

Forecast Update and Preview of Revenue Options

September 13, 2022
Committee of the Whole
Office of Management & Budget



1

Agenda

- Budget Process Overview
- Closing the General Fund Gap
 - Financial Projections – Update
 - One-Time Resources
- Revenue Options
- Summer Outreach Summary & Fall Outreach Discussion

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2

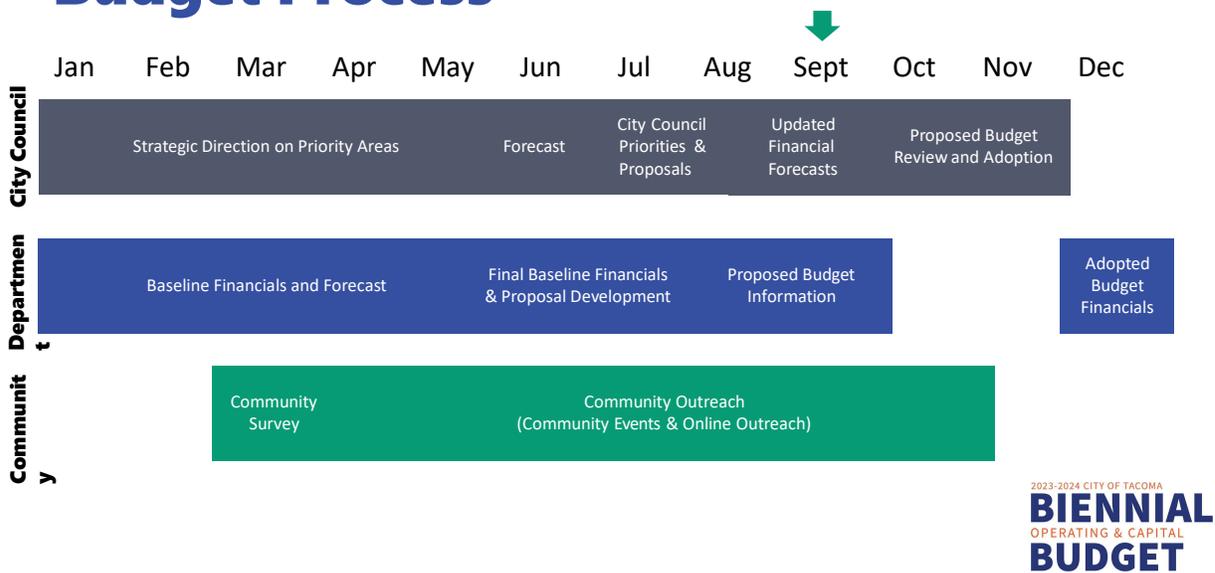
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Budget Process



3

Budget Process



4

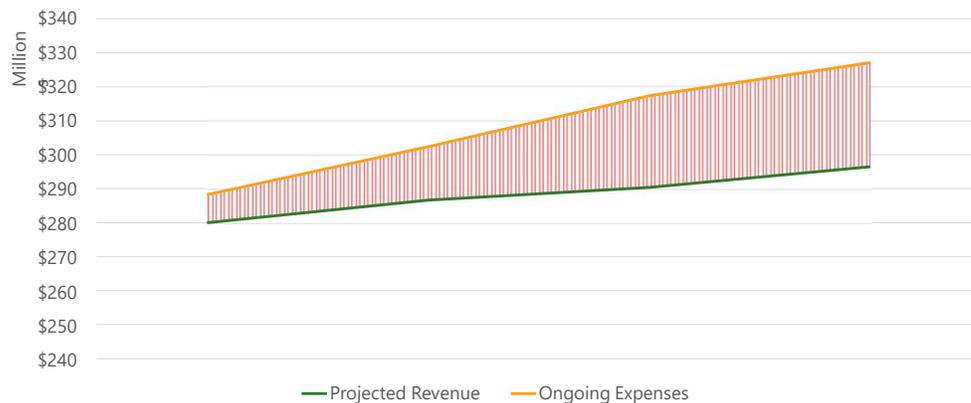
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Closing the Gap



5

GENERAL FUND FINANCIAL FORECASTS



	2023	2024	2025	2026	2027	2028
Baseline Structural Gap	-\$8.3M	-\$15.7M	-\$27.0	-\$30.7	-\$38.2	-\$45.4

2023-2024 Includes use of one-time ARPA funds for ongoing Fire Services



6

6

General Fund Position

Close the \$24M Gap

- Baseline Updates - Updated Revenue and Expenses Projections
- Proposals
 - Reduce Expenses
 - Update costs to reflect service level or demand
 - Reduce services levels
 - Re-Structure Revenues and Costs
 - Evaluate how programs are allocating current revenues or staff time
 - Identify New and Updated Revenues (Business License Fee + \$6M)

Proposals to Restore, Maintain, and Increase Services

- One-Time ARPA Funds (\$26.5M)
- One-Time Use of Cash
- Ongoing Revenues to Support Sustainable Litter and Debris Response (NEW Excise Tax + \$7M)



7

7

Revenue Options



8

Annual Business Licenses - Proposed Change to License Fees and Gross Income Tiers

Gross Income	Current Fee	Proposed Fee
Less than \$12,000	\$25	\$25
\$12,000 - \$250,000	\$110	\$130
\$250,001 - \$1,000,000	\$250	\$300
\$1,000,001 - \$5,000,000	\$250	\$1,000
Over \$5,000,000	\$250	\$1,500

- The effective date for the new license fees and tiers would be January 1, 2023.
- Business License Fee increase would generate approximately \$3M in additional revenues per year
- Link to [City Website for more information](#)



9

Annual Business Licenses - Businesses by Tier

Proposed License Tiers				
Gross Income Thresholds	Estimated # of Businesses	Percent of Total Business	Proposed License Fee	Amount of Increase
Under \$12,000	4,900	16%	\$25	\$0
Between \$12,000 - \$250,000	12,500	42%	\$130	\$20
Between \$250,001 - \$1M	9,800	33%	\$300	\$50
Between \$1M - \$5M	2,000	7%	\$1,000	\$750
Over \$5M	775	3%	\$1,500	\$1,250
Total	30,000	100%		



10

Annual Business Licenses - Comparison

Nearby Cities		B&O Cities	
Fife (FTE)	\$50 - 750	Aberdeen	\$25
Gig Harbor	\$40	Auburn	\$103
Lakewood	\$60	Bellevue	\$100
Fircrest	\$75	Bellingham	\$40
Ruston	\$40	Bremerton	\$75
DuPont	\$75	Burien (FTE)	\$180 - 350
Federal Way (FTE)	\$81 - 9,501	Des Moines	\$75 - 100
University Place	\$50	Everett	\$90
Milton (FTE)	\$101 - 1,213	Hoquiam	\$50
Puyallup (FTE)	\$0-500	Ilwaco	\$125
Lacey	\$25	Issaquah	\$60
		Kelso	\$50
		Kent (FTE)	\$259 - 759
		Long Beach	\$125
		Longview	\$50
		Pacific	\$50 - 150
		Renton (FTE)	\$43 - 150
		Seattle(current)	\$59 - 2,613

*FTE: FULL TIME EMPLOYEE

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11

Litter and Debris Response Background

- Increased Calls for Blight Removal Services
 - 311 requests referred to Solid Waste Management (SWM) increased 17% from 2019 to 2021
 - SWM completed 4,491 requests in 2021 - Most common: illegal dumping (2,613) and blight (1,003)
- Increased Removal of Encampment Related Debris
- Relied on Federal and One-time Funds to Supplement Services for Tidy Up, Encampment Response, and Graffiti Removal in 2021-2022
- Efforts managed by multiple departments - ES, NCS, and PW
 - Lack of central point of contact
 - Process is inefficient and inconsistent which leads to longer response times & frustration

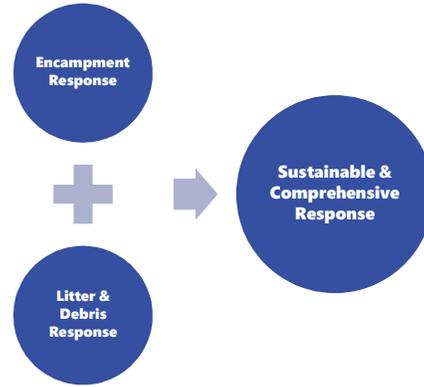
Given General Fund position and need for these services to be ongoing, staff proposes using a new funding source to continue and expand service levels

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12

Sustainable Litter and Debris Response

- Establish NEW Ongoing Funding for Efforts
- Expand Current Services to Meet Public Needs
- Centralize and Streamline Current Services
- Single central point of contact
 - Improved customer service
 - Quicker response times

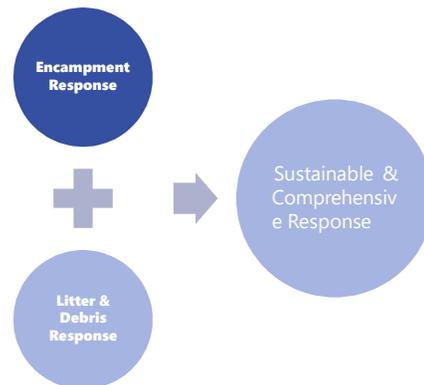


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13

Encampment Response

- Centralize Management of Existing Programs
 - Clean-up of removed encampments
 - Litter and debris response in active encampments
 - Purple Bags
- New Funding is Needed to Maintain Service levels from 2021-2022 (≈\$1.2M annually)



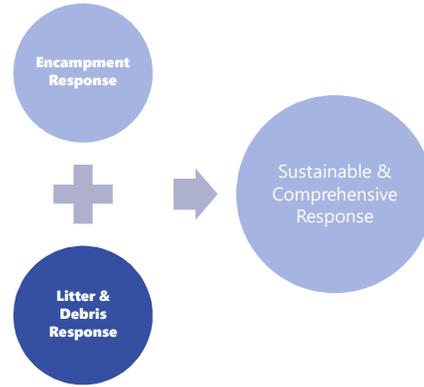
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14

Litter and Debris Response

Enhance Services through New Revenues

- Litter Crew (≈\$800K annually, 6 FTEs)
 - Dedicated team to supplement existing Blight Trucks to address litter, blight and illegal dumping in Neighborhood Business Districts and Targeted Areas
 - Goal is to transition to proactive services
- Dangerous Site Clean-Up (≈\$150K annually)
- Trail Maintenance (≈\$200K annually)
- Graffiti on Public Property (≈\$200K annually)
- Public Litter Cans - Enhance existing services (\$120K annually ≈ 20 cans)

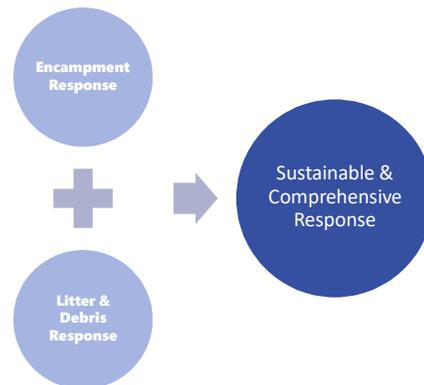


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15

Centralized Response

- Communications Support
- Centralize Management and Staff Support of Programs (+2 FTE)
 - Encampment Response
 - Litter and Debris Response
 - Existing Services
 - Community Service Work Crew
 - Adopt-A-Spot/Litter Patrol
 - Blight Trucks
 - Tacoma Cares Truck
 - Tidy Up Tacoma Truck
 - Illegal Dumping Disposal



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16

Phase-in Plan and Communication

- Q4 2022
 - Engagement on Excise Tax Need and Program through Budget Process
 - Begin sharing Customer Bill impact
- Q1-Q2 2023 (Tax Start Date – April 2023):
 - Continued Communication on Customer Bill impact
 - Community Engagement on Priorities for the Sustainable Litter & Debris Response
 - Hiring management and support team and new Litter Crew for new program
- Q3-Q4 2023:
 - Transition of current programs from Public Works and Neighborhood and Community Services to Solid Waste Management
 - Establish new contracts for dangerous areas
 - Litter Crew Deployed
 - Tailored program approach based on Community Engagement

Private hauling will have a delayed implementation date due to administrative changes associated with implementation the tax. Staff also propose an administrative exemption for disposal fees at the Transfer and Recovery Center



17

Tax Impacts and Spending Plan

- 6% Excise Tax on Solid Waste Bill starting in April 2023
- \$3 per month for 60 Gallon Container
- Spending plan includes funding for Bill Payment Assistance (BCA)

2023-2024 Projections	
Encampment Response	\$2.5 M
Litter & Debris Response	\$3.7 M
Sanitation Staff Support & Communication	\$0.7 M
Bill Payment Assistance (BCAP)	\$0.3 M
Total Expense	\$7.2 M
Total Estimated Funding	\$7.2 M



18

18

Next Steps

- Proposed Budget on October 4th
- Follow Up on Council Questions during Budget Work sessions
- Fall Budget Outreach and Public Hearings
- Bring forward Tax Ordinance with Budget for First Reading on November 15 and Second Reading on November 22



19

19

Outreach Summary

Community Survey

Respondents

750 random sample – equally amongst districts

Major Issues Facing Tacoma in Next 5 Years

- Homelessness 40%
- Housing/Housing Shortage/land Shortage – 19%
- Crime 13%

Balancing Act

1,083 Views, 129 Submissions, 2 Online Events

Top 3 Areas for Increased Funding

1) Access, 2) Affordable Housing, 3) Community Safety

Top 3 Areas for Decreased Funding

1) Community Safety, 2) Organizational Effectiveness & Culture, 3) Access

Community Events

279 Participants at 5 Events

Priority for Improvement

- Affordable Housing and Homelessness (93)
 - Community Safety (50)
- Health (42), Access (39), Livable Wage Jobs (38)

Event	Date	Participants
Broadway Farmers Market*	June 2022	48
Eastside Farmers Market*	June 2022	63
MOSAIC	July 2022	98
Hilltop Street Fair	August 2022	38
McKinley Hill Neighborhood Fair	September 2022	32
Festival Latinx	September 2022	TBD
TOTAL	Summer 2022	279



20

20

Proposed Budget Fall Outreach

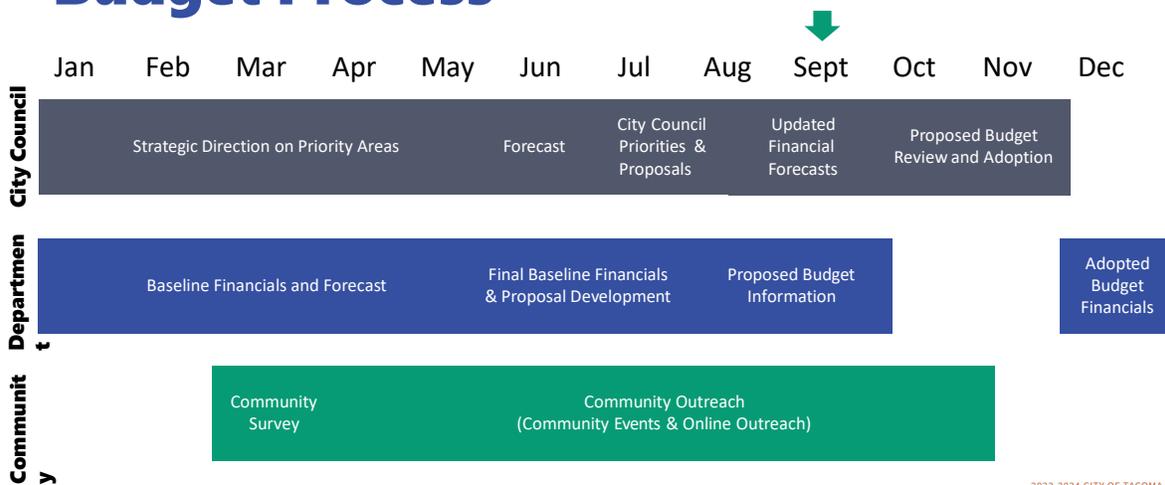
- City Manager presentations at Community Organizations
- City Council Town Halls – three in person or hybrid events across the City
- Staff led Balancing Act virtual events on Proposed Budget
- Public Hearings



21

21

Budget Process



22

22

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