

BUDGET UPDATE

Office of Management and Budget
May 18, 2021



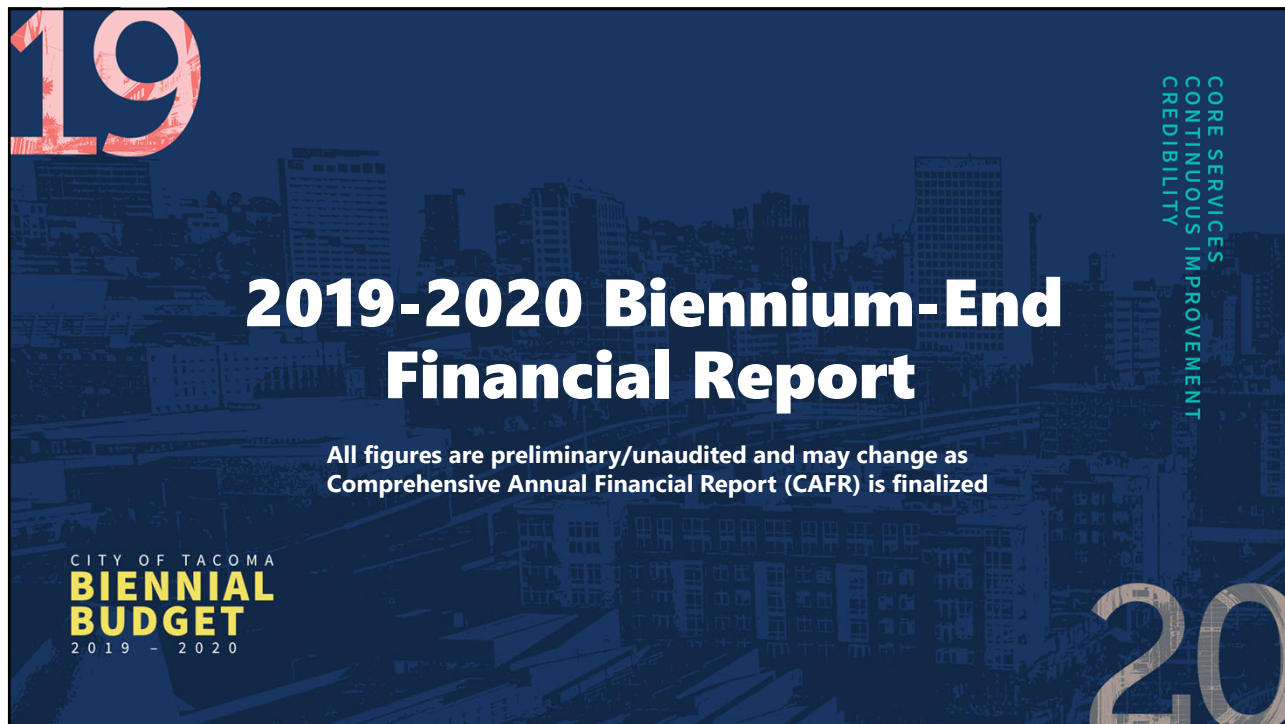
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AGENDA

- Financial Update
 - Year End 2020 – General Fund and Major Funds
 - Reappropriation from 2019-2020 to 2021-2022
 - First Quarter Financials – General Fund and Major Funds
- American Rescue Plan Act
 - 2021 Recommended Allocations
 - Participatory Budgeting



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2019-2020 GENERAL FUND BIENNIUM-END SUMMARY

- \$16 M in estimated additional revenues beyond projection
 - CARES +\$4.8M (one-time)
 - Capital +\$5.6M (one-time)
 - Other revenues positive compared to projected COVID-19 Impacts \$5.6 M
- \$4 M in positive expenditure savings (after Reappropriation)

GF REAPPROPRIATIONS (\$4.53M)

2019-2020 obligations recommended to be appropriated into 2021-2022 Budget

Department	Description	Amount (Millions)
Non-Departmental	LID Payment, Metro Parks Payment , Puget Sound Clean Air Payments	\$1.66
Library	General Fund Savings, Tacoma Reads Grant, STEM Grant	\$1.35
Planning and Development Services	Tideflats Subarea Plan, TOD Advisory Group, Home In Tacoma Project Expenses, Cushman Substation Contract, Schuster Parkway Advisory group	\$0.64
Neighborhood and Community Services	Youth and Gun Violence Reduction	\$0.2
Other	Miscellaneous Departmental Adjustments (CED, IT, Police, & TVE)	\$0.68



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CONSIDERATIONS

General Fund Obligations

- Parking Debt (\$3M)

Returning Services/Lost Revenue:

- Fleet replacements (\$1.85M -\$7M)
- Streets Initiative contribution (\$1.75M)
- Deferred maintenance of facilities (+\$58M)
- Tacoma Venues and Events deferred maintenance and security upgrades (\$2.3-8M)
- Fire Facility Study (\$1M)

Risks

- East 11th Street Bridge (\$8-33M)
- Increased Third Party Risks/Liability (initial estimates \$15M)



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RESERVE POLICIES UPDATES

- Staff will bring forward an update to the reserve policy to improve:
 - Clarity
 - Process for approving use of reserves
 - Meet best practices from GFOA including taking into account needs and risk related to capital needs and repairs and emergencies
- Briefing at GPFC and City Council prior to Modification

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OTHER FUNDS – REAPPROPRIATION (\$66.4M)

- General Government Capital Fund Carryforward (\$25.4M)
- Emergency Rental Assistance Grant Acceptance (\$6.6M)
- Public Works Capital Project Budget Updates (\$4.9M)
- Beacon Center Capital Project Carryforward (\$1.7M)
- Tacoma Creates Updated 2021-2022 Spending to Use Positive Revenues from 2020 (\$4.5M)
- Increase youth and young adult drop-in center and shelter funding (\$0.3M)

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NEXT STEPS

- May 25 – First Reading Ordinances to approve Reappropriation for Capital and Operating Funds
- June 8 – Second Reading of Ordinances to approve Reappropriation for Capital and Operating Funds

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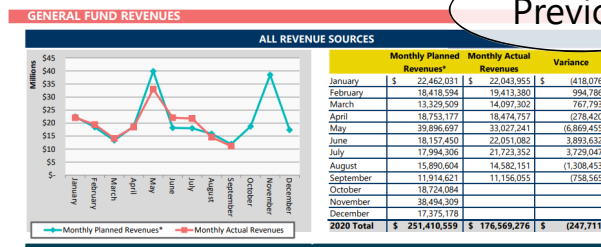
FIRST QUARTER 2021-2022

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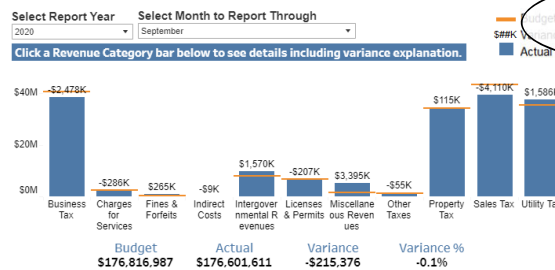


NEW REPORT

- New dynamic Financial Report replaces PDF version
- Shows how City's dollars are spent
- Users view and interact within internet browser



Previous



Updated

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2021-2022
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2021 GENERAL FUND UPDATE

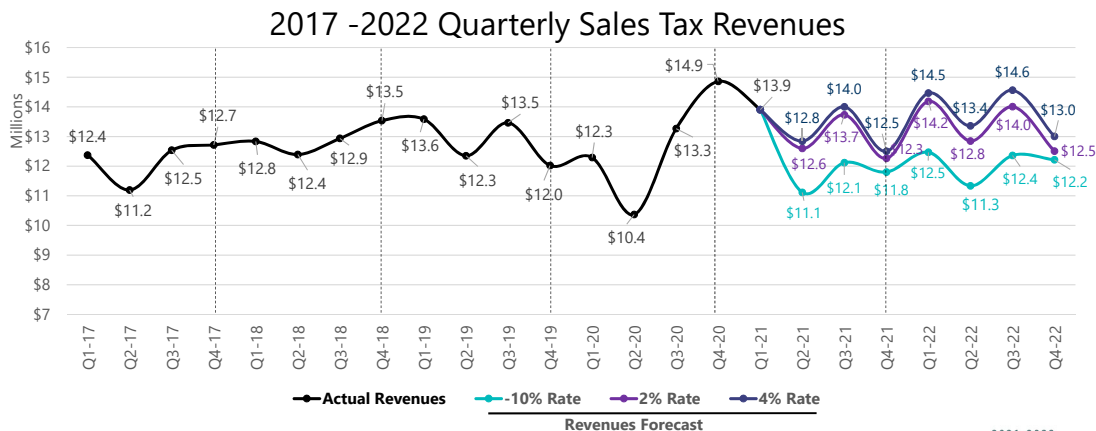
General Fund balance approximately \$8.4 M favorable through Q1

- \$5.6 M more in revenues
 - Favorable trends in Sales Taxes (\$1.8M), Licenses & Permits (\$1.7M), and Utility Taxes (\$0.7M)
- \$2.65 M less in expenditures
 - Less expenditures than planned due to vacancies and delays in external contracts

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SALES TAX VARIABILITY & MONITORING



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OTHER FUNDS (IN MILLIONS)

Parking

- -\$1M in Revenues; Expenses lower than budget

Tacoma Venues and Events

- Tacoma Dome - Revenues down along with event related expenses -\$100k
- Cheney Stadium - Revenues down -\$314k
- Convention Center - Positive trends in sales tax, while hotel/motel and events revenues down along with event related expenses -\$195k

Permitting

- +\$1M in Revenues

REET

- +\$1.4M in Revenues

Sales Tax Based Revenue +200K

- Mental Health & Chemical Dependency, Tacoma Creates, & Streets Initiative

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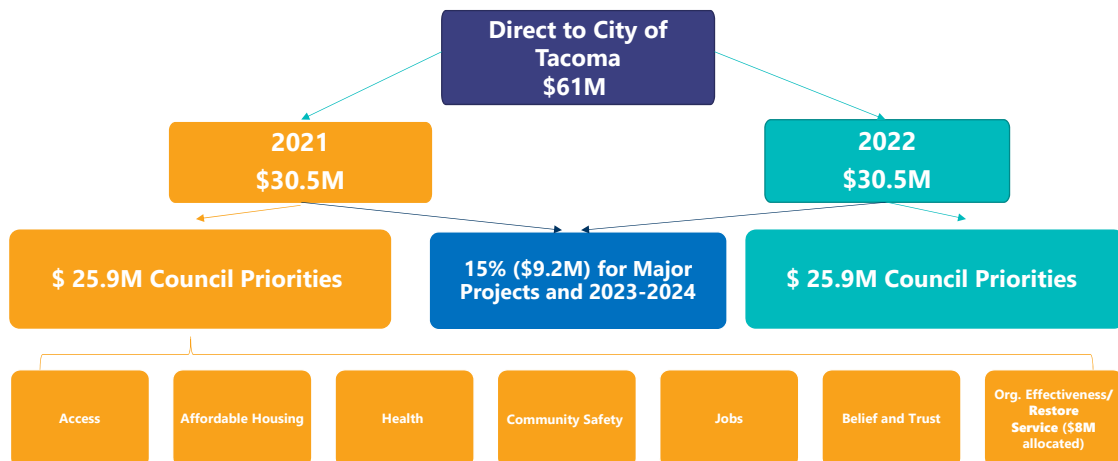
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AMERICAN RESCUE PLAN ACT

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STRUCTURE 2021-2024



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FEEDBACK AND METHODOLOGY

Identified Needs

Reviewed Costs and Feasibility

Proposed Distributions for 2021

- Housing & Homelessness – property acquisition and emergency and temporary sheltering
- Jobs – small business and non-profit support
- Returning Services & Loss Revenue – front line services and deferred maintenance
- Health – citywide clean up and food support
- Community Safety - transformational efforts, graffiti, and domestic violence
- Access – non-motorized transportation and deferred maintenance
- Belief and Trust – communications and participatory budgeting



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2021 ARPA PROPOSED DISTRIBUTIONS

	Target %	Target Amount (in millions)	Potential Projects and Programs
Affordable Housing and Homelessness	31%	\$9.3	Property Acquisition, Emergency and Temporary Sheltering, Encampment Response including Hygiene and Litter Services
Restoration of Services	16%	\$4.9	Library Services and Study, NCS Staffing, Fire Engine (\$4M)
Livable Wage Jobs	15%	\$4.5	Small Business Support, Restaurants, Non-Profit/Community Partner Support, POC Chamber, Financial Counseling
Community Safety	9%	\$2.8	Dash and Body Cameras, Call Diversion Support, Graffiti, Domestic Violence programming
Health	5%	\$1.6	Litter and Debris Removal (Clean Community) and Food Support (Seniors, Families, Individuals)
Belief and Trust	9%	\$2.8	Participatory Budgeting with Equity Focus and Communications Support
Major Project Reserve	15%	\$4.6	Strategic reserve for future partnerships and projects 2023-2024.
	100%	\$30.5	

Access and Infrastructure projects would be discussed in more detail for 2022 distribution when more is known about infrastructure package

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CONSIDERATIONS FOR FUTURE FUNDING

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Risks

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- Increased third party risks/liability (initial estimates \$15M)

Other Funding Items

- Homeless Services and Sheltering Needs Beyond 2022
- Non-Motorized Transportation Projects
- Bus Access Improvements
- Neighborhood Planning Projects
- Signals/Streetlights
- Gault

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PARTICIPATORY BUDGETING (PB)



Aug. 21- Jul. 22 Two PB projects

Project 1 Draft Timeline

- Aug. 21 - Project design
- Sept. 21 - Outreach kickoff
- Oct. 21 - Idea collection & outreach
- Nov. 21 - Develop proposals (w/staff)
- Jan. 22 - Voting Event and Outreach
- Mar. 22- Fund winning project(s)

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COUNCIL FEEDBACK AND PROPOSED NEXT STEPS

- May 25 and June 8 – ARPA Fund Creation and Reappropriation
- June 8 – Resolutions Setting Funding Distribution Targets for 2021 ARPA Direct Assistance
- Monthly Updates to Follow on ARPA Funding and Projects - including any requested adjustments to distribution targets based on other funding received or emergent needs

✓ March 23 –
Structure and
Approach

✓ April 13 –
Engagement and
Distribution
Strategy

✓ May 18 -
Distribution
Update and
Proposal

June 8 –
Distribution
Approval and
Reporting

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FINANCIALS THROUGH FIRST QUARTER 2021 AND REAPPROPRIATION

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