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# **2017-2018 Biennium-End Financial Report**

## **2019 1<sup>st</sup> Quarter Financial Report &**

## **Recommended Adjustments**

CITY OF TACOMA  
**BIENNIAL  
BUDGET**  
2019 - 2020

**May 7, 2019**

CORE SERVICES  
CONTINUOUS IMPROVEMENT  
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2017-2018  
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CORE SERVICES CONTINUOUS IMPROVEMENT CREDIBILITY

# 2017-2018 Preliminary Biennium- End Financial Report

# Background

- 2017-2018 Biennium began on January 1, 2017 and ended on December 31, 2018
- All figures are preliminary/unaudited and may change as Comprehensive Annual Financial Report (CAFR) is finalized



2017-2018  
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# 2017-2018 General Fund Biennium-End Summary

Preliminary estimated positive position of \$20.4M

- \$10.9 M in estimated additional revenues
- \$9.5 M in estimated expenditure savings



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# General Fund Revenue Variance (millions)

Revenue Source	2018 Revised Plan	2018 Actual	Variance (Amount)	Variance (%)
Property Tax	\$58.9	\$59.1	\$0.2	0.3%
Business Tax	52.1	51.3	-0.8	-1.5%
Utility Tax	46.6	46.6	-0.0	-0.1%
Sales Tax	56.0	56.9	0.9	1.7%
Other Revenue	26.2	36.8	10.6	39.9%
Total	\$239.8	\$250.7	\$10.9	4.5%

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# General Fund Expenditure Variance (millions)

Description	2018 Revised Plan	2018 Actual	Variance (Amount)	Variance (%)
Total	\$248.4	\$238.9	\$9.5	3.8%

- Delayed Payments or Transfers (+\$1.8M)
- Obligated Delays for 2019 (+\$3.4M)
- Jail and Police and Fire Pension Savings (+\$1.5M)
- Fire Savings from vehicle purchase and labor (+\$1.3M)



# Other Funds Variance (millions)

Fund		2018 Plan	2018 Actual	Variance (Amount)	Net Fund Variance (Rev & Exp)
Street Operations & Engineering	Revenues	\$24.1	\$24.4	\$0.3	1.4%
	Expenditures	24.9	24.4	0.5	2.1%
Traffic Enforcement	Revenues	3.4	3.1	(0.3)	-10.2%
	Expenditures	3.4	3.2	0.2	7.2%
Permit Services	Revenues	9.7	13.8	4.1	42.4%
	Expenditures	10.8	9.7	1.1	10.3%

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# Other Funds Variance (millions)

Fund		2018 Plan	2018 Actual	Variance (Amount)	Net Fund Variance (Rev & Exp)
Convention Center	Revenues	\$11.5	\$12.9	\$1.3	11.8%
	Expenditures	11.5	11.2	0.2	2.1%
Cheney Stadium	Revenues	1.6	1.6	0.0	2.0%
	Expenditures	1.4	1.4	(0.0)	-1.8%
Tacoma Dome	Revenues	8.0	9.3	1.3	16.8%
	Expenditures	9.5	9.1	0.4	4.2%

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# 2017-2018 General Fund Biennium-End Summary

2018 Positive Position	\$20.4 M
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Re-appropriation	13.5
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Additional Cash Reserves (Mid-biennial Consideration)	6.9
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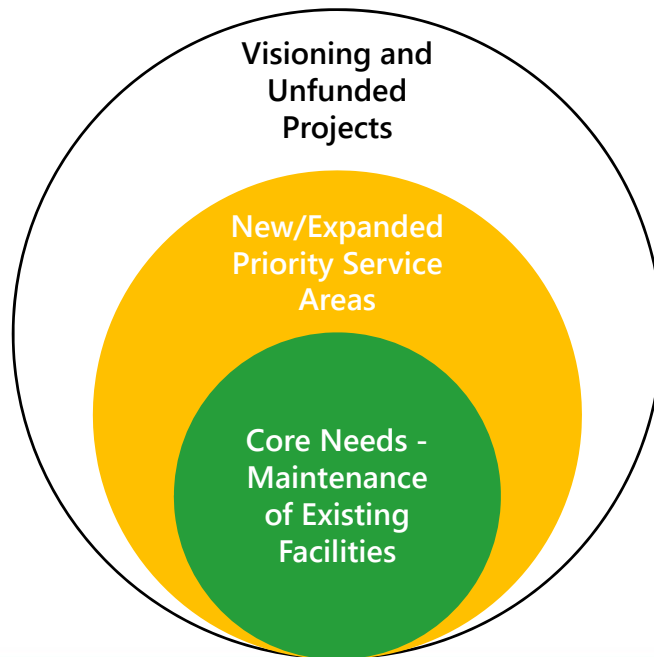
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# Other Considerations

- Broadway LID
- Hilltop Streetscape Commitment
- Beacon Center (presentation at June Study Session)
- Homeless Services and Sheltering
- Affordable Housing and Trust Fund
- Asset Management Needs

# Capital Investment Decision Areas



- Each of these areas require distinct investment strategies to include:
  - Source of funding
  - Project definitions
  - Policy considerations
  - Equity
  - Partnership
  - Level of Service

# Asset Management Council Workshop

- Council Retreat
  - Worked in groups
  - Evaluated financial trade offs between potential capital projects
- Discussion
  - More time for Council Members to understand municipal finance and funding sources
  - Need to cultivate a common understanding of needs/projects among councilmembers
  - Need to understand other partnerships that may be viable
  - Build context and tradeoffs are important to see
  - Discuss and include community input process
  - Conduct site visits
- Goal: Strategic evaluation and policy direction going into Mid-Biennium Modification



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Asset Management Work Plan																												
	Weeks				Weeks				Weeks				Weeks				Weeks				Weeks							
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Proposed	April				May				June				July				August				September				October			
Tours																												
Tours of City facilities (~5 hours)																												
Briefings																												
Municipal Finance Overview																												
Facilities Assessment and Tour Debrief																												
Council Actions and Regulatory Environment																												
Repair and Replacement Policy/Funding Options																												
Level of Service Models and Case Studies																												
Mid-Biennium Modification																												
Scenarios and 1-on-1s (if desired)																												
Goal: Prioritization Conversation																												

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# 2019-2020 Biennial Budget

## 1<sup>st</sup> Quarter 2019 Financial Report

CITY OF TACOMA  
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## 2019 General Fund Update

General Fund balance approximately  
\$5.8 M favorable through Q1

- \$1.8 M more in revenues
  - Favorable trends in Sales Taxes and Miscellaneous revenues
- \$4.0 M less in expenditures
  - Less expenditures than planned due to vacancies and less spending than planned on external contracts

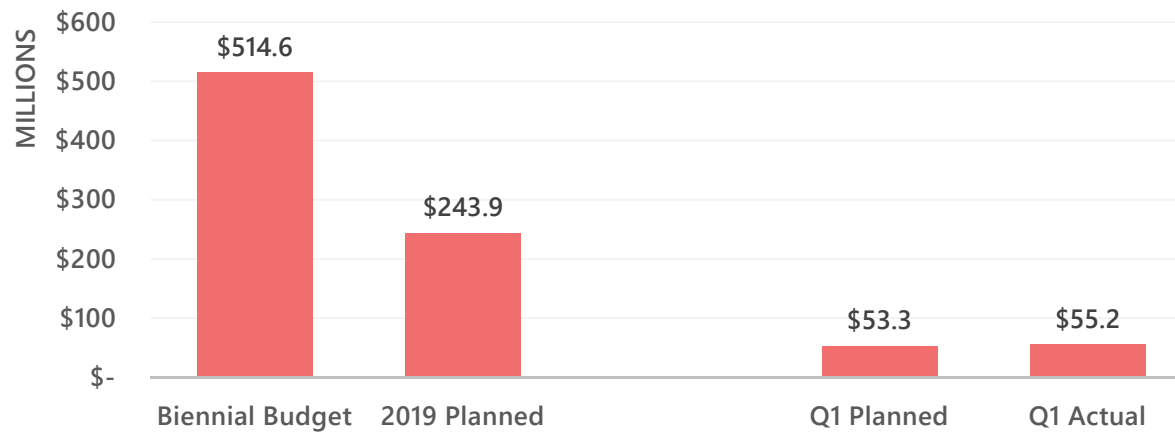


# General Fund Revenues

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# General Fund Revenues (millions)

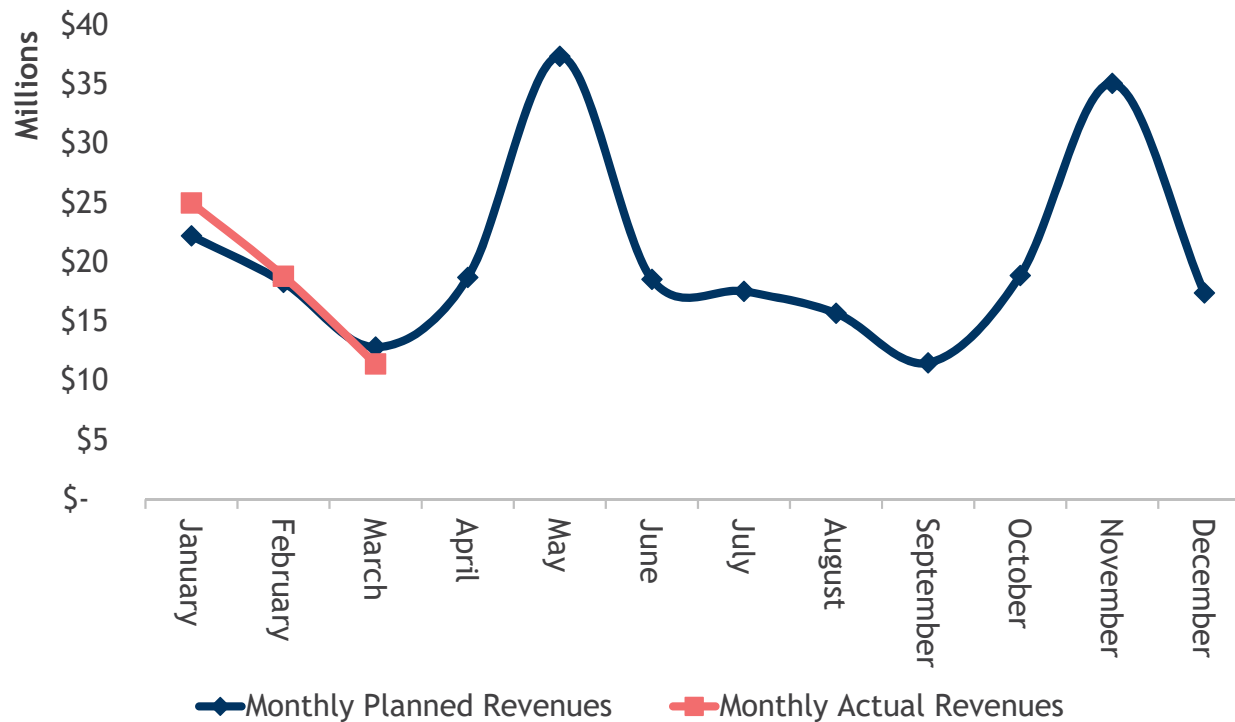


General Fund Revenues (Millions)				
2019-2020 Budget	YTD Projection	YTD Actuals	Variance (Amount)	Variance (%)
\$514.6	\$53.3	\$55.2	\$1.8	3.5%

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# General Fund Revenues – All Sources (millions)



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# General Fund Revenue Variance (millions)

Revenue Source	Q1 2019 Plan	Q1 2019 Actual	Variance (Amount)	Variance (%)
Property Tax	\$1.1	\$1.4	\$0.3	22.9%
Business Tax	14.8	14.9	0.1	0.8%
Utility Tax	12.4	12.6	0.2	1.6%
Sales Tax	14.1	15.1	1.0	7.2%
Other Revenue	10.9	11.1	0.2	1.8%
Total	\$53.3	\$55.2	\$1.8	3.5%

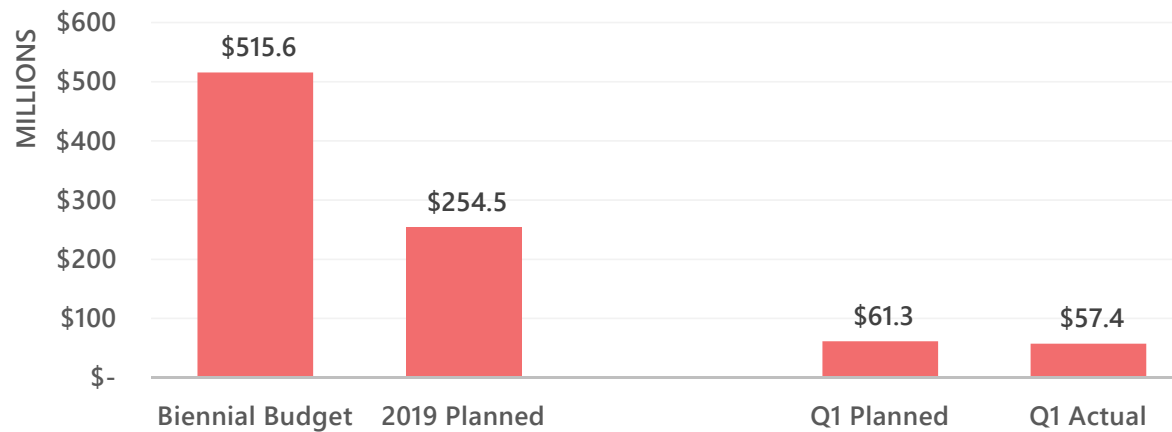
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2019 - 2020

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# General Fund Expenditures

# General Fund Expenditures (millions)



General Fund Expenses (Millions)				
2019-2020 Budget	YTD Projection	YTD Actuals	Variance (Amount)	Variance (%)
\$515.6	\$61.3	\$57.3	\$3.9	6.5%

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# General Fund Expenditure Variance (millions)

Department	Q1 2019 Plan	Q1 2019 Actual	Variance (Amount)	Variance (%)
Police	\$21.6	\$20.6	\$1.0	4.5%
Neigh & Comm Svcs	2.8	1.9	0.9	30.8%
Non-Departmental	13.2	12.2	1.0	8.1%
Other Departments	23.7	22.6	1.1	4.6%
Total	\$61.3	\$57.3	\$4.0	6.5%





# Other Funds

# Other Funds (millions)

Fund		YTD Q1 2019 Plan	YTD Q1 2019 Actual	Variance (Amount)	Variance (%)
Street Operations & Engineering	Revenues	\$6.6	\$6.5	(\$0.1)	-0.7%
	Expenditures	6.3	5.4	0.9	13.1%
Traffic Enforcement	Revenues	0.9	0.9	0.0	-3.1%
	Expenditures	0.9	0.8	0.1	7.1%
Permit Services	Revenues	4.3	4.3	0.0	0.5%
	Expenditures	4.4	3.2	1.2	27.0%

# Other Funds (millions)

Fund		YTD Q1 2019 Plan	YTD Q1 2019 Actual	Variance (Amount)	Variance (%)
Convention Center	Revenues	\$3.2	\$3.1	(\$0.1)	-2.8%
	Expenditures	2.1	1.8	0.3	15.5%
Cheney Stadium	Revenues	0.2	0.2	0.0	0.6%
	Expenditures	0.4	0.0	0.4	92.4%
Tacoma Dome	Revenues	3.8	4.5	0.7	18.2%
	Expenditures	2.6	2.8	(0.2)	-8.6%

A dark blue vertical banner on the left side of the slide. It features a faint, light blue silhouette of the Tacoma skyline at the bottom. Overlaid on the banner is the text 'CITY OF TACOMA' in small white capital letters, followed by 'BIENNIAL BUDGET' in large, bold yellow capital letters, and '2019 - 2020' in small white capital letters at the bottom.

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# Reappropriations, Emergent Needs & Other Recommended Adjustments

# General Fund

2018 Positive Position	\$20.4 M
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Re-appropriation	13.5
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Addition to Cash Reserves (Mid-biennial Consideration)	6.9
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# GF Reappropriations (Total: \$8.9 M)

- 2017–2019 obligations recommended to be appropriated into 2019–2020 Budget

Department	Description	Amount (Millions)
Public Works	Puget Sound Energy Capital Contribution	\$5.50
Planning & Development Services	Tideflats Subarea Plan, Urban Design Studio, Other Studies and Planning projects	1.00
Neighborhood & Community Services	Site Reclamation, Equity, Diversity, and Inclusion – Phase II, Temporary Overflow Family Shelter	0.53
Library	Camera & Key Card, Eastside and Hilltop Library Services Study, Strategic Plan	0.91
Other	OCRA Transfer, Humane Society Contract, Managed Care Settlement, etc.	0.96

# GF Emergent Needs (Total: \$4.6 M)

- Unforeseen expenditures not included in the Adopted Budget

Department	Description	Amount (Millions)
Non-Departmental	Third Party Liability, Foss Waterway Development Authority 15 <sup>th</sup> St Moorage Match	\$2.60
Fire	Overtime & Special Events, Restore CPR & First Aid Classes, Battalion Chiefs LEAD Training	1.49
Public Works	Ruston Seawall Repairs	0.30
Other	Jarvie Lodge Emergency Shelter, Municipal Court Front Counter	0.18



# Other Funds

## Special Revenue Funds (\$17.6 M)      Enterprise Funds (\$9.5 M)

- Tacoma Creates
  - Affordable Housing Trust Fund
  - GEMT 2017 Managed Care Settlement
  - Ruston Way Sidewalks
  - Opioid Mobile Response Pilot
  - Fireman's Park
  - Deportation Defense Fund
- Capital Purchases for Solid Waste and Waste Water
  - Tacoma Dome Bond Transfers
  - Theater Project
  - Convention Center South Wall

# Other Funds Con't

## Internal Service Funds (\$8.3 M)

- IT project cost carryovers (Office 365, Tacoma Information Management System, and others)
- Municipal Building space projects
- Fire fleet purchases
- Broadway LID payments

# Capital Budget

Reappropriation authority requested (\$12.9 M):

- 1060 – Transportation Capital
  - I Street Overlay
  - South Yakima Avenue Traffic and Visibility
  - Portland Avenue Freight
  - East 64<sup>th</sup> Street Phase I
  - Pipeline Trail Phase II
- 3211 – Capital Projects
  - NCS Emergency Shelter Expansion
  - Sound Transit Payment

# Summary

## General Fund

- 2017–2018 Biennium–End & 2019 1st Quarter Positive
- Request adjustment to 2019–2020 Budget for reappropriations and emergent needs (\$13.5 M)

## Other Funds and Capital

- Recommend Capital Fund adjustments

## Next Steps

May 14<sup>th</sup>

- First Reading of 2019–2020 Reappropriation and Budget Adjustment Ordinances

May 21<sup>st</sup>

- Second Reading of Ordinances

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# **2017-2018 Biennium-End Financial Report**

## **2019 1<sup>st</sup> Quarter Financial Report &**

## **Recommended Adjustments**

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**May 7, 2019**

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# Enterprise Funds (continued)

Department	Description	Amount (Millions)
4165 - Convention Center	Convention Center South Wall Repair	\$0.33
4300 - ES Wastewater	Data Server Licenses	0.23
4301 - ES Surface Water	Urban Forestry Management Plan	0.10



# Asset Management Council Workshop

- More time for Council Members to understand municipal finance and funding sources
- Need to cultivate a common understanding of needs/projects among councilmembers
- For items that are important to council, need to understand other partnerships that may be viable
- Emphasizes that the context and tradeoffs are important to see
- Community input process
- Site visits



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# Special Revenue Funds (continued)

Department	Description	Amount (Millions)
1195 - CED Special Revenue	CDBG Carryover	\$0.50
1100 - PW Property Mgmt	Fireman's Park Sod, Water Walk Irrigation	0.38
1185 - HRHS Special Revenue	Urban Forestry Management Plan	0.19
1030 - Contingency Fund	Deportation Defense Fund	0.05
1070 - Transportation Benefit District	Updated Street Sales Tax Projections	(1.56)

# Internal Service Funds (\$8.26 M)

Department	Description	Amount (Millions)
5800 - General Government Internal Services	TMB Space Planning, Office 365 Migration	\$3.11
5400 - Equipment Rental	Fleet Replacement	1.85
1155 ( <b>not internal service</b> )	Fire Fleet Adjustments, Next Generation Medic Unit	1.78
5700 - Muni Bldgs Acq & Ops	FAC Broadway LID	1.33
5540 - Comms Equip Res	Fire Suppression	0.18

## **Special Revenue Funds (\$17.6 m)**

Tacoma Creates  
Affordable Housing Trust Fund  
GEMT 2017 Managed Care Settlement  
Ruston Way Sidewalks  
Opioid Mobile Response Pilot  
Fireman's Park  
Deportation Defense Fund

## **Enterprise Funds (\$9.5 M)**

Capital Purchases for Solid Waste,  
Surface Water, Waste Water  
Tacoma Dome Bond Transfers  
Theater Project  
Convention Center South Wall

# Enterprise Funds (\$9.51 M)

Department	Description	Amount (Millions)
4200 - ES Solid Waste	Capital Purchases, AmeriCorps labor	\$3.86
4140 - PWE Parking Operating	Parking Fund Revenue Correction	2.11
4180 - PAF Dome	Tacoma Dome Bond Transfer	1.23
4190 - PAF Performing Arts	Theaters Project REET Carryover	0.55

# Special Revenue Funds (\$17.64 M)

Department	Description	Amount (Millions)
1195 - TVE and CED	Tacoma Creates, Affordable Housing Trust Fund	\$9.70
1155 - TFD EMS	GEMT 2017 Managed Care Settlement, TFD CARES	3.39
1050 - Transportation Revs	Heavy Haul, Fee-in-lieu, Ruston Way Sidewalks	2.55
1065 - PW Street Fund	Bus Rapid Transit, Pacific Ave Subarea Planning Study, South Orchard Rock Wall, De-Icing, Slurry Seal	1.25
1090 - TFD Special Revenue	Opioid Mobile Response Pilot	0.66
1431 - IT Municipal CableTV	CityNet Phase 2, Franchise Negotiations	0.52

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## Expenditure Variance Detail

\$4.0 M below budget plan:

- \$1.1 M – Non-Departmental
  - Delayed jail invoices and transfers
- \$1.0 M – Police Department
  - Personnel and fuel savings
- \$0.9 M – Neighborhood & Community Services
  - Delayed contractor payments and personnel savings

# 2017-2018 General Fund Biennium-End Summary

2018 Positive Position	\$34.4M
2018 Projected Expense Savings	5.4
2018 Projected Revenue Variance	8.6
Re-appropriation	13.0
Contribution to Reserves	7.4

Unassigned Fund Balance	\$84.2M
Reserve (16.7%)	43.0
One-Time Cash Use in 2019-2020 Budget	20.8
Re-appropriation	13.5
Contribution to Reserves	7.4

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Revenue Source	2018 Plan	2018 Actual	Variance (Amount)	Variance (%)
Property Tax	\$58.9	\$59.1	\$0.2	0.3%
Business Tax	48.5	51.3	2.8	5.7%
Utility Tax	45.4	46.6	1.2	2.5%
Sales Tax	54.3	56.9	2.6	4.8%
Other Revenue	24.1	36.8	12.7	52.7%
Total	\$231.2	\$250.7	\$19.5	8.4%

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Description	2018 Plan	2018 Actual	Variance (Amount)	Variance (%)
Police	\$82.8	\$81.0	\$1.8	2.2%
Neighborhood & Community Services	14.5	12.9	1.6	10.6%
Non Departmental	61.7	54.9	6.8	11.1%
Other Departments	94.8	90.1	4.7	5.0%
Total	\$253.8	\$238.9	\$14.9	5.9%

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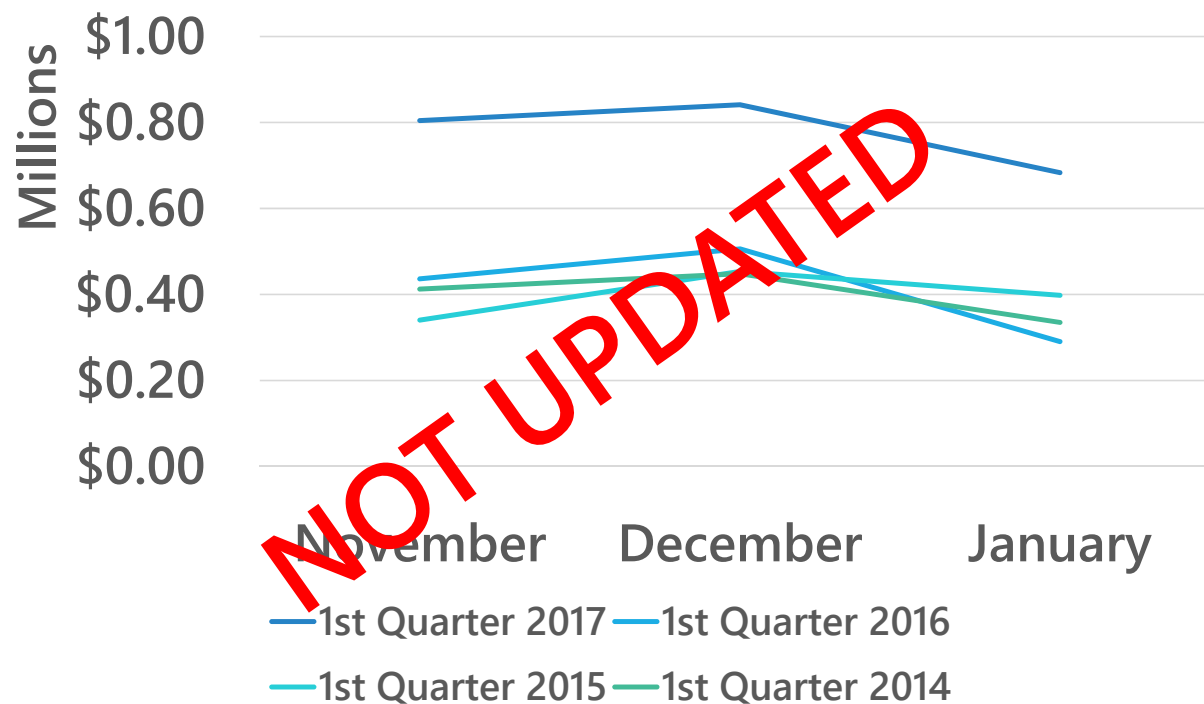
# Sales Tax Revenue by Month (millions)



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# Construction



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