

# Long Range Financial Forecast

GPFC – June 7th



2023-2024 CITY OF TACOMA

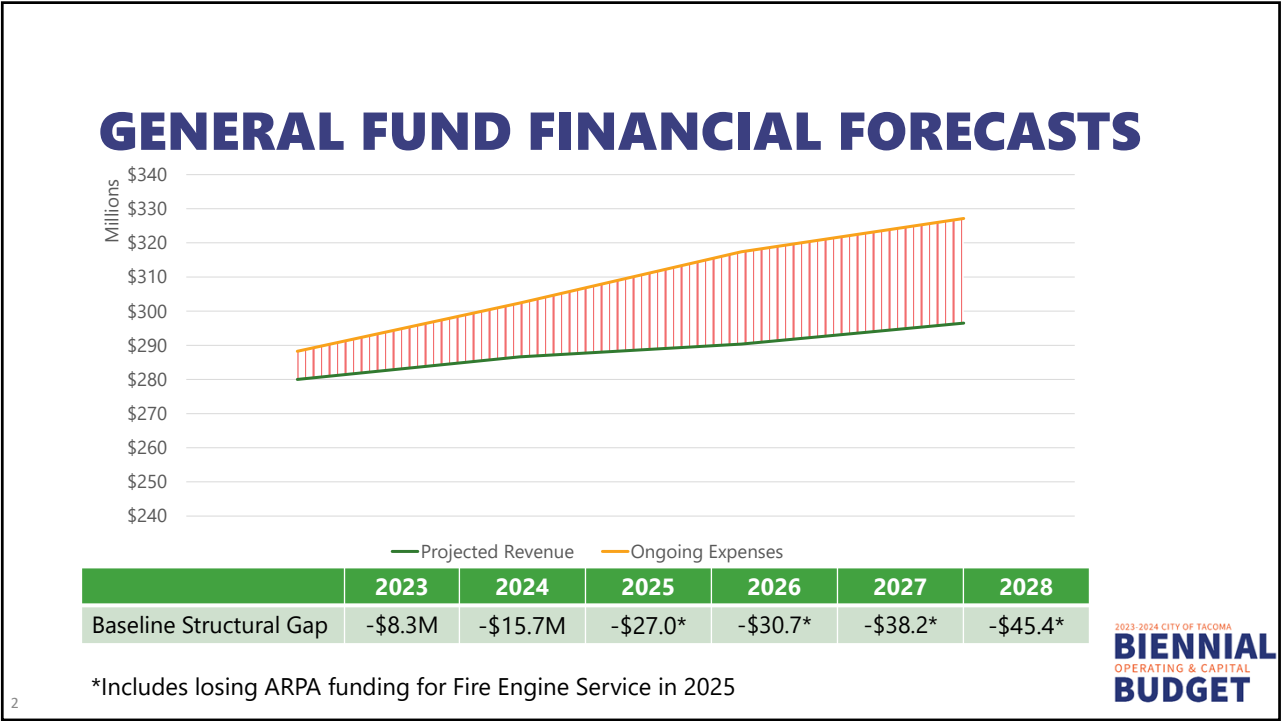
## BIENNIAL

OPERATING & CAPITAL

## BUDGET

CORE SERVICES  
CONTINUOUS IMPROVEMENT  
CREDIBILITY

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## Department General Fund Budgets

	2021-2022 Adopted Budget	2023-2024 Baseline Budget	Major Changes
Tacoma Police	\$172.3M	\$206.8M	Labor: removal of vacancy projection, increased overtime projections, added MOD positions, Operations: new insurance, fleet restoration, Internal Service Cost Increases
Tacoma Fire	\$133.1M	\$154.7M	Labor: wages, health care, updated overtime projections, Operations: Internal Service Cost Increases
Library	\$28.6M	\$32.9M	Labor: wages and return to full Library hours, and added MOD position
Streets, Streets Initiative, and Parking Transfers	\$20.0M Streets, \$2.25M Streets Initiative, \$0M Parking	\$25M Streets, \$6M Streets Initiative, \$7.7M Parking	Restoration of historic budget, cost growth in materials and personnel, low parking revenues requires funding to support Debt Service and operations
Neighborhood & Community Services	\$22.5M	\$24.5M	Removal of vacancy plug and external contract growth

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## Ways to Address the Gap & Reprioritize Services

### Reduce Expenses

- Update costs to reflect service level or demand
- Reduce services levels
- Stop offering a program
- Is a service duplicated or not achieving results in priority areas?

### Re-Structure Revenues or Costs

- Evaluate how programs are allocating current revenues or staff time

### Identify New Revenues or Update Revenues

### Propose Increased Service Levels or New Services

- Focus on Council and Community Priority Areas, Adopted Plans and Policies, and Community Feedback

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## Major Priority Needs

- Affordable Housing and Homelessness
- Community Safety
- Infrastructure
- Repair and Replacement of Facilities
- Operational Costs of Essential Services
  - Growth of Costs
  - Growth in Need

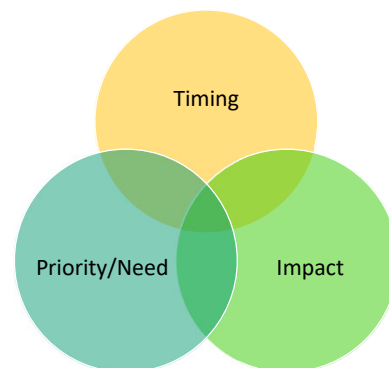
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## Considerations on New or Increased Revenues

- Priority of Expense/Need
- Timing
  - Implementation plan readiness
  - Collective impact of tax measures
  - Renewal of City Taxes and other Jurisdictions
  - Economic conditions
- Impact
  - Connection between the “tax” and service
  - Regressive vs. progressive tax structures
  - Tax level for community
  - Level of fixed debt service



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## Revenue Options

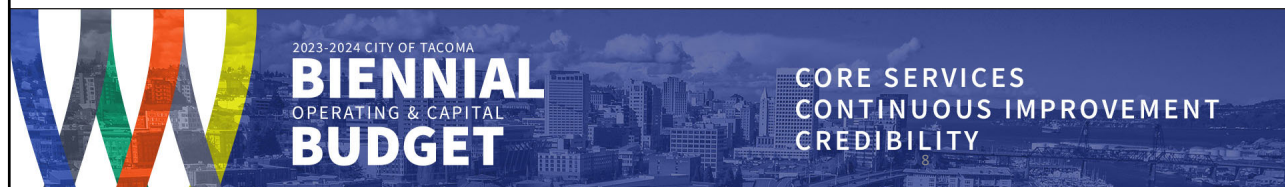
	Authority	Revenue Generation	Notes
Gross Earnings Tax	Voter Approval	Up to approximately \$3M	Currently at 8% Max for all major utilities excluding Power and Natural Gas (7.5%). Maximum can be increased through charter change
Business and Occupations Tax	Councilmanic	Upwards of \$10M	Increasing to the maximum is almost double for some categories (with voter approval can go higher than maximum)
Property Taxes - Levy Lid Lift <ul style="list-style-type: none"> <li>General</li> <li>EMS</li> <li>Affordable Housing Levy</li> </ul>	Voter Approval	<ul style="list-style-type: none"> <li>Capacity above \$100M annually</li> <li>EMS - \$7.9M Annually</li> <li>Affordable Housing - \$18.6M Annually</li> </ul>	Can be permanent or temporary, can also be structured for bonding
Business Licenses Fees	Councilmanic	Upwards of \$3M annually	Adjusted regularly to reflect CPI changes. Hasn't been updated in 5 years. Can increase beyond this level
Impact Fees	Councilmanic	Varies Significantly	No Impact Fees. Helps offset costs related to increased population and development pressures
Excise Taxes (for example Head Tax)	Councilmanic	Varies Significantly	Can be structured in a variety of ways
Other Fines and Fees	Councilmanic	Varies Significantly	Adjusted regularly to reflect CPI changes and cost of service

7 \*Bonding often comes up as a revenue source. Since it requires a revenue source to pay for debt service, it does not add new revenues.

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