

# FUNDING OPTIONS



**City Council Special Meeting  
November 9, 2016**

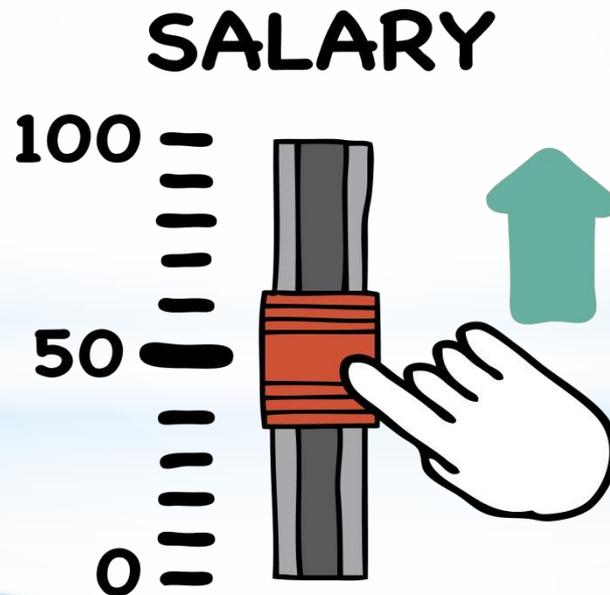
**Presented by Adé Ariwoola, Finance Director**

# Mayor's Proposal

REVENUE:	2017	2018
COP Grant (60%)		\$ .23M
Business License	\$ .36M	\$ .36M
Adjusted Utility Tax	\$1.0M	\$1.0M
SUB-TOTAL:		\$1.59M
		+\$ .22M Carryover
<b>TOTAL:</b>	<b>\$1.36M</b>	<b>\$1.81M</b>
EXPENDITURES:		
Police Officers (New)	(4 Officers) = \$.55M	(5 officers) = \$1.24M
Equipment Reserve	\$.25M	\$.25M
Guild Contract	\$.34M	\$.32M
<b>TOTAL:</b>	<b>\$1.14M</b>	<b>\$1.81M</b>
<b>FUND BALANCE:</b>	<b>\$.22M</b>	

# Other Considerations

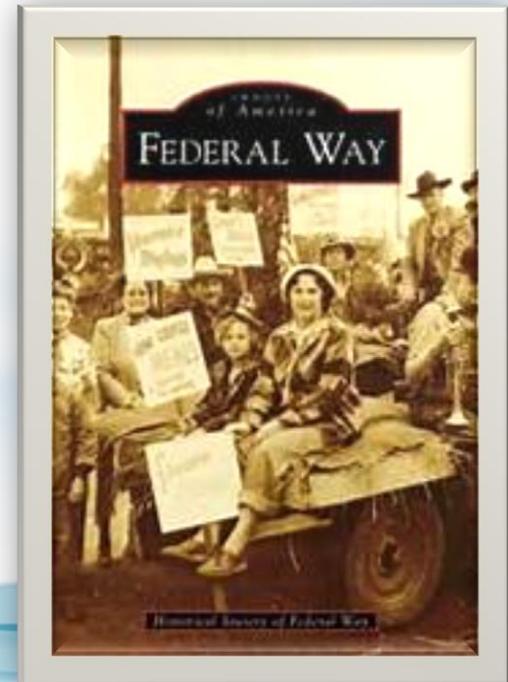
- Historical Society
- Market Salary Competitiveness



# Historical Society Background

July 26, 2016 - FEDRAC Meeting

August 9, 2016 - Council Meeting



# Support of Historical Society from 2008-2015

Architect services	\$9,200
Roofing	\$11,935
Windows	\$10,300
Boiler	\$11,030
Electrical	\$22,236
Awning	\$1,976
In-home repair	\$5,000
Storage	\$18,947
<b>8 YEAR TOTAL</b>	<b>\$90,624</b>

Approximately \$11,328 per year

# Additional Support 2015/16

## A. 2015

- Lodging Tax \$10,000
- Anonymous Donation \$10,000



## B. 2016

- General Fund \$10,000 - Pending

# Support of Historical Society Annual Breakdown

Rental value based  
on square footage

- \$1,500 per month = \$18,000 per year

City's storage  
rental

- \$152.10 per month = \$1,825.20 per year

Lawn maintenance  
2 hours per week

- \$317.60 per month = \$3,811.60 per year

# Historical Society Funding

## A. \$10,000 Funding Thru Lodging Tax

- Request through Lodging Tax Committee
- Meet Lodging Tax requirements

## B. If Council wants additional \$10,000

- Increase the available revenue source for GF
- Contract of service



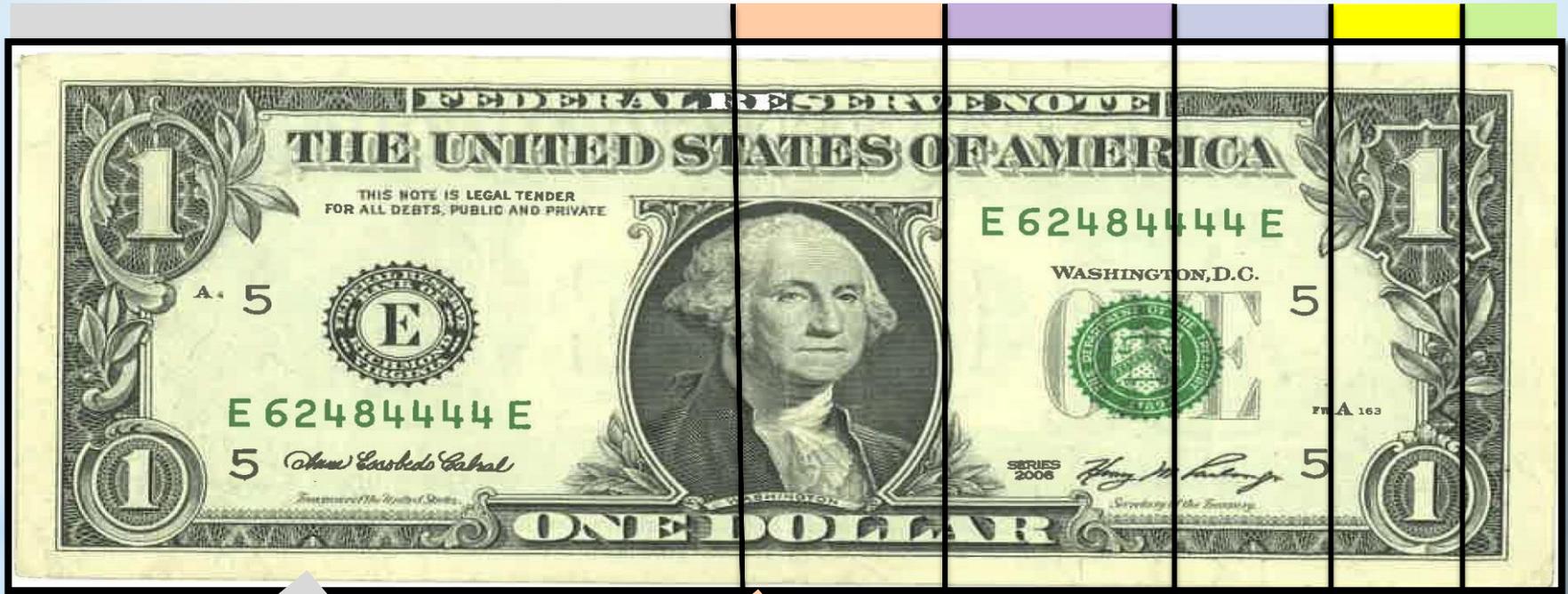
# Market Salary Competitiveness

- Passage of ST3
- Ability to retain good employees
- Market compensation essential

2017	\$0.30m
2018	\$0.31m



# 2016 Property Tax Distribution



46.4¢ School

14.9¢ State

15.0¢ Fire/EMS

10.2¢ County

8.1¢ City

5.4¢ Port/Lib/Fld

# Property Tax Rate 2016 Collection

	Voted	Non-voted	Total	%
City	-	1.18504	1.18504	8.1%
FWPS	6.74731	-	6.74731	46.4%
King County	0.55569	0.92548	1.48027	10.2%
Washington State	-	2.16898	2.16898	14.9%
County Flood Zone	-	1.12980	0.12980	0.9%
Port of Seattle	-	0.16954	0.16954	1.2%
Fire District #39	0.41030	1.50000	1.91030	13.1%
Library	0.05275	0.42439	0.47714	3.3%
EMS	0.28235	-	0.28235	1.9%
	8.04840	6.50233	14.55073	100%

VOTED: 8.04840 or 55.3%

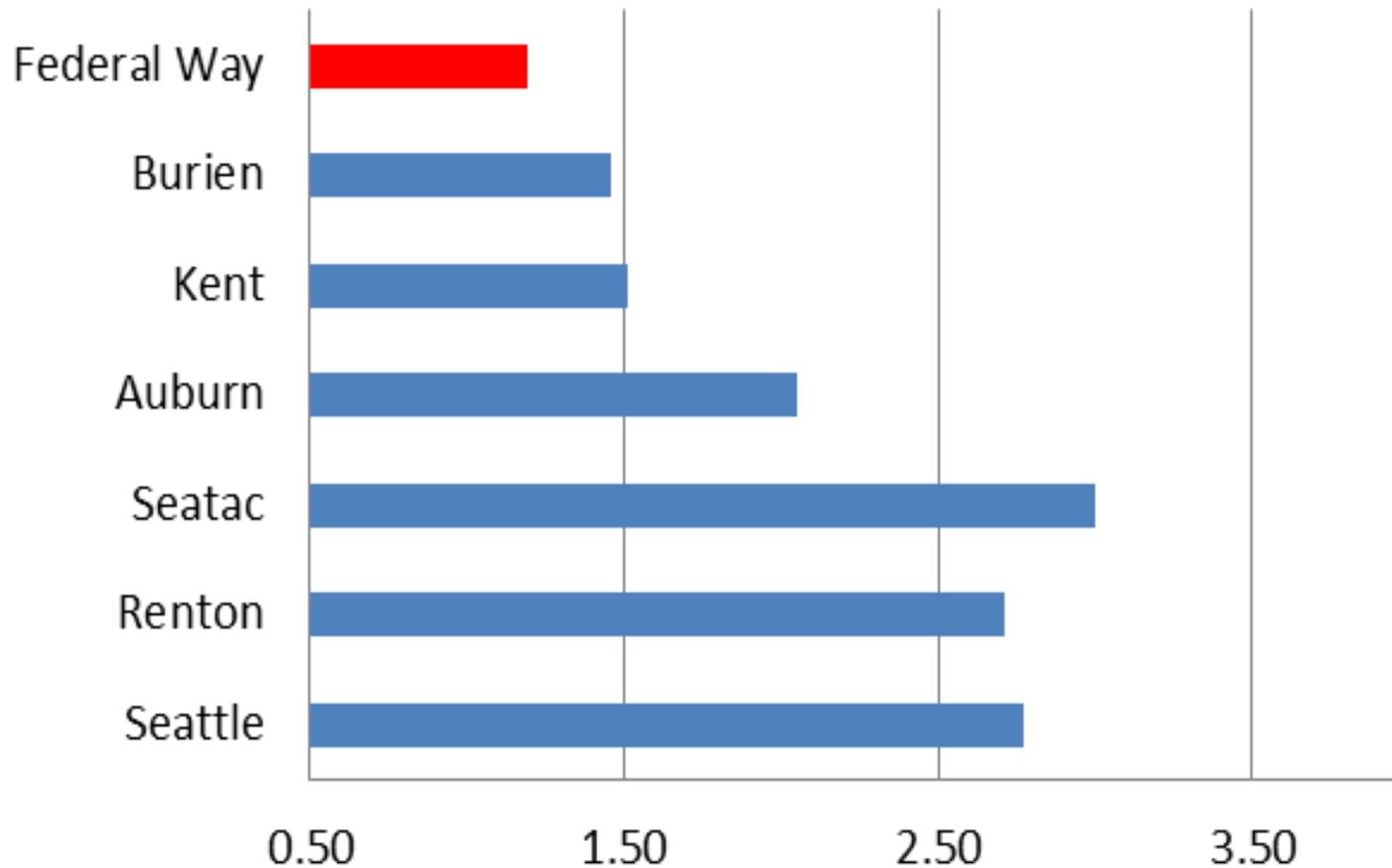
NON-VOTED: 6.50233 or 44.7%

# Property Tax ...continued

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Federal Way	1.19	1.25	1.4	1.42	1.3	1.2	1.13	0.97	1.04	1.14
Kent	1.51	1.58	1.65	1.69	1.57	1.48	2.36	2.18	2.36	2.56
Auburn	2.05	2.08	2.17	2.1	2.08	1.93	1.82	1.49	1.49	1.48
Renton	2.71	2.83	3.15	3.1	3.1	2.83	2.71	2.37	2.62	2.88
Seattle	2.77	2.62	3.05	3.29	3.58	3.36	3.23	2.86	3.07	3.43
SeaTac	3	3.16	3.1	3.1	2.88	2.8	2.58	2.34	2.45	2.61

# How We Stack Up

## Property Tax Rates



## Property Assessed Amount and Levied Amount

	Assessed Amount**	Levied Amount**
Federal Way	8,905,294,058	10,487,319
Burien	5,159,990,547	7,443,096
Kent	15,046,306,884	22,657,939
Auburn	7,948,426,775	16,201,937
Seatac	4,935,361,365	14,714,271
Renton	13,812,773,159	37,269,743
Seattle	163,924,328,611	452,827,119

# Sustainable Funding Options

## A. Transportation Benefit District (TBD)

A. RCW 36.73.020

B. RCW 82.80.140

## B. B & O Tax

## C. Business Registration

## D. Equal application of Utility Tax

## E. Permit Fees

## F. Admissions Tax



# Transportation Benefit District

(TBD)

- Currently registered vehicles - 62,885
- City may charge up to \$20/vehicle
- Takes 6 months to put in place
- State charges 1% admin fee



# Transportation Benefit District

...continued

- May raise up to \$1.25 million
- Light rail bond may affect the total licensing cost
- Majority vote of Council required
- Combined with other district, not to exceed \$50



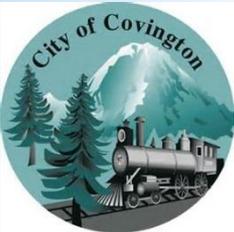
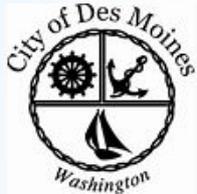
# Transportation Benefit District

...continued

- **Light rail bond may affect the total licensing cost.**
  - New 0.8% MVET on vehicles by ST3 (\$80.00 on \$10,000 vehicle annually)
  - Current 0.3% MVET by Sound Transit thru 2028



# Current Cities with TBD in King County



City Name	Enactment Date	Amount
Fife	1/1/2017	\$20
Maple Valley	7/1/2013	\$20
Normandy	3/1/2016	\$20
Black Diamond	7/1/2015	\$20
Burien	2/1/2011	\$10
Covington	6/1/2016	\$20
Des Moines	9/1/2009	\$40

# Business and Occupation Tax

- Usually based on revenue
- Requires additional staff
- Tax payer Data Sharing Agreement
- Cities with B & O Tax

**BUSINESS**

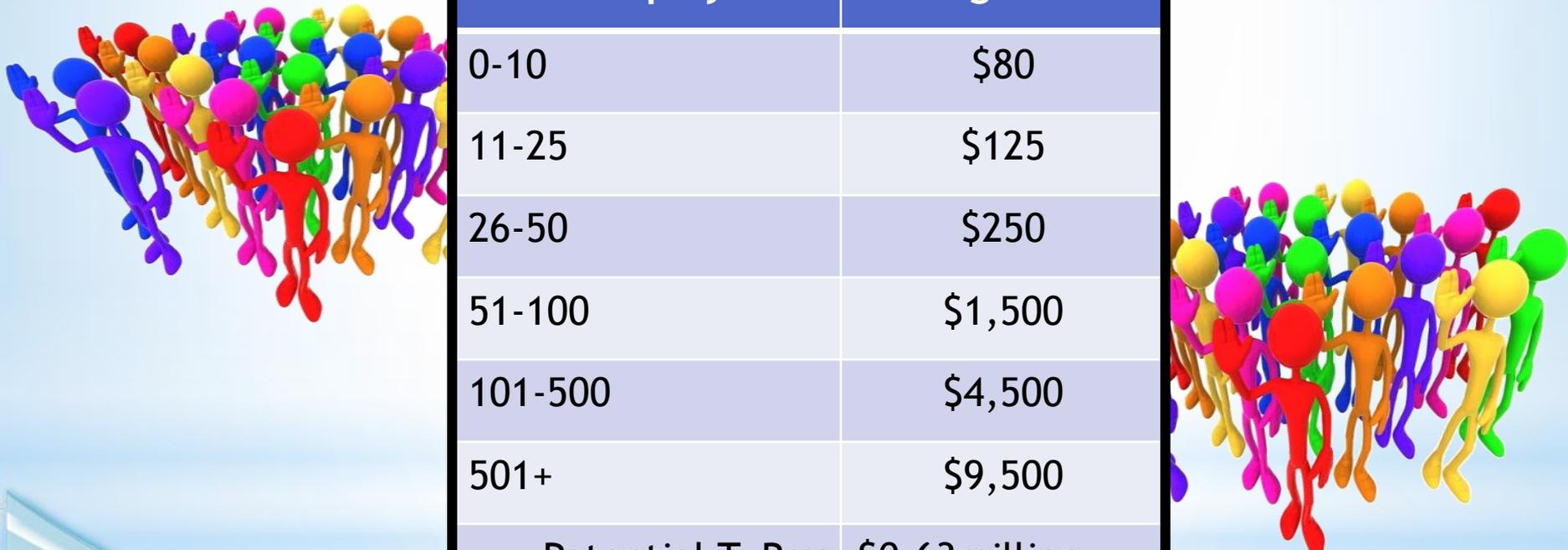
# Current Entities using B & O Tax

City	Manufacturing	Retail	Services	Wholesale	
Algona	0.00045	0.00045	0.00045	0.00045	
Burien	0.001	0.001	0.001	0.001	<100,000
Des Moines	0.002	0.002	0.002	0.002	<50,000
Issaquah	0.0012	0.0012	0.0012	0.0012	
Kenmore	0.002				
Kent	0.00046	0.00046	0.00152	0.00152	<250,000
Lake Forest Park	0.002	0.002	0.002	0.002	
Mercer Island	0.001	0.001	0.001	0.001	
North Bend	0.002	0.002	0.002	0.002	
Pacific	0.002	0.002	0.002	0.002	
Renton	0.00085	0.0005	0.00085	0.00085	< 1.5 mill Rev
Seattle	0.00215	0.00215	0.00415	0.00215	With VOTE, <50,000
Snoqualmie	0.0015	0.0015	0.0015	0.0015	

# Current Entities using B & O Tax and Business Registration amount

City	Manufacturing	Retail	Services	Wholesale	Business Registration
Burien	0.001	0.001	0.001	0.001	\$75 - \$150
Des Moines	0.002	0.002	0.002	0.002	\$50 - \$200
Kent	0.00046	0.00046	0.00152	0.00152	\$50 - \$713.93
Renton	0.00085	0.0005	0.00085	0.00085	\$50 - \$110
SeaTac	x	x	x	x	\$50 - \$9,500
Auburn	x	x	x	x	\$50 + \$63 for Insp.

# Proposed Business Registration



# of Employees	Reg. Fee
0-10	\$80
11-25	\$125
26-50	\$250
51-100	\$1,500
101-500	\$4,500
501+	\$9,500
Potential T. Rev	\$0.63million
NET	\$0.36million

# Equal Application of Utility Tax

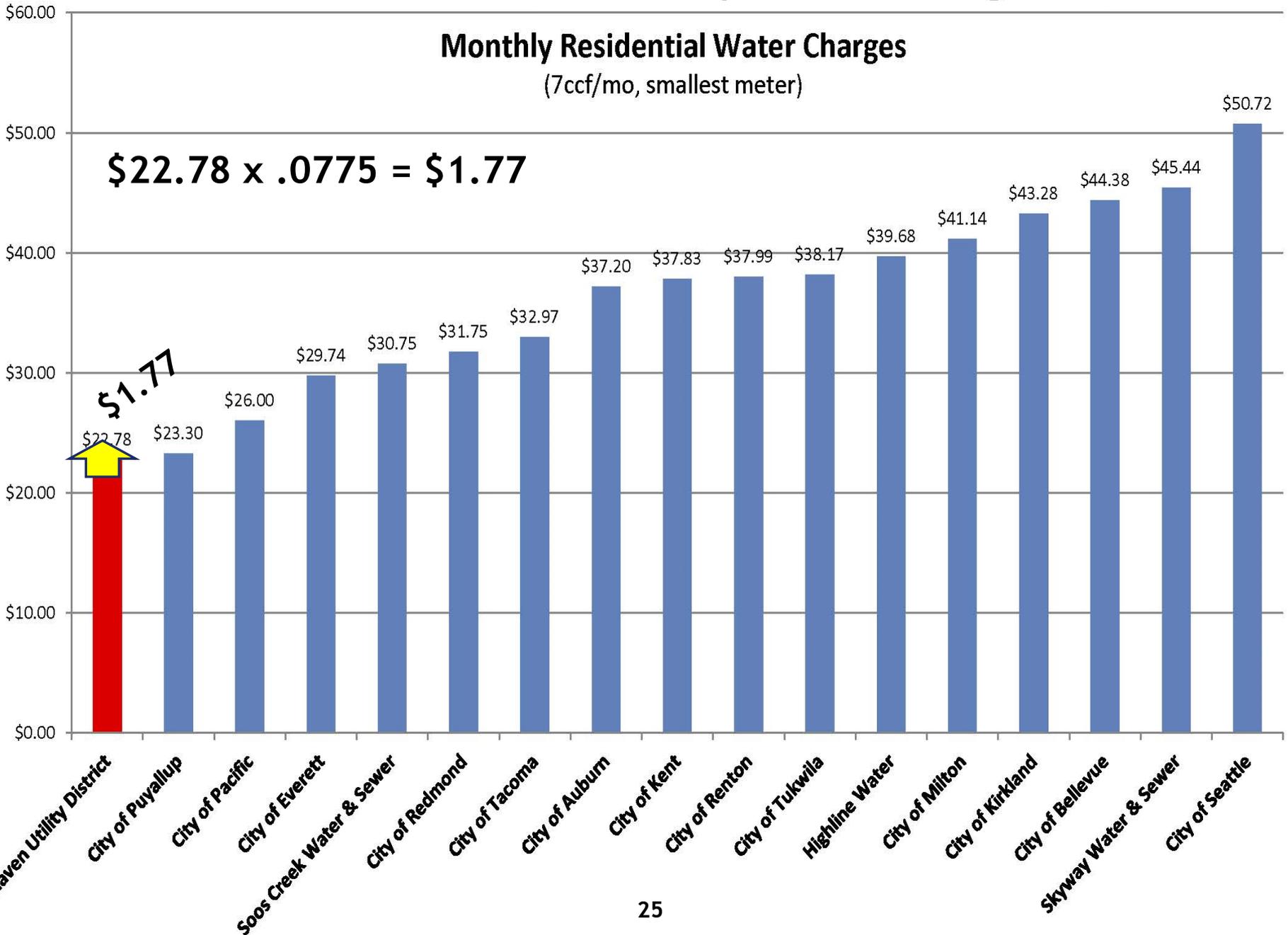
1. Current Rate is 7.75%
2. Current rate paid by water & sewer is \$0,  
but Franchise Fee is 3.6%
3. Analysis of current plan
  - Franchise Fee
  - Light Fees
  - Hydrant Fees



**\$1.0m**

# Lakehaven Water Rates Compared to our Neighbors

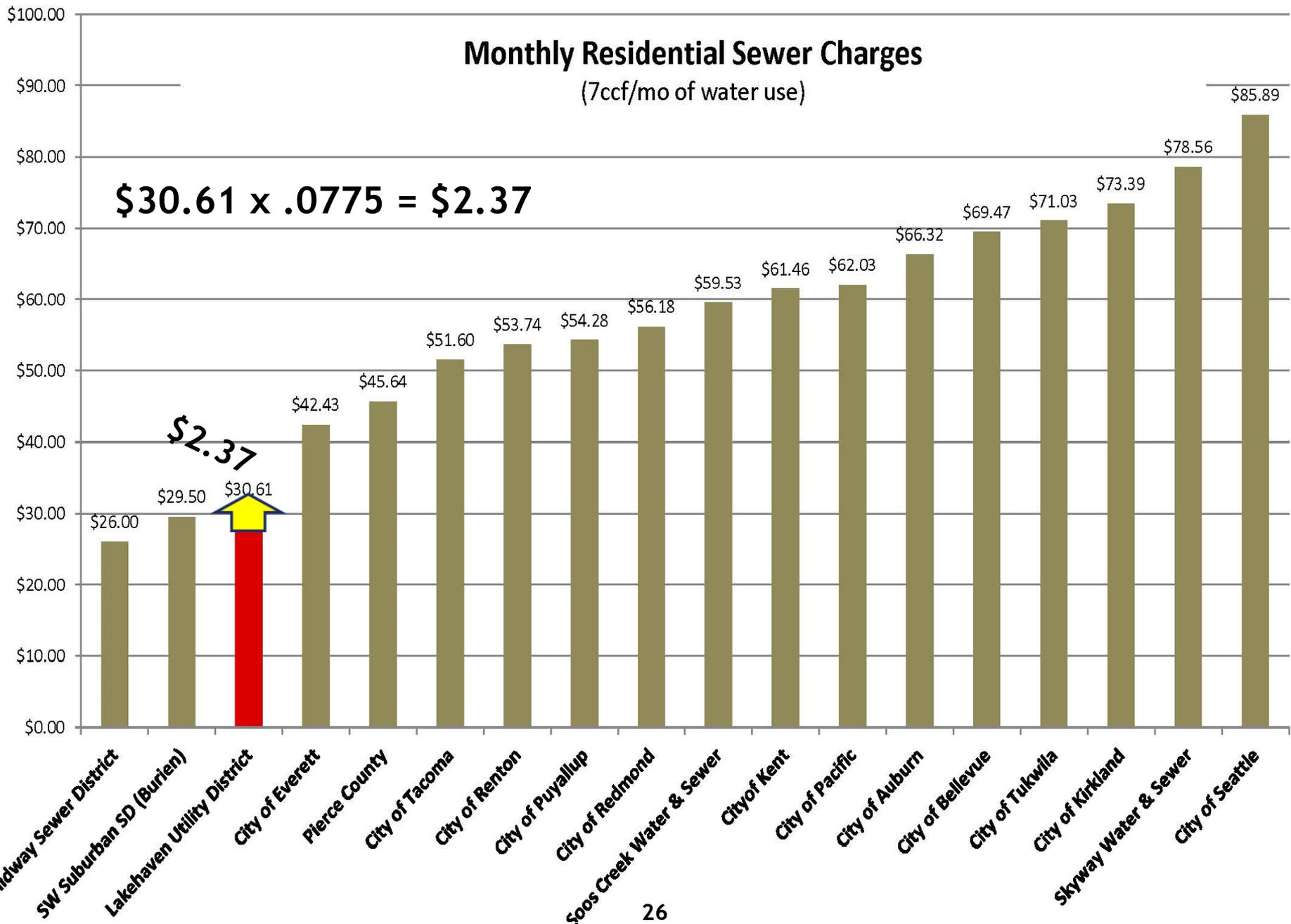
## Monthly Residential Water Charges (7ccf/mo, smallest meter)



# Lakehaven Sewer Rates Compared to our Neighbors

## Monthly Residential Sewer Charges (7ccf/mo of water use)

**\$30.61 x .0775 = \$2.37**



# Equal Application of Utility Tax

1. City of Puyallup	8%
2. City of Pacific	6%
3. City of Everett	6%
4. City of Tacoma	6%
5. Proposed	7.75%



## Lakehaven Resolution 2016-1262

- Proposing annual rate growth of between 1% - 2% from 2017 through 2020

# Equal Application of Utility Tax

## 1. 3.6% Franchise Fee

1. Revenues	\$849k
2. Expenses	\$956k
3. Net	-\$107k

*Depending on LHU  
reported revenue*

## 2. 5% Franchise Fee

1. Revenues	\$1,179k
2. Expenses	\$956k
3. Net	\$223k

## 3. 7.75% Utility Tax

1. Revenues	\$1,827k
2. Expenses	\$956k
3. Net	\$871k



# Permit Fees

## Re-examination of permit fees

- Lower than comparable fees of our neighboring cities

These fees will fluctuate with economic condition, but are also a source of revenue for the City.

# New Permit Fees



# Admissions Tax

## A. Affected Businesses

- 
- 
- 

May raise up to \$0.60 million

# Admissions Tax ...continued

## B. Potential Revenue

- 5% → \$0.61m
- 4% → \$0.49m
- 3% → \$0.37m
- 2.5% → \$0.31m
- 2% → \$0.24m
- 1% → \$0.12m
- 5% cap at 60 cents \$0.40m



# Admissions Tax ...continued

## Actual Fee Amount Per Rate

	\$7	\$10	\$20	\$40	\$50
5%	0.35	0.50	1.00	2.00	2.50
4%	0.28	0.40	0.80	1.60	2.00
3%	0.21	0.30	0.60	1.20	1.50
2.5%					
2%	0.14	0.20	0.40	0.80	1.00
1%	0.07	0.10	0.20	0.40	0.50
5% Capped	0.35	0.50	0.60	0.60	0.60



# Summary

## Potential Total Revenues

TBD	\$1.25m	
B&O	\$0	
Bus Reg.	\$0.36m	} \$1.76m
U. tax	\$1.00m	
Adm. fee	\$0.40m	
<b>Total</b>	<b>\$3.01m</b>	



# Summary ...continued

## Total Long-term Expenditures

9 Officers	\$1.80m	} \$2.98m
Equipment	\$0.84m	
Guild	\$0.34m	
Unfunded Pos.	\$0.36m	
Job Market	\$0.30m	
<b>Total</b>	<b>\$3.64m</b>	



# Summary ...continued

Funding of the 9 New Officers Depends on:

- Utility Tax or Franchise Fees increase
- COPS Grant (60% for 3 years)
- Other source of revenues



# Conclusion

Direct staff on the option to include in the November 15, 2016 Budget Ordinance:

- Utility tax
- Admission tax
- TBD
- Business Registration
- Permit Fees
- Market Salary Competitiveness
- Historical Society

# Questions

