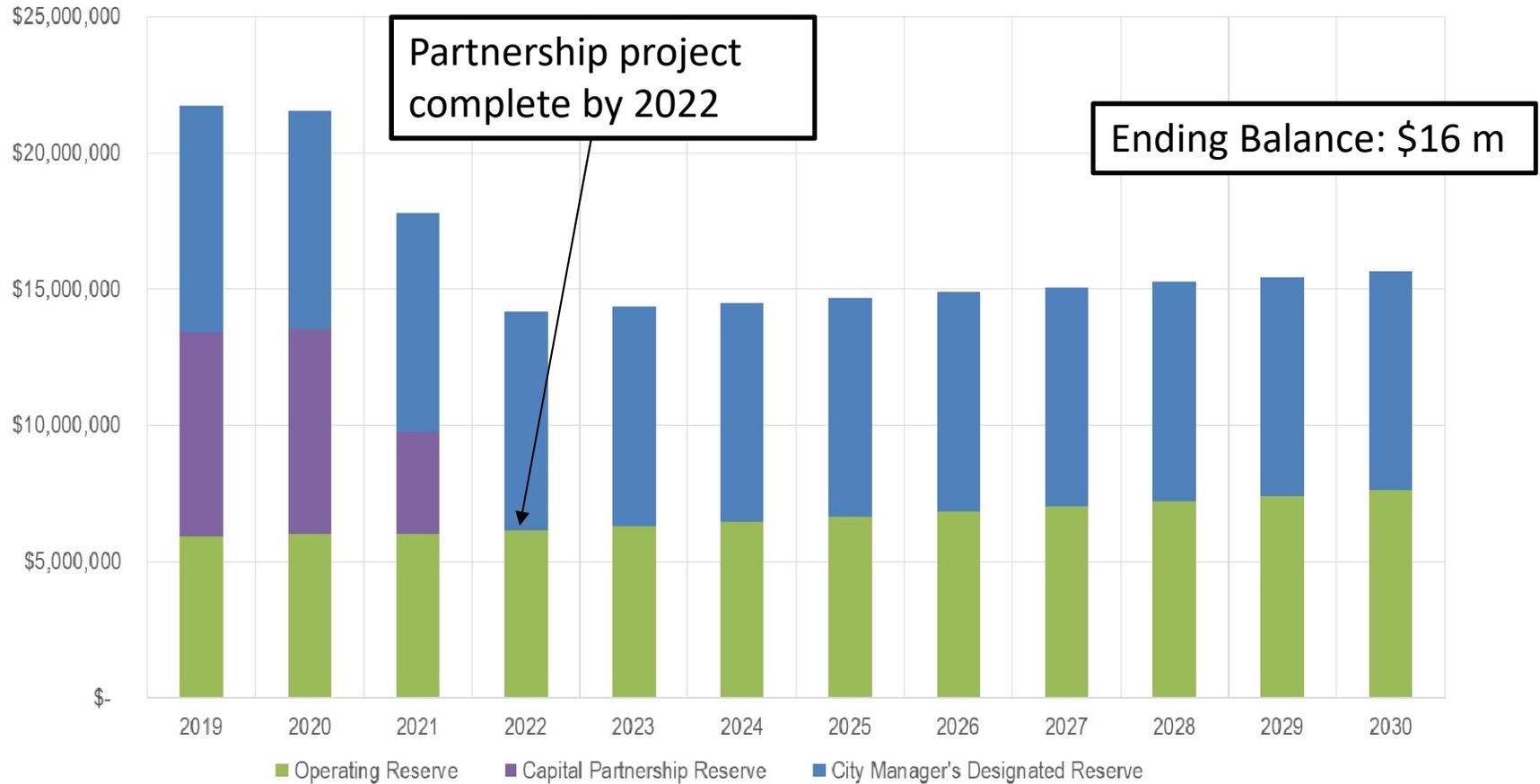
Expenditure Cuts Begin

Expenditure Reduction Summary	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Annual Reduction	\$ 1,417,723	\$ 260,151	\$ 380,655	\$ 431,862	\$ 459,137	\$ 490,653	\$ 524,511	\$ 560,487	\$ 598,642	\$ 639,090
Reduction from Projected Expenditures*	1,417,723	1,677,875	2,058,529	2,490,391	2,949,528	3,440,181	3,964,691	4,525,178	5,123,820	5,762,910
Cumulative Savings	1,417,723	3,095,598	5,154,127	7,644,518	10,594,046	14,034,227	17,998,918	22,524,097	27,647,917	33,410,827

\*Maintained Level of Service



## 2. Expenditure Cuts – Reserve Analysis





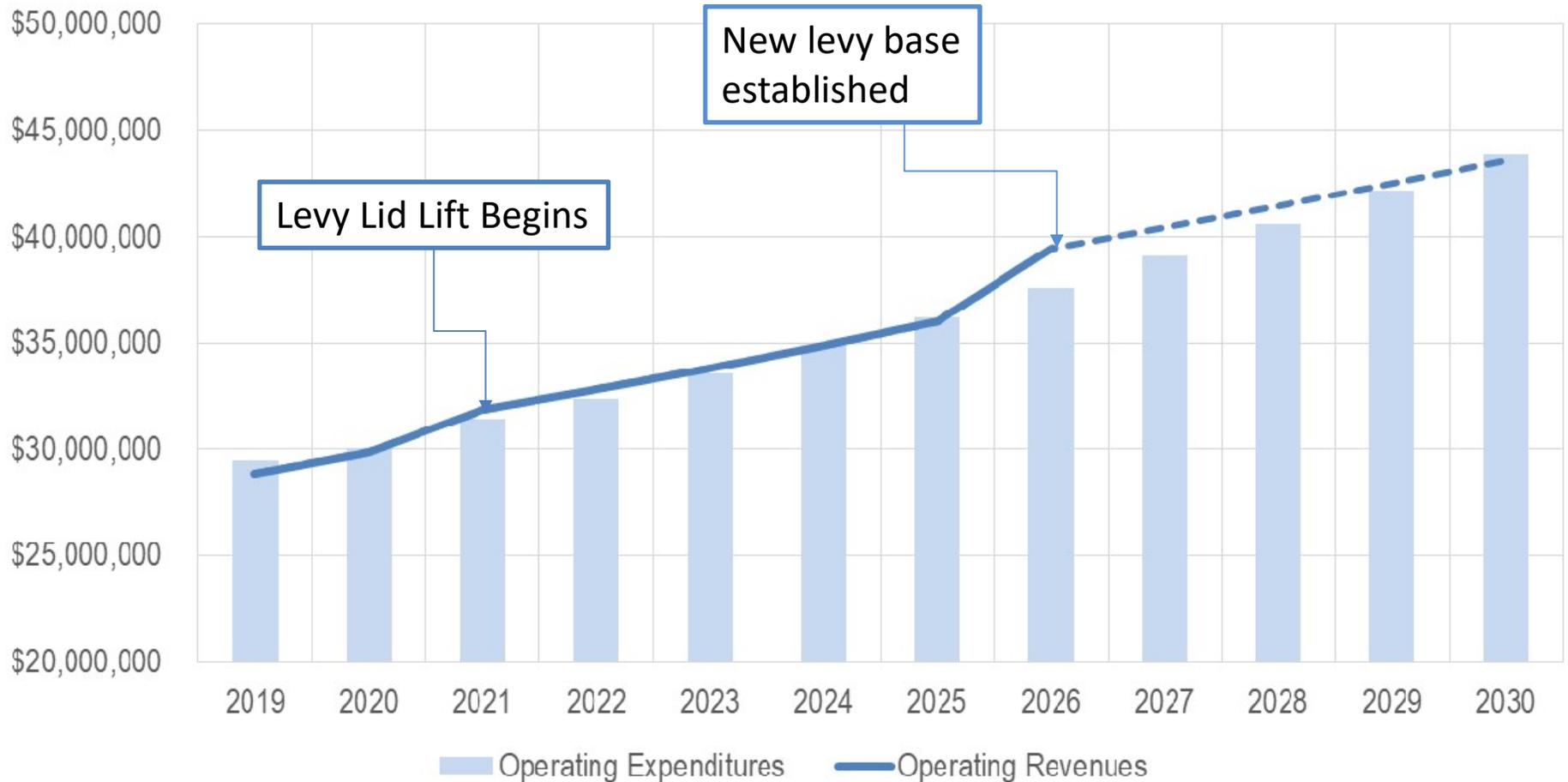
## 3. Permanent Levy Lid Lift

- ◆ Taxing jurisdictions with a rate less than their statutory maximum may ask the voters to “lift” the levy lid by increasing the rate to an amount equal to or less than their statutory maximum rate (\$1.60)
- ◆ Levy Lid Lift approved in 2020, revenue increases begin in 2021
- ◆ A Permanent, Multi-Year Lid Lift is projected to eliminate the gap through 2030
- ◆ Assumes that no other revenue options have been implemented

Levy Schedule	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Levy Year 1	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Levy Year 2	-	-	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Levy Year 3	-	-	-	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Levy Year 4	-	-	-	-	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Levy Year 5	-	-	-	-	-	225,000	225,000	225,000	225,000	225,000	225,000
Levy Year 6	-	-	-	-	-	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b>Lid Lift Revenue:</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ 2,150,000</b>	<b>\$ 2,300,000</b>	<b>\$ 2,450,000</b>	<b>\$ 2,675,000</b>	<b>\$ 5,175,000</b>				
<b>Total Property Tax Rate:</b>	<b>\$ 1.186</b>	<b>\$ 1.415</b>	<b>\$ 1.376</b>	<b>\$ 1.336</b>	<b>\$ 1.298</b>	<b>\$ 1.268</b>	<b>\$ 1.470</b>	<b>\$ 1.407</b>	<b>\$ 1.346</b>	<b>\$ 1.288</b>	<b>\$ 1.232</b>

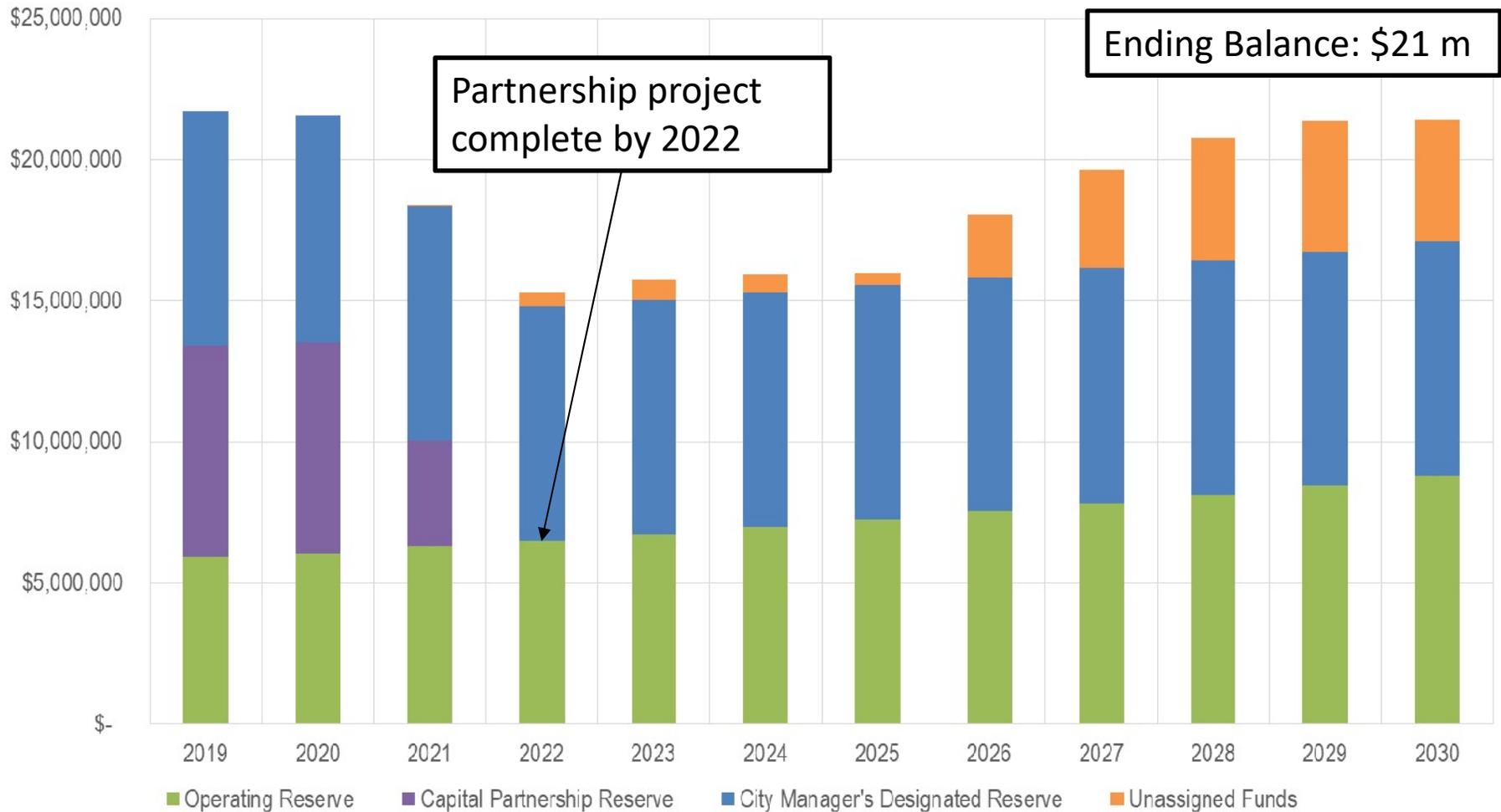


# 3. Levy Lid Lift – Operating Forecast



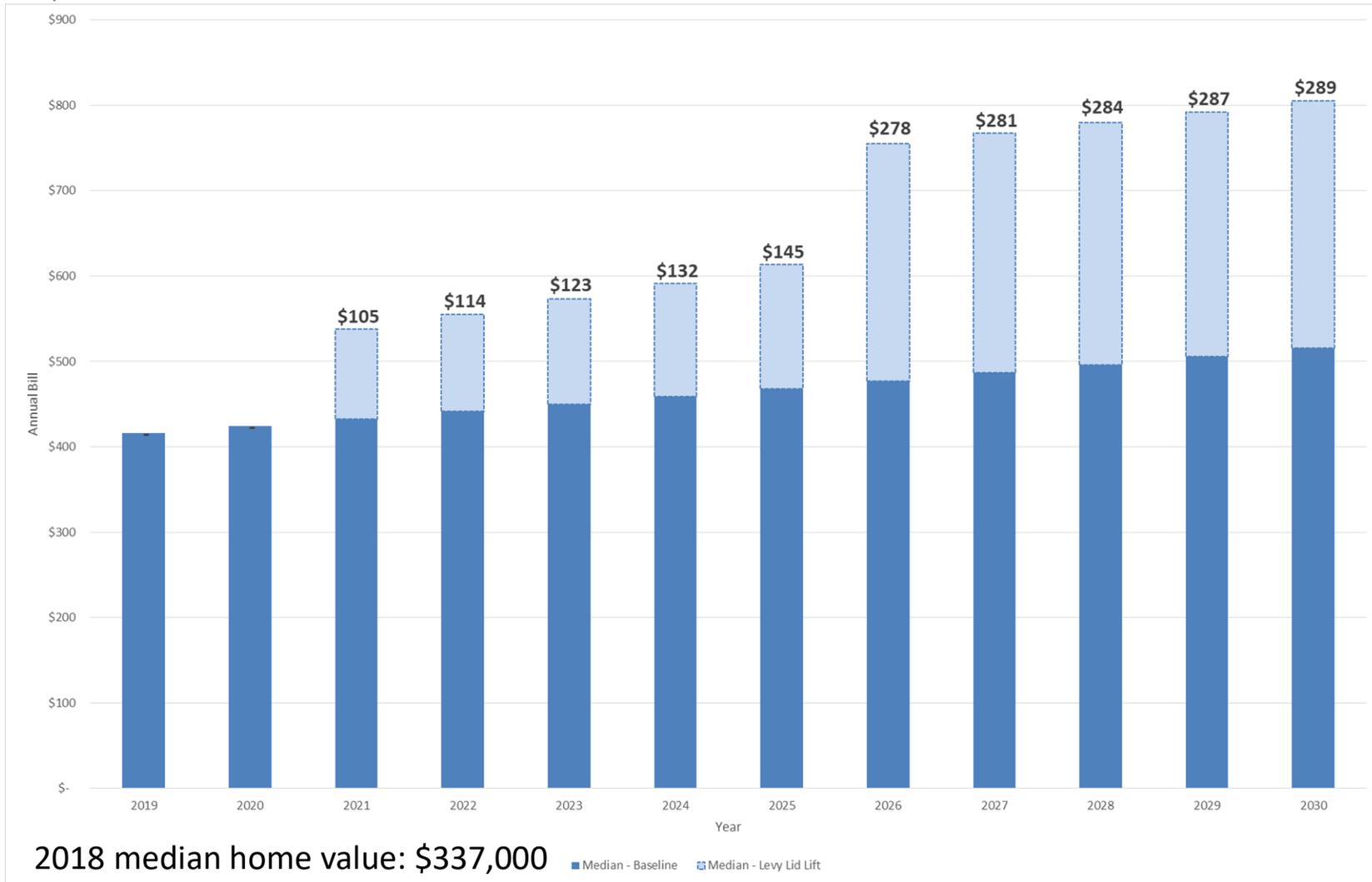


# 3. Levy Lid Lift – Reserve Analysis





### 3. Median Home Value Property Tax Impacts





## 4. Enhanced Services

### Enhanced police services:

- 2 new officers in 2019 (\$200,000 each) funded by reserve in 2019
- 2 new officers in 2020

### Enhanced youth services:

- One time costs of \$600,000 in 2019 and 2020 each (2019 funded by reserve)

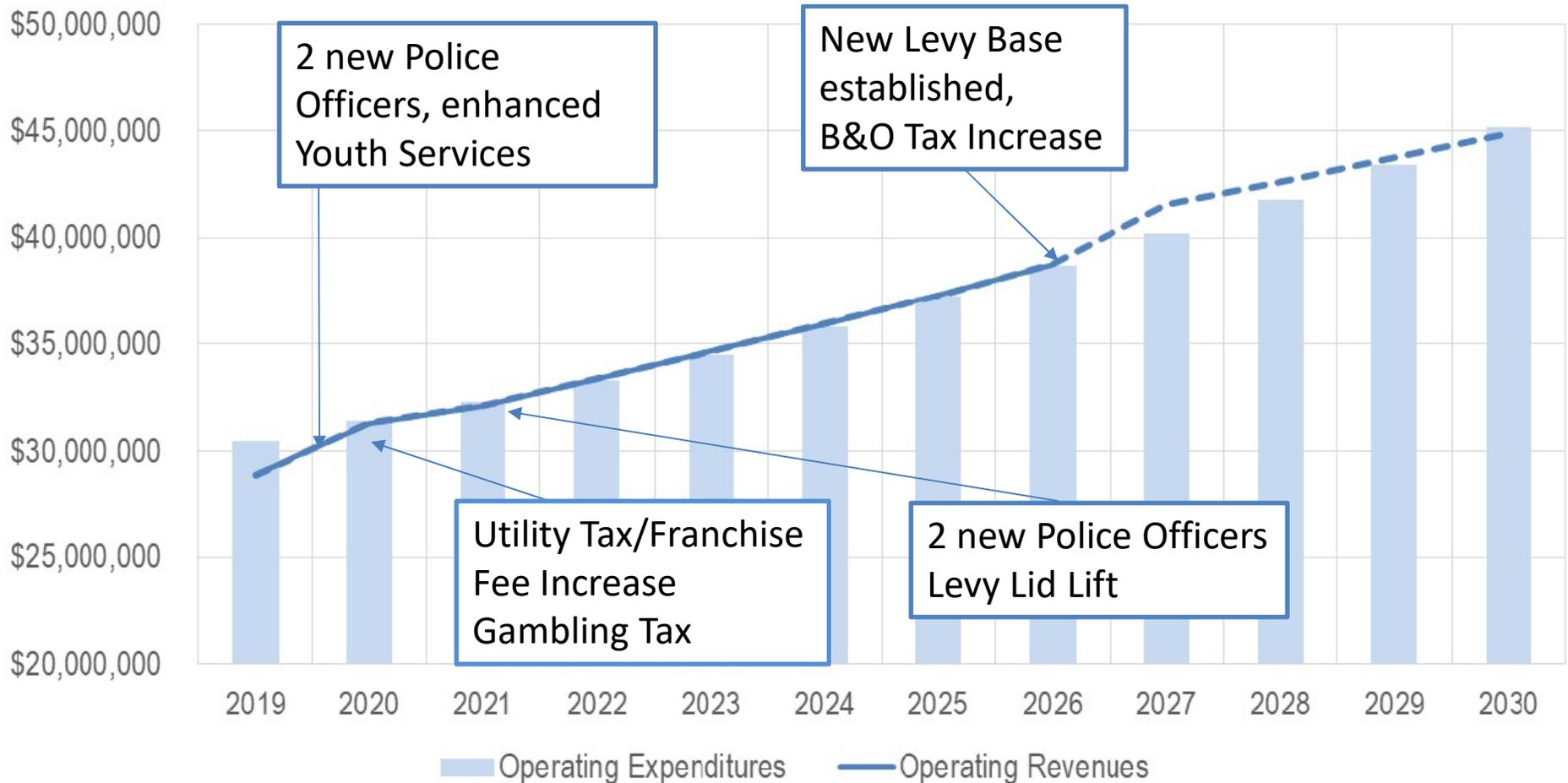
### Utilizes Council action revenue options

### Levy Lid Lift beginning in 2021

Levy Schedule	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Levy Year 1	\$ -	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Levy Year 2	-	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Levy Year 3	-	-	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Levy Year 4	-	-	-	-	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Levy Year 5	-	-	-	-	-	400,000	400,000	400,000	400,000	400,000	400,000
Levy Year 6	-	-	-	-	-	-	500,000	500,000	500,000	500,000	500,000
<b>Lid Lift Revenue:</b>	<b>\$ -</b>	<b>\$ 800,000</b>	<b>\$ 1,200,000</b>	<b>\$ 1,600,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,400,000</b>	<b>\$ 2,900,000</b>				
<b>Total Property Tax Rate:</b>	<b>\$ 1.186</b>	<b>\$ 1.249</b>	<b>\$ 1.250</b>	<b>\$ 1.248</b>	<b>\$ 1.243</b>	<b>\$ 1.234</b>	<b>\$ 1.234</b>	<b>\$ 1.182</b>	<b>\$ 1.132</b>	<b>\$ 1.085</b>	<b>\$ 1.039</b>

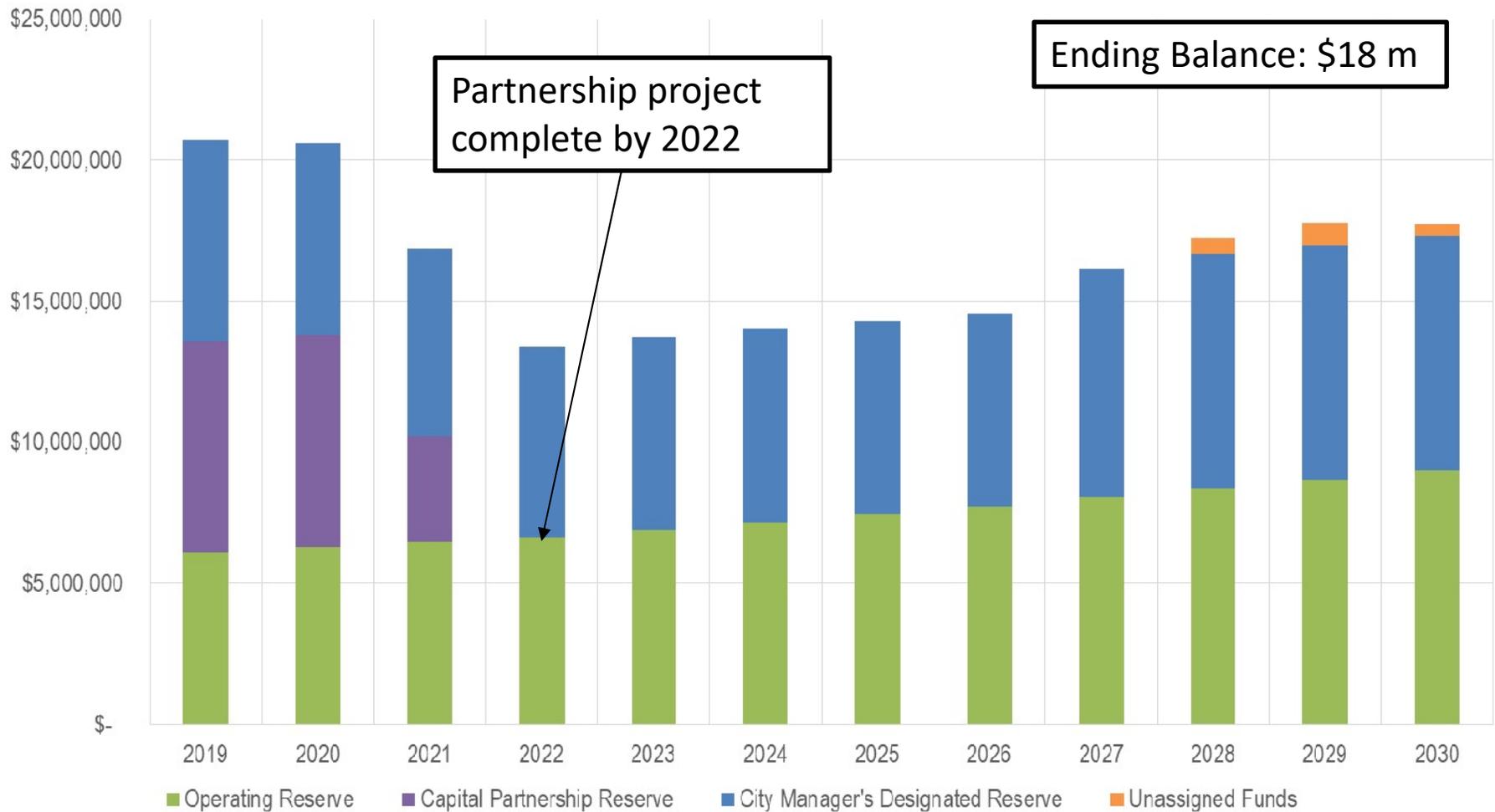


## 4. Enhanced Services – Operating Forecast





# 4. Enhanced Services – Reserve Analysis



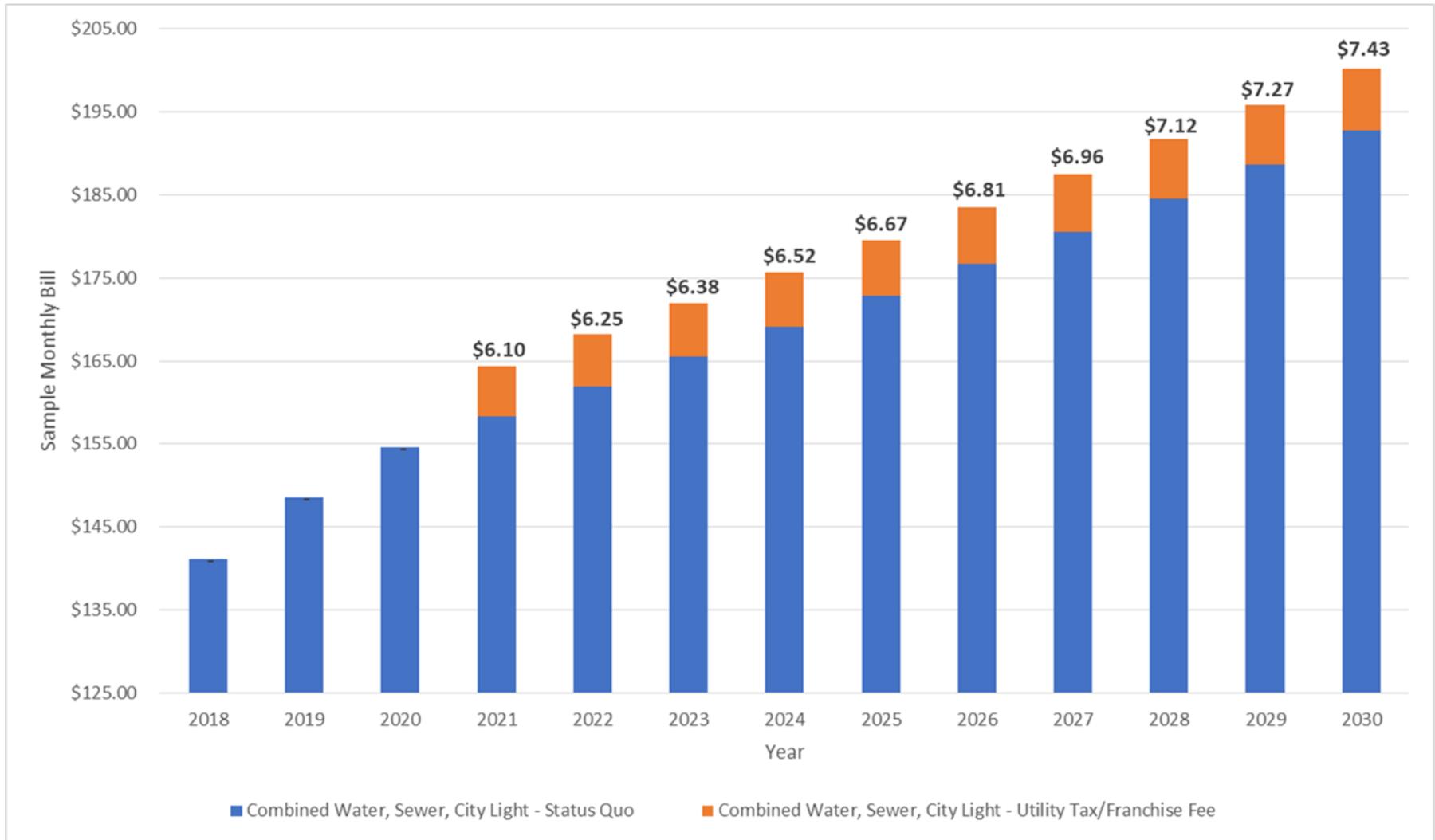


## 4. Median Home Value Property Tax Impacts





## 4. Sample Monthly Residential Utility Bill Impact





## 5. City Manager's Option/Consideration

### Enhanced police services:

- 2 new officers in 2020 (\$200,000 each)
- 2 new officers in 2021

### Enhanced youth services:

- One time costs of \$600,000 in 2019 and 2020 each (2019 funded by reserve)

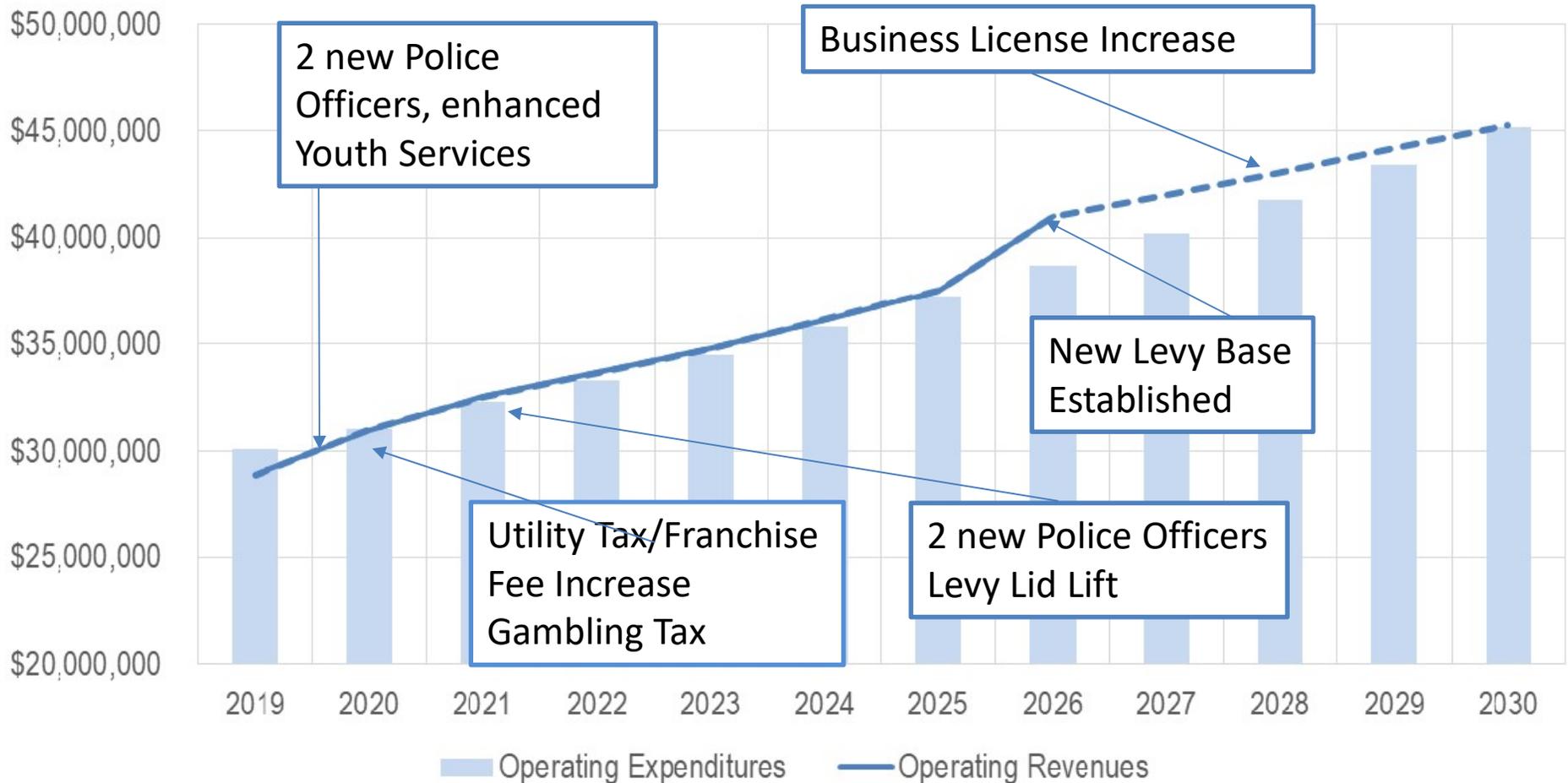
**Utilizes Council action revenue options – no B&O tax increase included**

**Levy Lid Lift beginning in 2021**

Levy Schedule	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Levy Year 1	\$ -	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000
Levy Year 2	-	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Levy Year 3	-	-	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Levy Year 4	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Levy Year 5	-	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000
Levy Year 6	-	-	-	-	-	-	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Lid Lift Revenue:	\$ -	\$ 1,250,000	\$ 1,500,000	\$ 1,750,000	\$ 2,200,000	\$ 2,650,000	\$ 5,150,000	\$ 5,150,000	\$ 5,150,000	\$ 5,150,000	\$ 5,150,000
Total Property Tax Rate:	\$ 1.186	\$ 1.311	\$ 1.290	\$ 1.267	\$ 1.267	\$ 1.263	\$ 1.466	\$ 1.402	\$ 1.342	\$ 1.284	\$ 1.228

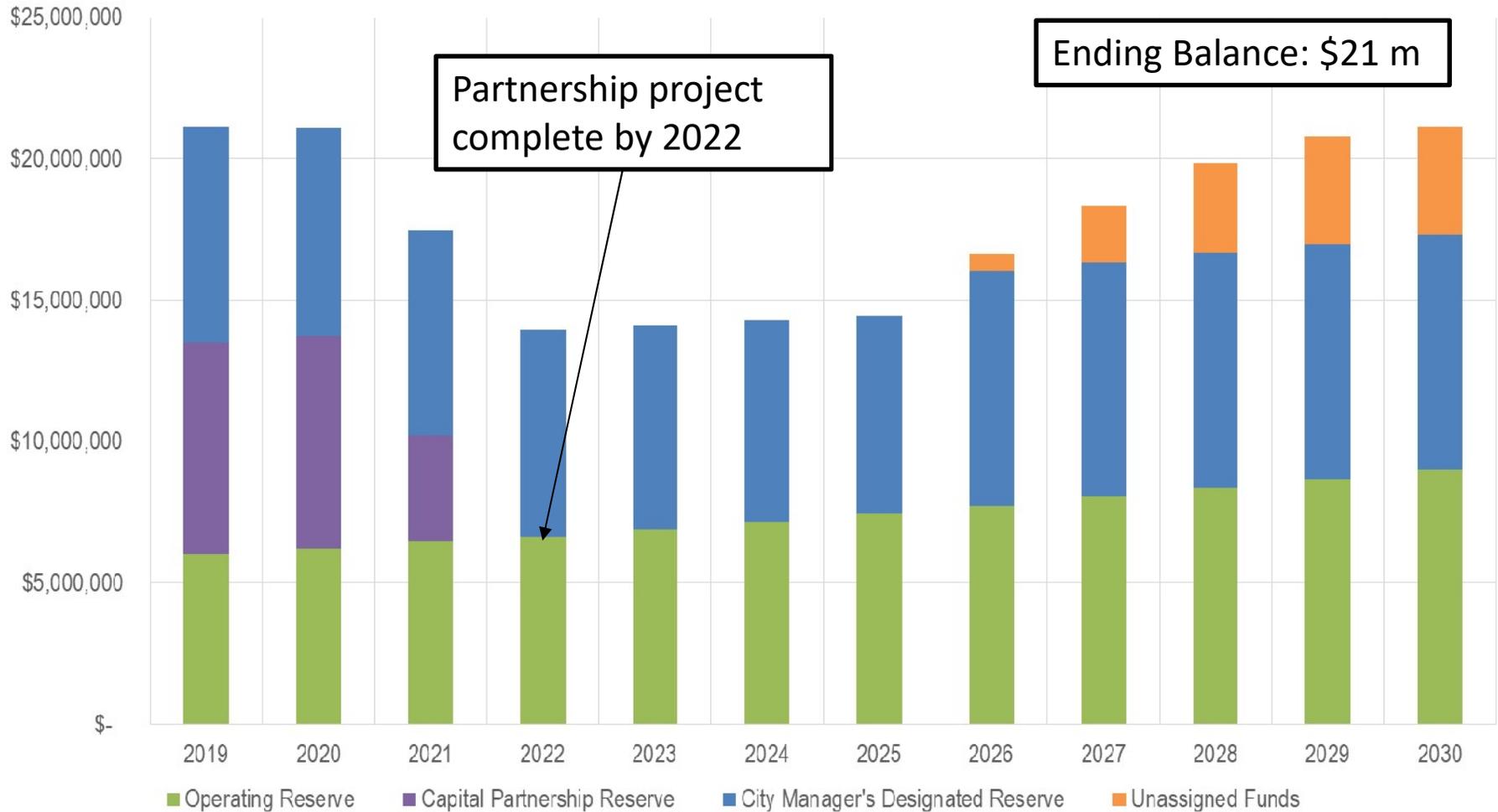


## 5. C.M. Option – Operating Forecast



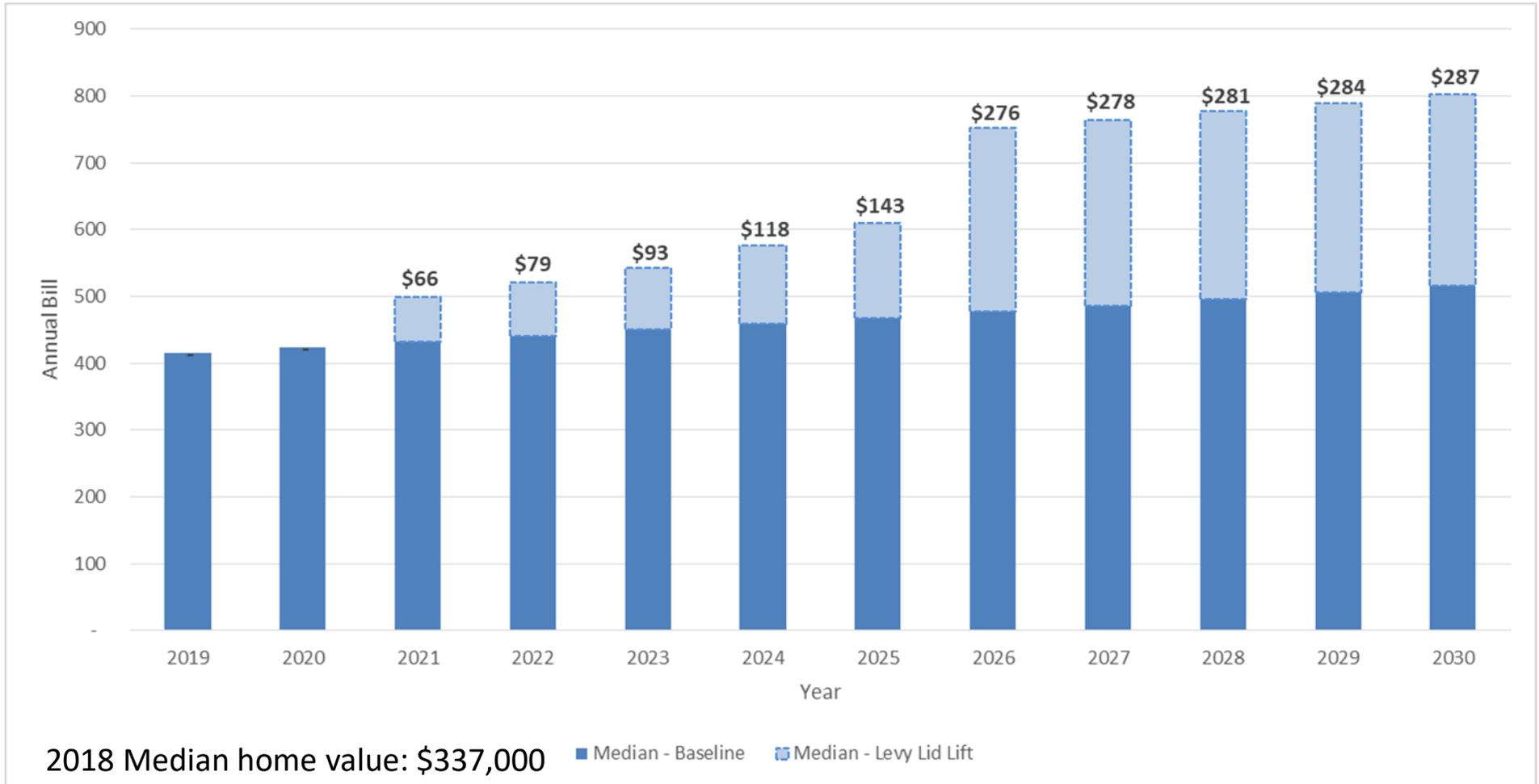


# 5. C.M. Option – Reserve Analysis



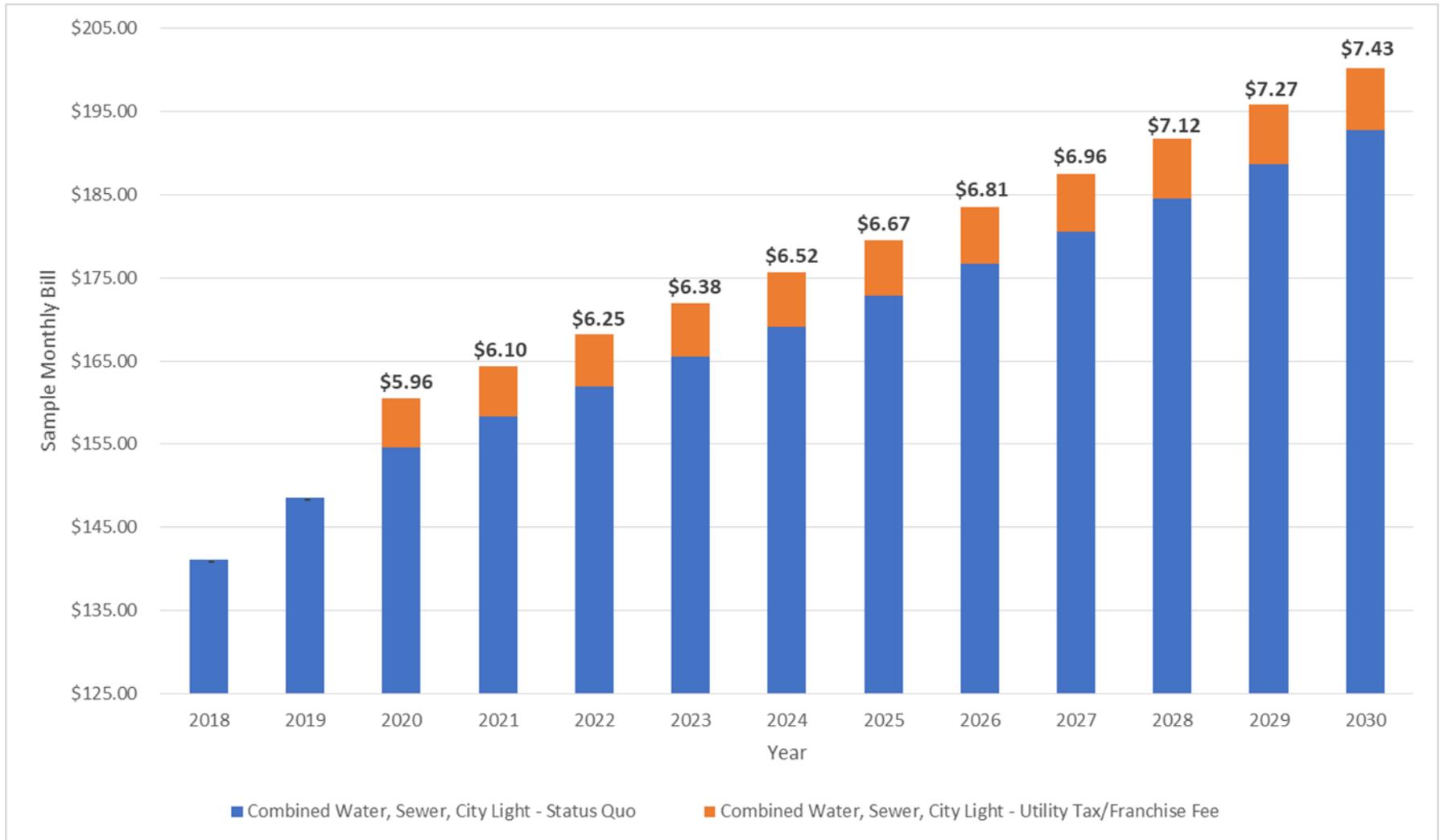


## 5. Median Home Value Property Tax Impacts





## 5. Sample Monthly Residential Utility Bill Impact





# Summary

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## Summary:

- Balanced budget 2019-20
- Status quo gap beginning 2021
- Revenue and tax options available to address gap
- Enhanced service funding requires combination of Council action revenue sources and voter approved options
- City Manager's Option/Consideration
  - provides enhanced services
  - requires use of reserves
  - includes levy lid lift
  - doesn't include B&O Tax increase



## Next Steps

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### **Council Guidance:**

- Council directed scenario options
  - Revenue options to exclude?
  - Other options not considered?
- Other Council interests
  - Community Center: Include in analysis?
  - Public Works/PaRCS Maintenance Facility: Additional City Reserve Funding?
  - Parks District?
- Confirm City Manager's Option/Consideration?

## **Courtney Black**

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## 2019-2020 City Manager Proposed Budget Requests Matrix

#	Comment Date	Department	Request/Comment	Estimated Annual Cost	Staff Response	Funded		Council Priority High/Med/Low
						2019 Y/N	2020 Y/N	
1	10/1/18	CM	City Manager Proposed 2019-2020 Budget		On-going revenues are balanced with on-going expenditures and staffing remains at near current levels. The increase in Parks landscape maintenance staff is offset by the cancelation of the landscape maintenance contract.	Y	Y	High
1.5	10/1/18	CM	City Manager 2021-2024 Forecast (Existing Services)	Total amount between 2021 - 2024 is \$7.3 M.	The gap begins at around \$1 M in 2021 and increases on average around \$583,000 per year to \$2.7 M in 2024. The FCS Study is underway regarding funding options/sustainability.	N	N	High
2	10/15/18	CM	SCORE Jail Contract	\$955,000	Due to growth in share of total inmate population, the budget amount in 2020 is \$1,325,000. This is an area of concern. Coordinated efforts are underway to reduce the estimated cost in 2020. Budget amount will be reexamined during the mid-biennium for 2020.	Y	Y	High
3	10/15/18	CM/Council member Tosta	\$15 Minimum Wage for City Employees	\$80,000	Funded by 2020 budget decreases with lower than estimated medical benefits and reduction in the estimated contract with SCORE for jail services. Included in the Final 2019-2020 Budget.	Y	Y	High
4	10/15/18	CM	King County Sheriff's Office Contract	\$12,995,000	Overall, 5% increase in 2019. 4% for contract and 1% contingency for retroactive COLA adjustments.	Y	Y	High

## 2019-2020 Council Budget Requests Matrix

#	Comment Date	Department/Council	Request/Comment	Estimated Annual Cost	Staff Response	City Manager Additional Funds Recommendation		Council Priority High/Med/Low
						Y	N	
1	10/22/18	Admin Services - IT	Regional aerial photography for GIS management	\$75,000 (one-time)			N	N/A
2	10/22/18	Admin Services – City Clerk	Public Disclosure Request tracking, repository, and retention	\$25,000 (one-time)	Seeking grant funding. No additional resources requested.		N	N/A
3	10/22/18	Admin Services - Communications	Additional community outreach support	No additional costs	In process – existing funds. No additional resources requested.		N	N/A
4	10/22/18	Admin Services - IT	Additional web maintenance	No additional costs	In process – existing funds. No additional resources requested.		N	N/A
5	10/22/18	CM/Councilmember Tosta	Study of Police Services	\$75,000 - \$100,000 (one-time)	Study conducted for Burien Aug 5, 2011.			Review following release of SeaTac study.
6	10/22/18	CM	Emergency Management Staff - .5 FTE or 1.0 FTE	\$60,000 - \$120,000	Currently collateral assignments in Public Works & Communications.	Y		Medium
7	10/22/18	CM	Succession Planning, City Manager position	\$10,000 - \$170,000	Director/Asst. CM or Asst. CM position			Low
8	10/22/18	CM	Funding mechanism for long-term capital projects		The primary focus of the FCS Study is the General Fund but potential actions may be identified to assist with capital funding.			Initial findings by FCS will be presented at the Nov 26 <sup>th</sup> Study Session.
9	10/22/18	CM	City-wide staff training, process improvement	No additional costs	In progress – existing funds.		N	N/A

#	Comment Date	Department/Council	Request/Comment	Estimated Annual Cost	Staff Response	City Manager Additional Funds Recommendation		Council Priority High/Med/Low
						Y	N	
10	10/22/18	CM	Policy and Procedure Development – Document Management	No additional costs	In progress – existing funds.		N	N/A
11	11/6/18	CM	<p><b><u>Enhanced Youth Services Proposal</u></b></p> <p><i>Enhanced Center for Children &amp; Youth Justice (CCYJ) LINC (Leadership, Innovation, Change) dedicated services for Burien</i></p> <p><i>Dedicated Street Outreach and Navigator</i></p> <p><i>Case Manager</i></p> <p><i>Direct Assistance to Youth</i></p> <p><i>LINC Team facilitation &amp; oversight by CCYJ &amp; LINC Steering Committee</i></p> <p><i>CCYJ/LINC Service Providers</i></p> <p><i>Evaluation, including Burien Group Audit &amp; Social Network Analysis</i></p> <p><b>Expansion of Centro Rendu Service Providers</b></p> <p><b>PaRCS Recreation Coordinator, teen &amp; youth after school programming</b></p> <p><b>Communications/Translations</b></p> <p><b><u>Enhanced Police Services Proposal</u></b></p> <p>Patrol Officer(s) Staffing Additions</p> <p>Gang Unit Detective(s)</p>	<p><b>\$739,000</b></p> <p><b>\$300,000</b></p> <p><i>\$100,000</i></p> <p><i>\$75,000</i></p> <p><i>\$20,000</i></p> <p><i>\$70,000</i></p> <p><i>\$31,000</i></p> <p><i>\$4,000</i></p> <p><b>\$100,000</b></p> <p><b>\$104,000</b></p> <p><b>\$225,000</b></p> <p><b>\$10,000</b></p> <p>\$200,000 per commissioned officer</p> <p>\$200,000 per detective</p>	Depending on City's ability to fund.			To be presented at the Nov 26 <sup>th</sup> Study Session as discussion/direction by council to enhance public safety options.

#	Comment Date	Department/Council	Request/Comment	Estimated Annual Cost	Staff Response	City Manager Additional Funds Recommendation		Council Priority High/Med/Low
						Y	N	
12	10/22/18	Com Dev/Councilmember Tosta	Long Range City Visioning – 25 Years	\$75,000 - \$100,000 (one-time)	Not included in current work plan for 2019-2020.			Medium
13	10/22/18	Finance	Additional Accounting Assistant for collection of Business & Occupation taxes - .5 FTE to 1.0 FTE	\$44,000 - \$95,000	Funded in 2019, not funded in 2020. Address during the mid-biennium for 2020.	Y		Discuss/review at 2020 mid-biennium review.
14	10/22/18	Human Services	Proactive licensing and inspection to address mold, bugs, rodents, and deteriorating structures.	\$60,000 - \$120,000. Potential increase in licensing fees.	Scope in process of being developed under tenant protections.	Y		High
15	10/22/18	Human Services	Community Health Workers	TBD	Scope in process of being developed.		N	N/A
16	10/22/18	Legal Services	Additional Code Enforcement Officer - .5 FTE or 1.0 FTE	\$37,000 - \$124,000	Address increase in service requests.		N	Medium
17	10/22/18	PaRCS/Councilmember Krakowiak	Community Center	\$20.0 M to \$35.0 M (one-time)	PROS Plan study completed.		N	High
18	10/22/18	PaRCS	Increase Arts & Culture Grant Funding	\$5,000	Current budget amount is \$20,000.		N	High
19	10/22/18	PaRCS	Financial Analyst	\$60,000 - \$135,000			N	N/A
20	10/22/18	PaRCS	Volunteer Program Support - .5 FTE	\$42,500			N	N/A
21	10/22/18	PaRCS	Project Engineer	\$145,000			N	N/A
22	11/6/18	PaRCS	Infrastructure Management (Annex, etc)	TBD	Needs to be addressed in the future to meet service levels.			High

