

2022 Revenue Forecast

October 11, 2021



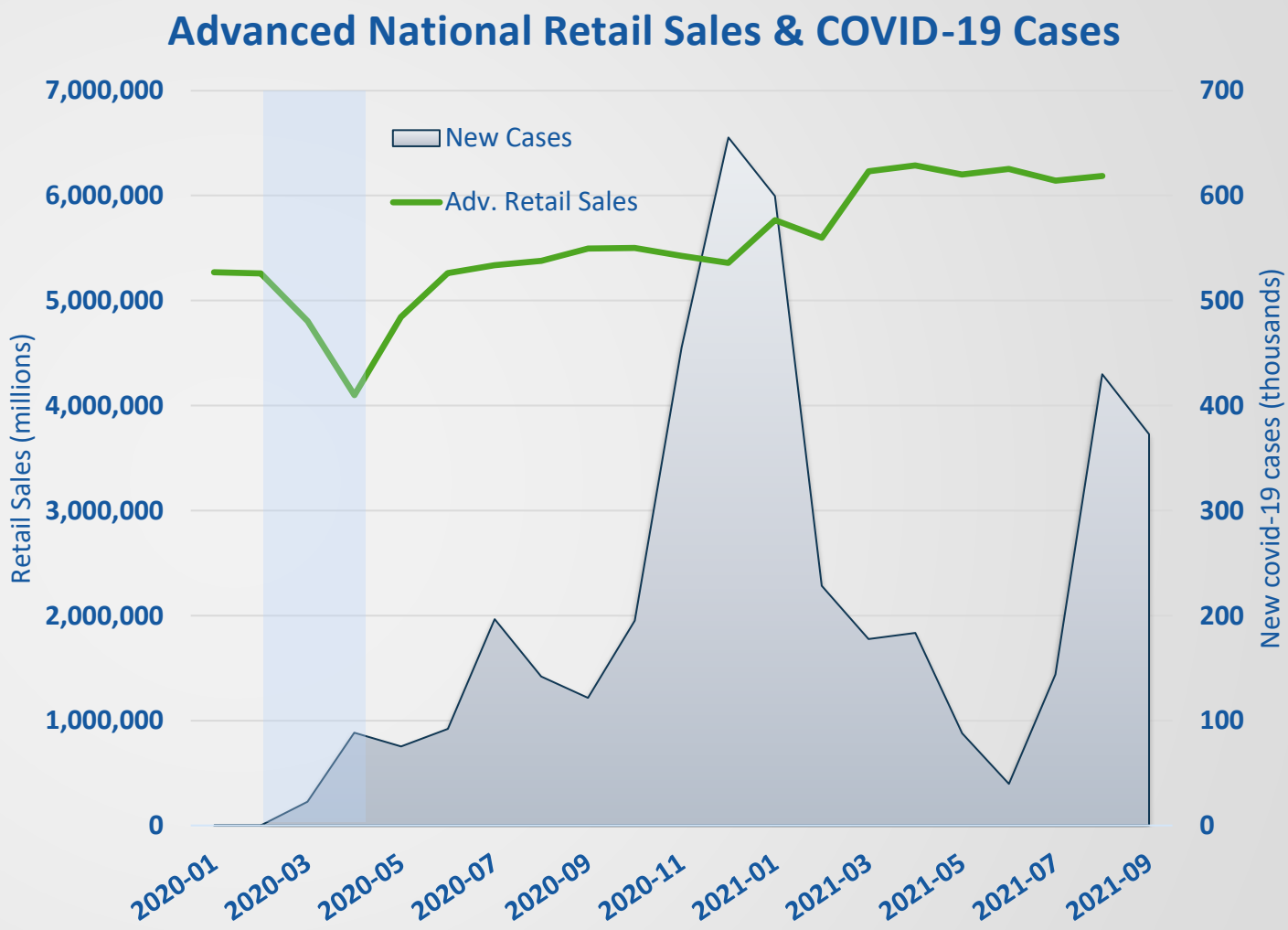
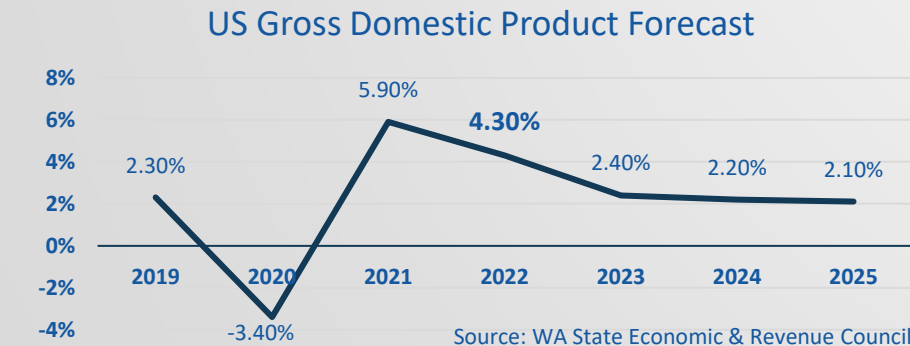
Economic Outlook

Direct payments to consumers and other stimulus efforts have resulted in the fastest recovery ever

Widespread vaccine uptake has improved outcomes and reduced risk for vaccinated individuals

Economic shutdowns no longer appear viable to policymakers

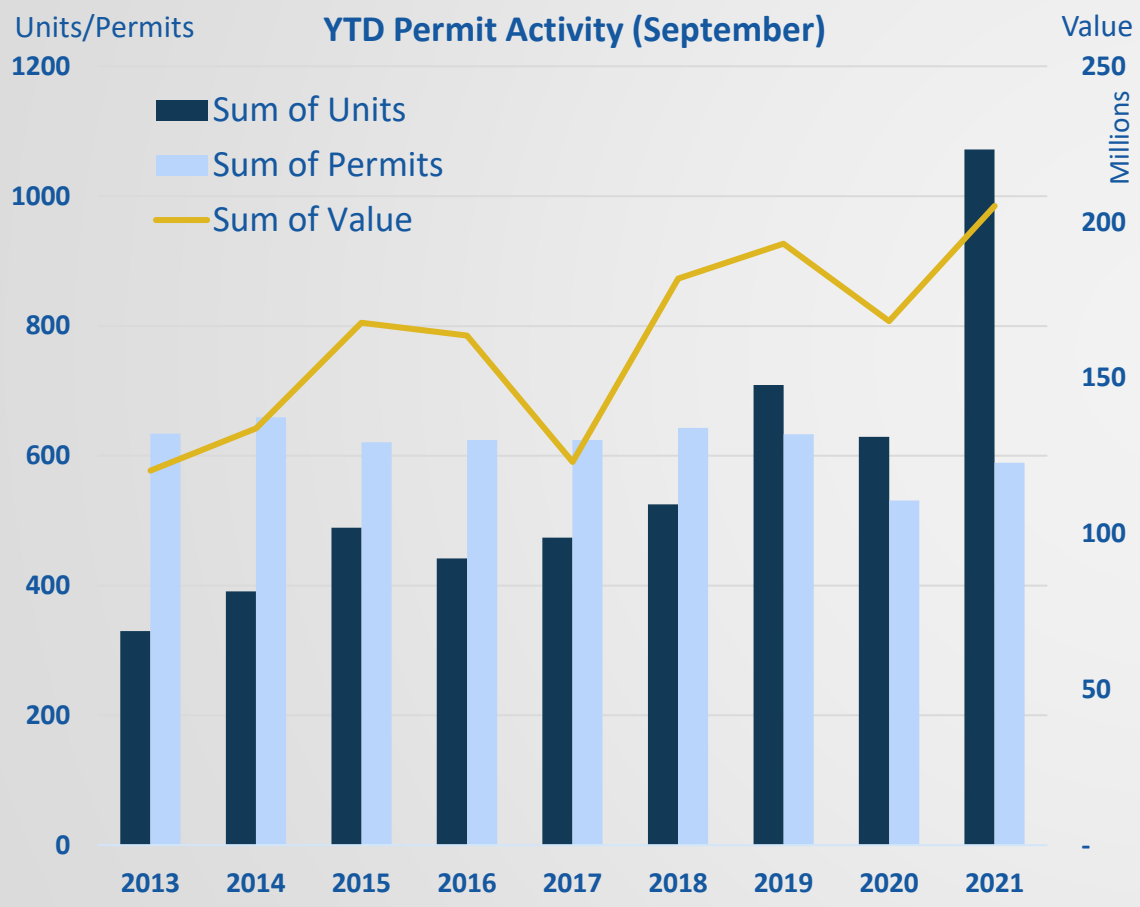
WA Economic Forecast Council predicts 4.3% National GDP growth in 2022



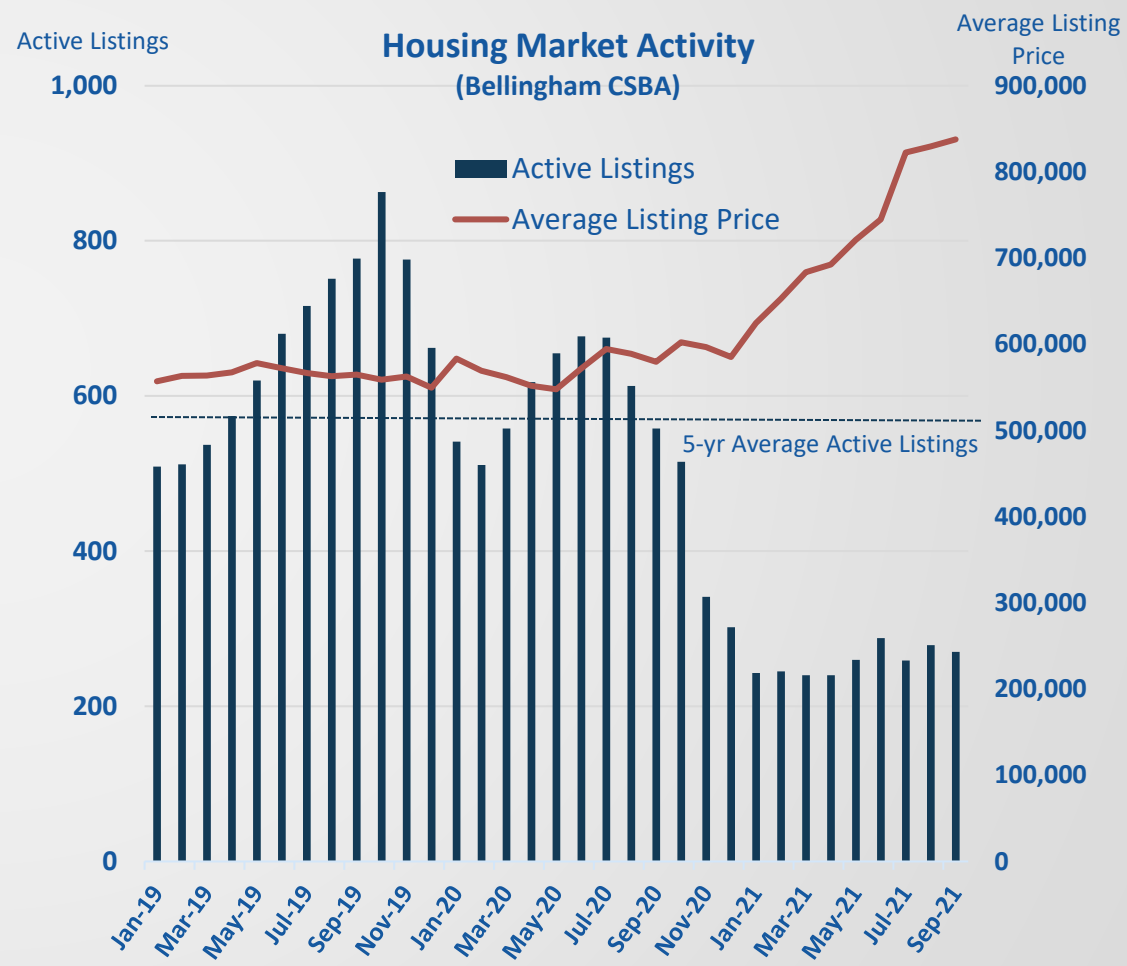
Source: US Census Bureau/CDC

Local Economic Indicators

Construction



Source: COB Planning & Community Dev.



Source: Realtor.com/FRED

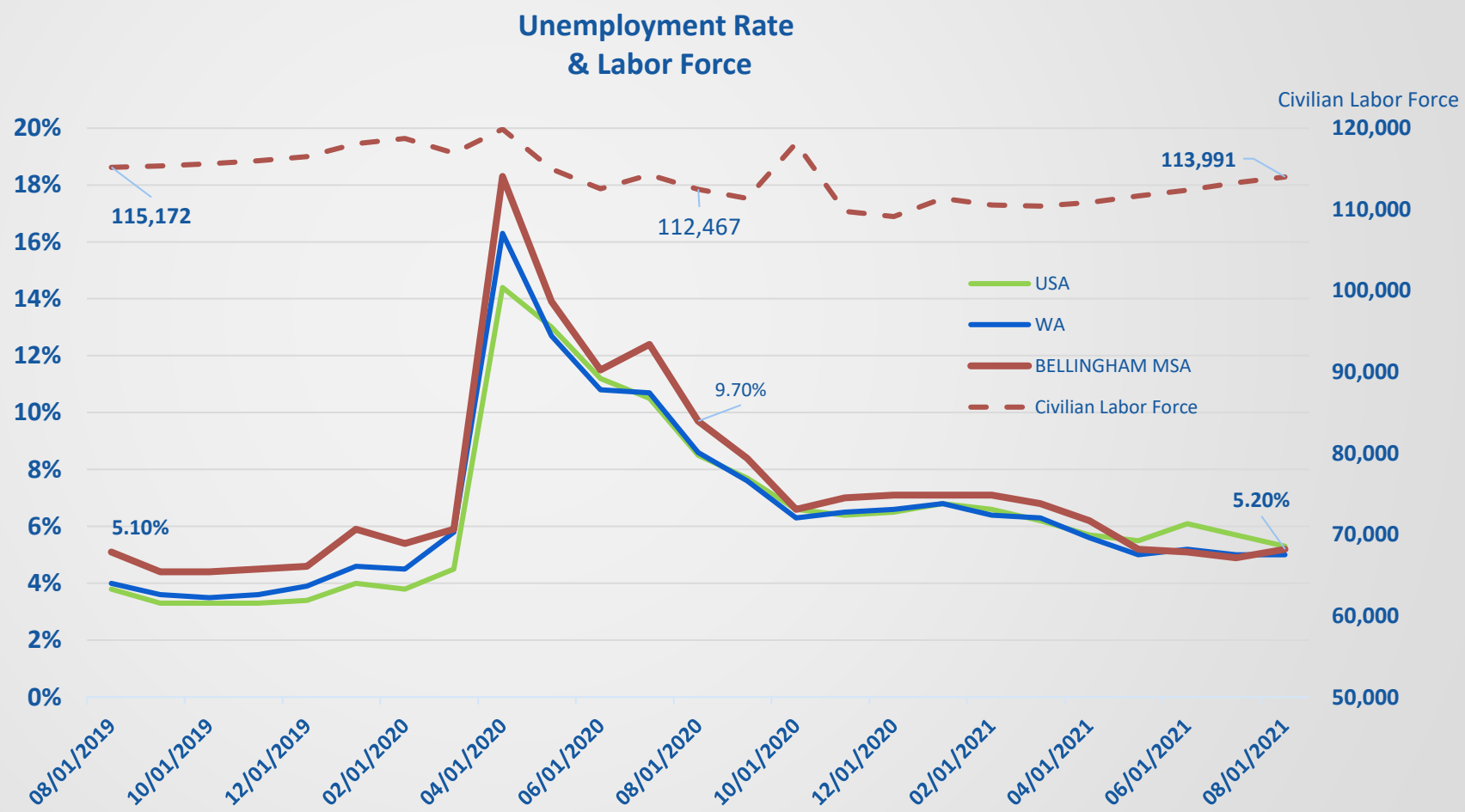
Local Economic Indicators

Employment

Unemployment rate comparable to 2019

Assuming average growth, extrapolated missing labor force approximately 5,300 or 4% reduction from 2019

Similar to workforce reductions following 2008 recession



Source: Bureau of Labor Statistics

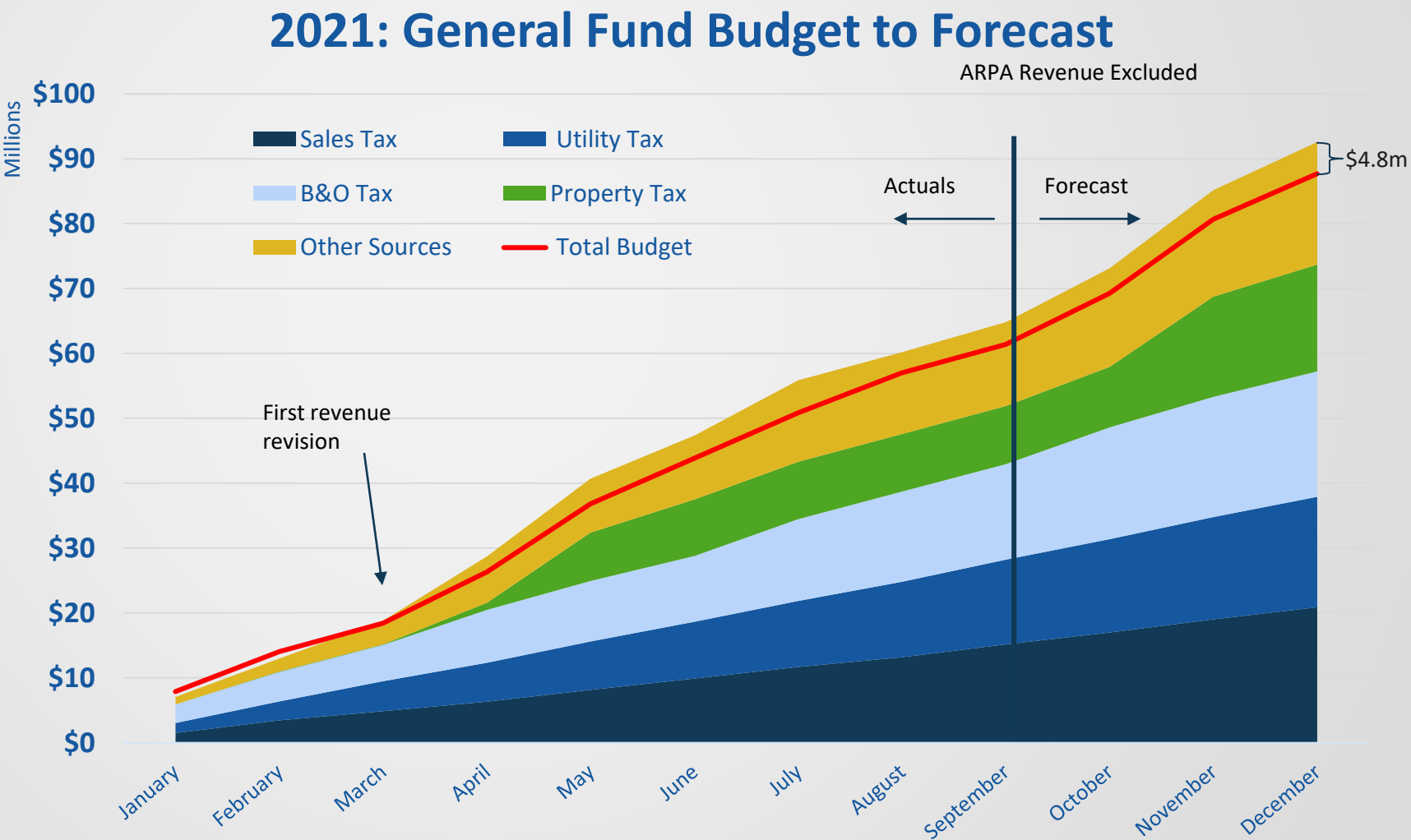
2021 Forecast

General Fund

Sales tax rebound was far beyond expectations

Early year revenue adjustment was prudent, but revenues outperformed

Revenue expected to exceed early forecast by \$4.8m



2022 Revenue Forecast

Highlights

Based on upgraded 2021 revenue forecast

Assumes general continuation of economic recovery and continued action by federal government to mitigate COVID-19 impacts

Property tax forecast assumes Council approves 1% increase

Risks to forecast:

Continued or exacerbated supply chain issues

Inflation concerns

Political discord at federal level

2021-2022 Citywide Revenues

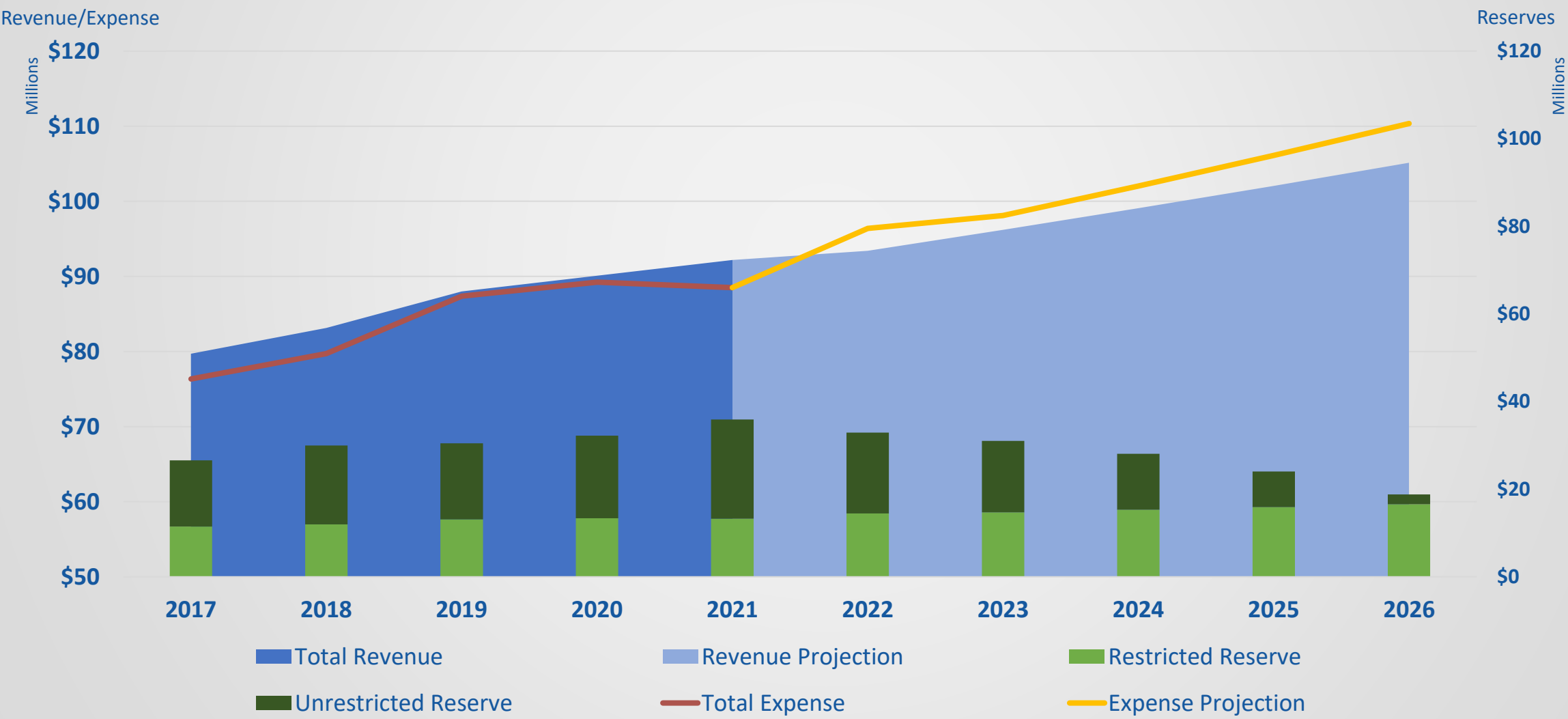
	2021-2022 Budget	2021-2022 Change	2021-2022 Proposed
<i>Beginning Balance</i>	256,810,765		256,810,765
Taxes	221,420,859	13,558,774	234,979,633
Licenses and permits	6,118,488		6,118,488
Intergovernmental revenue	70,891,145	6,017,500	76,908,645
Charges for goods and services	265,750,693	2,521,757	268,272,450
Fines and penalties	2,155,194	(300,000)	1,855,194
Miscellaneous revenue	11,777,731	(119,000)	11,658,731
Non revenues	6,363,840		6,363,840
Other financing sources	31,494,324	40,489,427	71,983,751
TOTAL REVENUE	615,972,275	62,168,458	678,140,733
TOTAL EXPENSE	714,783,426	65,373,848	780,157,274
Net Surplus/(Deficit)	(98,811,151)		(102,016,541)
<i>Estimated Ending Reserve Balance</i>	157,999,614		154,794,224

2021-2022 General Fund Budget

	2021-2022 Budget	2021 Change	2021 Proposed	2022 Change	2022 Proposed	2021-2022 Proposed
<i>Beginning Reserve Balance</i>	32,233,376		32,233,376		42,506,201	32,233,376
Taxes	139,274,830	3,985,008	73,679,794	6,099,272	75,679,316	149,359,110
Licenses and permits	1,737,800	0	873,900	0	863,900	1,737,800
Intergovernmental revenue	18,313,121	1,000,000	16,242,015	1,600,000	4,671,106	20,913,121
Charges for goods and services	21,927,776	319,000	11,162,134	0	11,084,642	22,246,776
Fines and penalties	1,198,992	(200,000)	392,946	(100,000)	506,046	898,992
Miscellaneous revenue	2,065,933	(219,000)	997,847	100,000	949,086	1,946,933
TOTAL REVENUE	184,518,453	4,885,008	103,348,637	7,699,272	93,754,096	197,102,732
TOTAL EXPENSE	182,983,322	111,120	93,075,812	7,638,752	97,657,382	190,733,194
Net Suplus/ (Deficit)	1,535,131		10,272,825		(3,903,287)	6,369,538
<i>Restricted Reserves</i>	15,000,000		15,000,000		15,000,000	15,000,000
ARPA	7,150,000		7,150,000		6,250,000	6,250,000
<i>Unrestricted Reserves</i>	11,618,507		20,356,201		17,352,914	17,352,914
<i>Ending Balance</i>	33,768,507		42,506,201		38,602,914	38,602,914

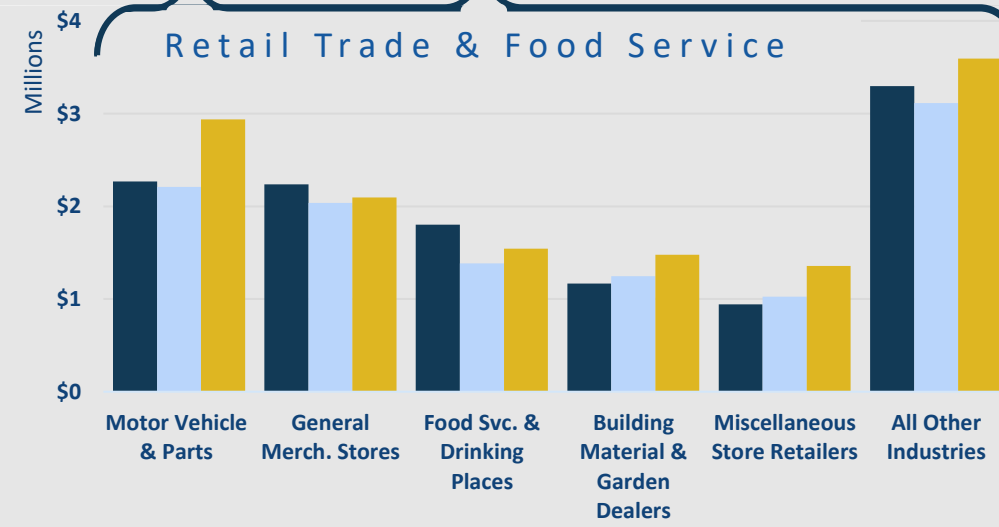
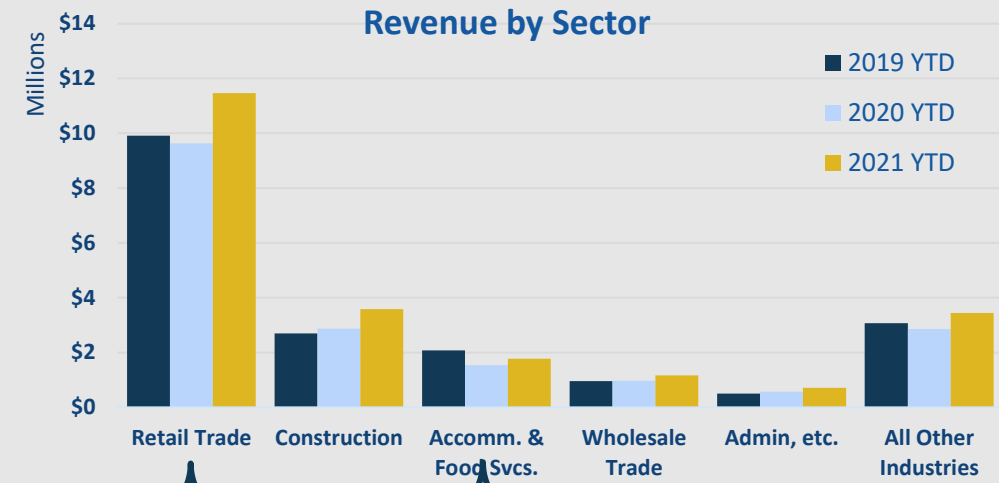
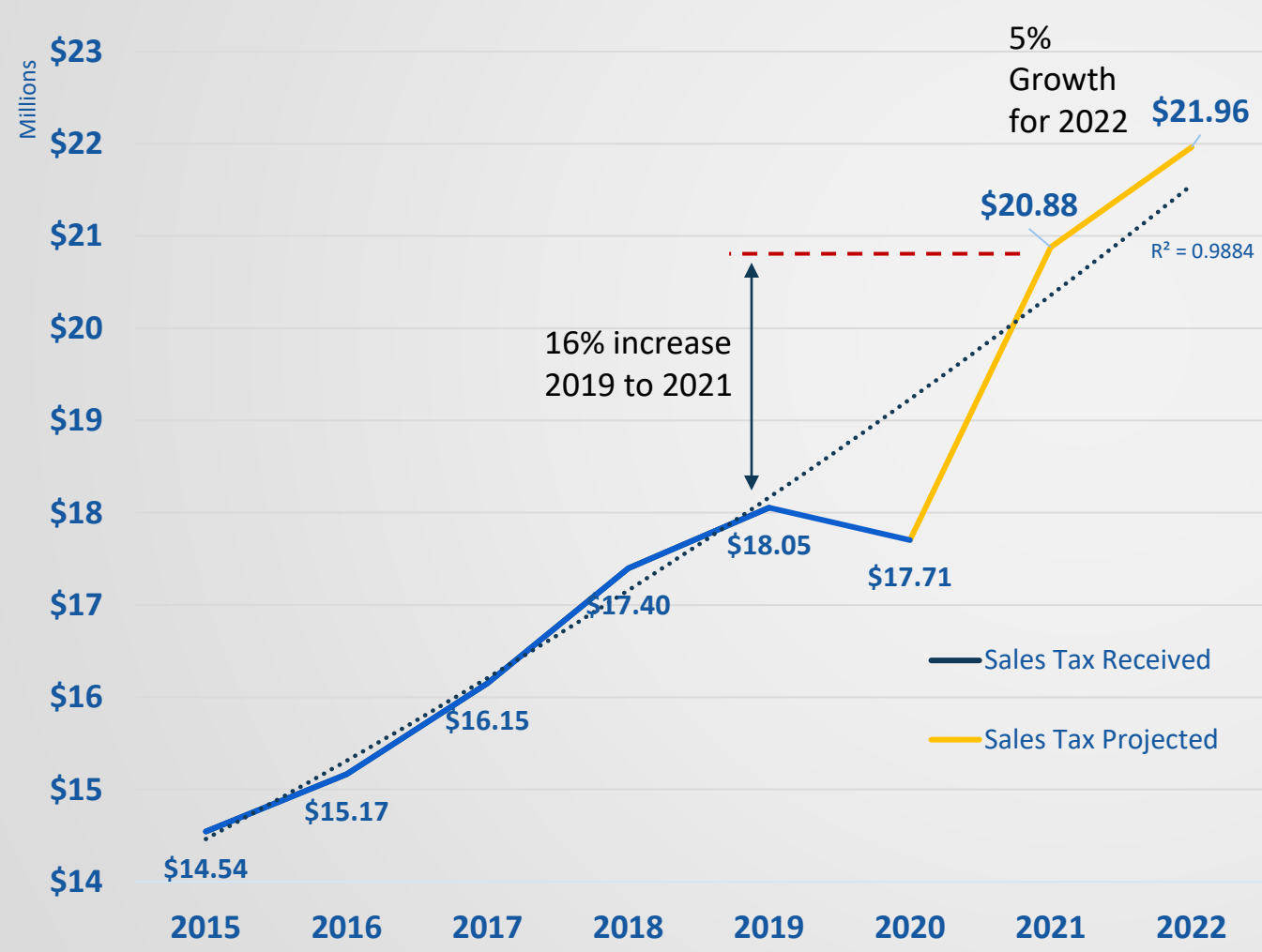
Long-term General Fund Outlook

Two Biennium Revenue and Expense Projection



Sales Tax Forecast

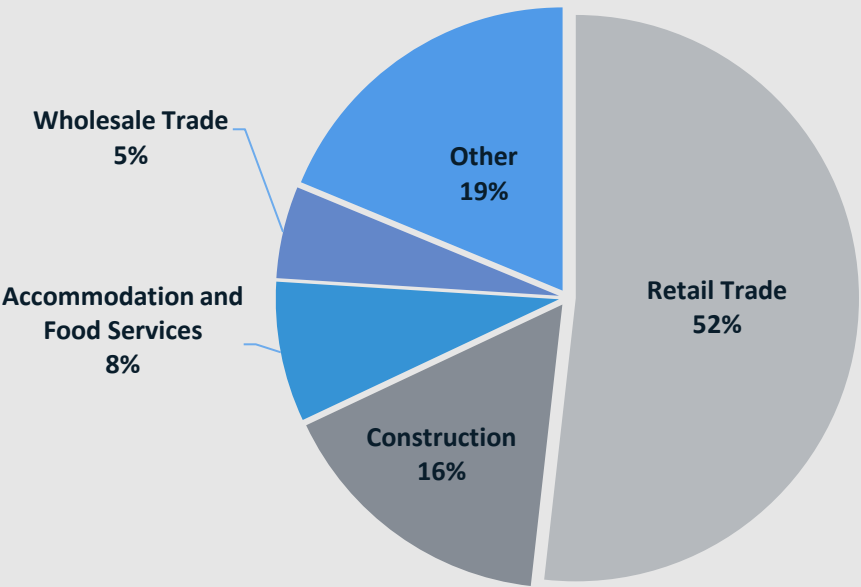
General Fund



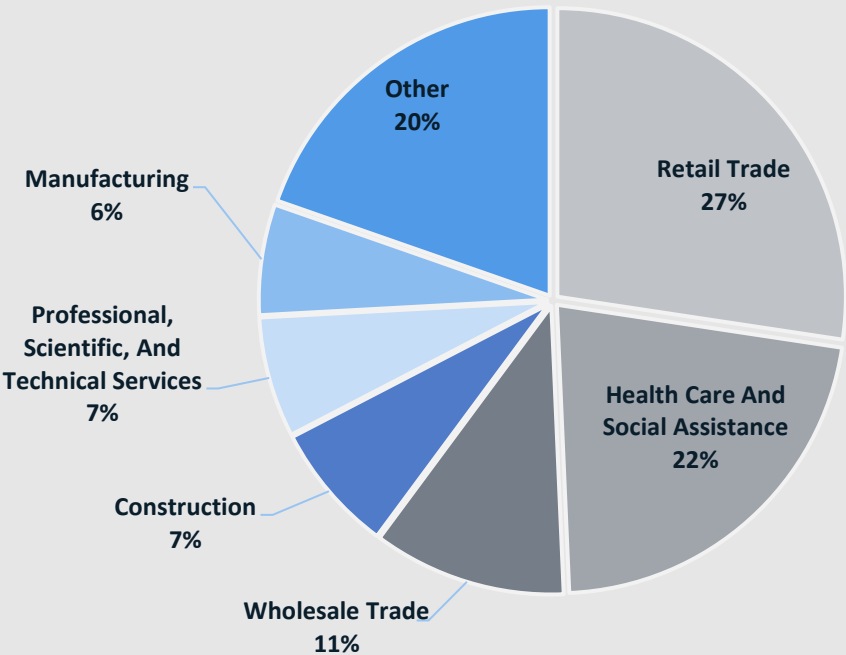
Sales Tax vs B&O Tax

Sources of income

Sales Tax Revenue

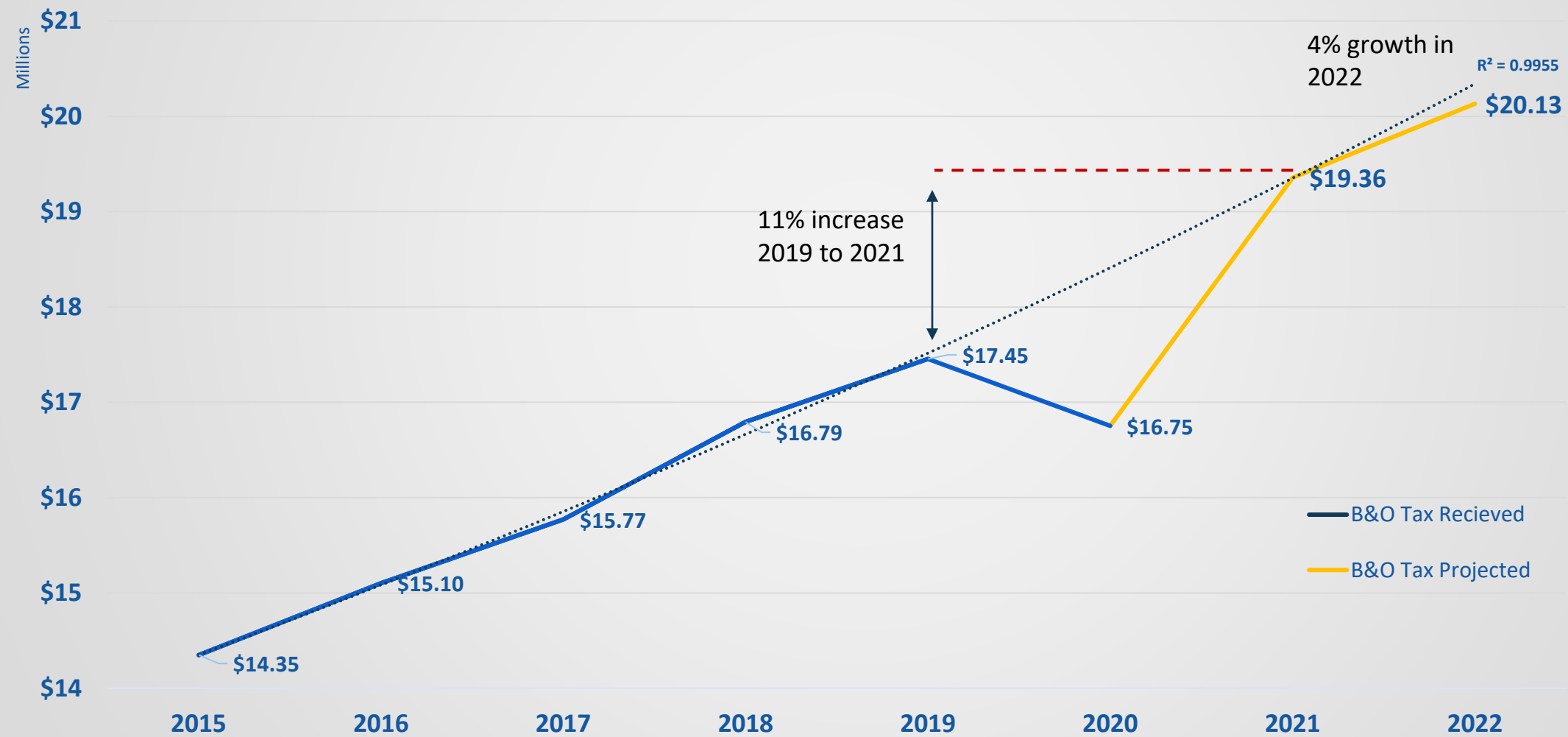


B&O Tax Revenue



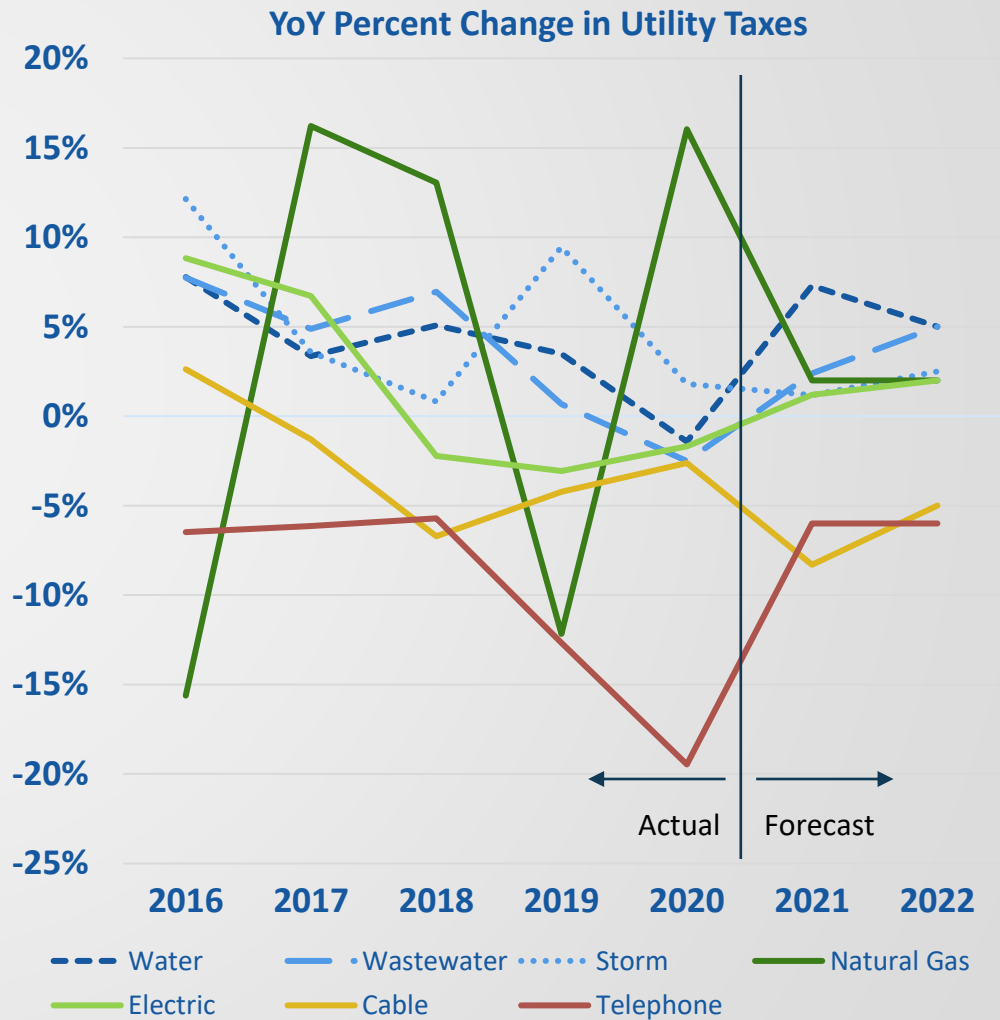
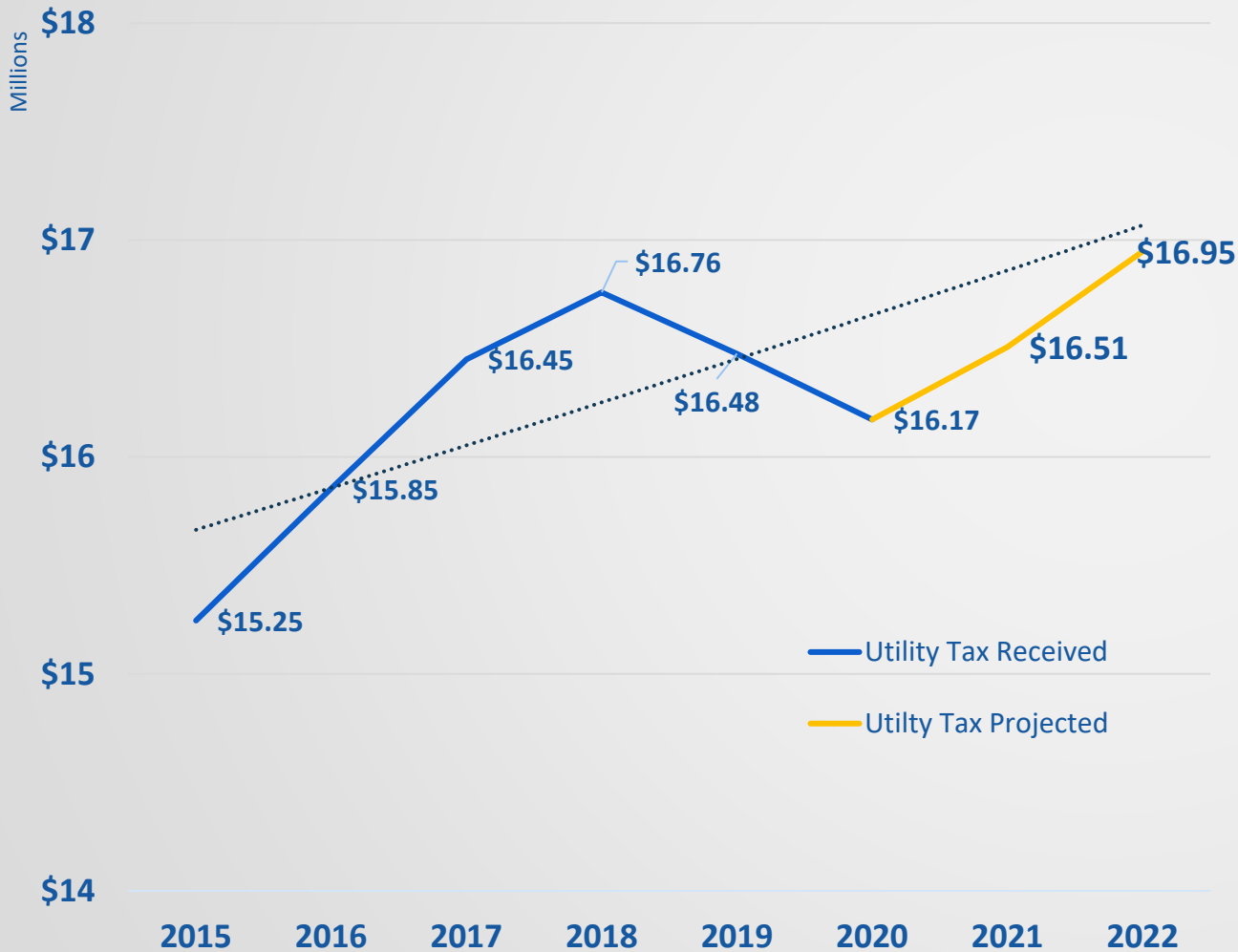
Business & Occupation Tax Forecast

General Fund



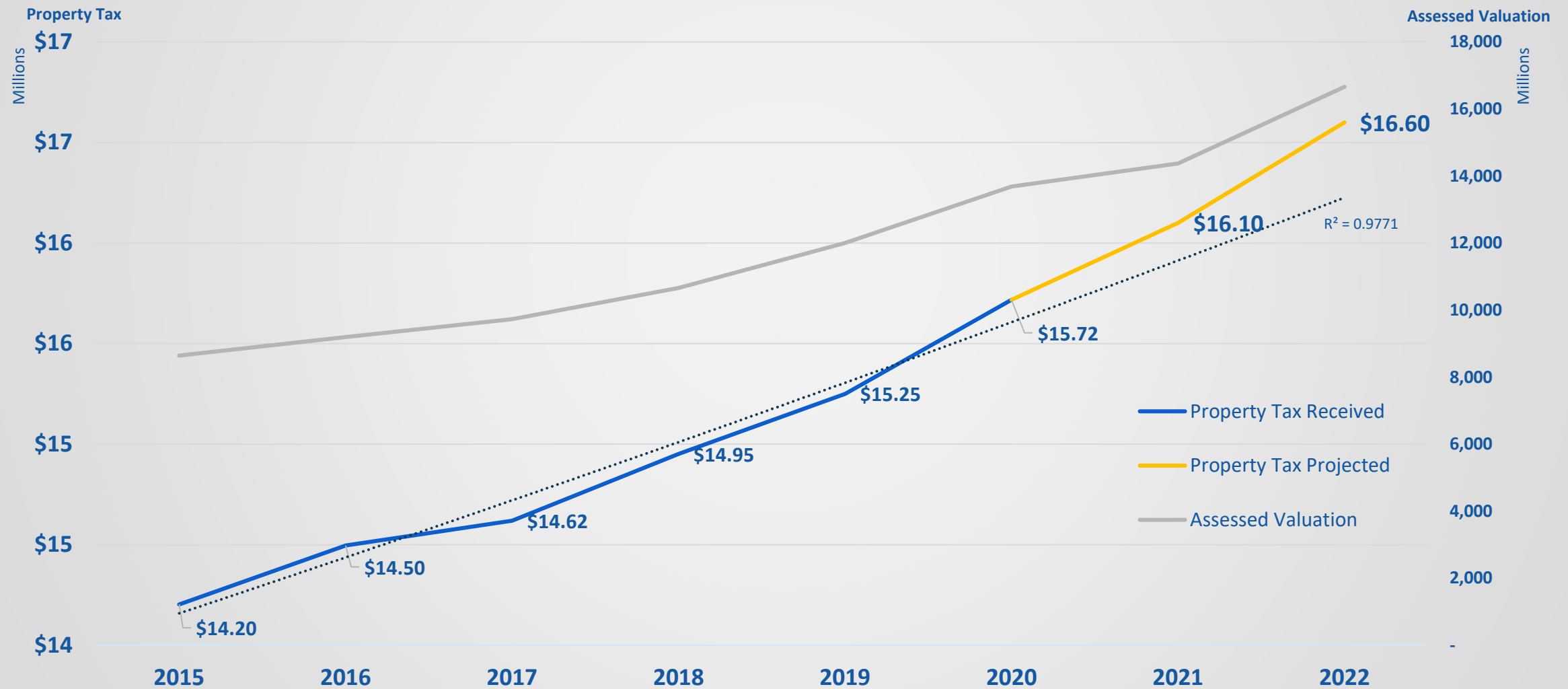
Utility Tax Forecast

General Fund

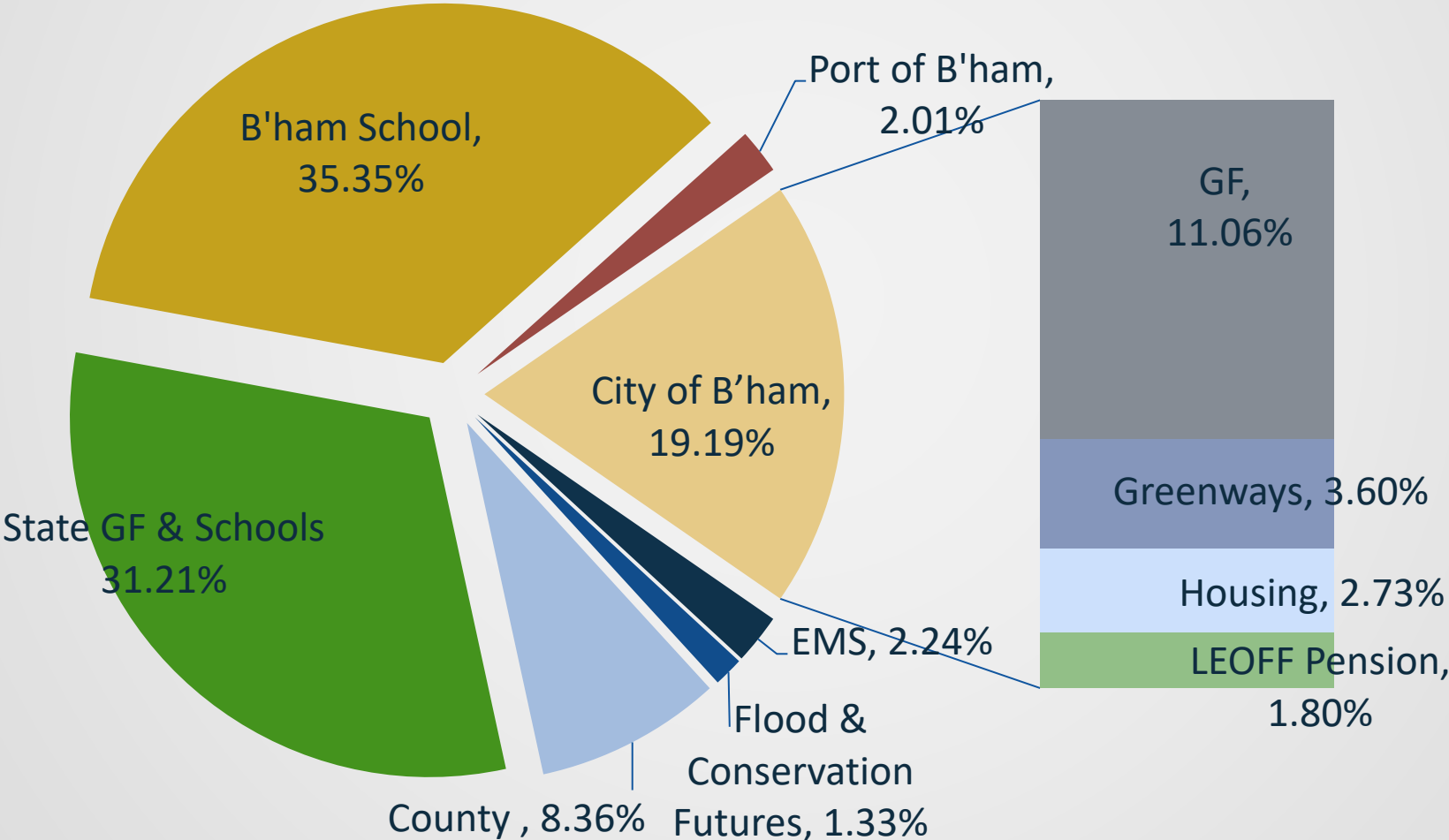


Property Tax Forecast

General Fund



Property Tax Distribution



How Property Tax Works

- Budget based property tax:
 - Council sets a dollar amount = statutorily limited to 1% increase each year plus new construction
 - $Levy\ rate = \left(\frac{Budgeted\ Property\ Tax\ Amount}{Assessed\ Value \div 1000} \right)$
- Maximum rate is \$3.60 per \$1000 of assessed value
- $Individual\ tax\ bill = \left(\frac{Property\ assessed\ valuation}{1000} \right) \times Levy\ Rate$

Property Tax Example

<u>Year 1: No Increase</u>		Property #1	Property #2	Total
Assessed Valuation = \$800,000 Budgeted Levy = \$1000 $Rate = \left(\frac{\$1000}{800,000/1000} \right)$ Levy Rate = \$1.25 (per \$1000 AV)	Assessed Valuation	\$350,000	\$450,000	\$800,000
	Multiplied by Levy Rate (per \$1000 of AV)	x 1.25	x 1.25	x 1.25
	Tax Bill	\$437.5	\$562.5	\$1000
<u>Year 2: 1% Levy Increase</u>		Property #1	Property #2	Total
Assessed Valuation = \$900,000 (increases \$100,000) Budgeted Levy = \$1010 $Rate = \left(\frac{\$1010}{900,000/1000} \right)$ Levy Rate = \$1.12 (per \$1000)	Assessed Valuation	\$375,000 (+\$25k)	\$525,000 (+\$75k)	\$900,000 (+\$100k)
	Multiplied by Levy Rate (per \$1000 of AV)	x 1.12	x 1.12	x 1.12
	Tax Bill	\$420.83 (-\$16.67)	\$589.16 (+\$26.67)	\$1010 (+\$10)

Impact of 1% Property Tax Increase

2021 Total Levy	\$28,201,745
<i>1% Levy Increase*</i>	<i>\$242,017</i>
New Construction*	\$474,487
2022 Total Levy	\$28,918,250
Estimated City Levy on \$450,000 home	<div>+\$28</div> <div>\$880</div>

* Excludes Affordable Housing Levy which has a fixed amount

2021 Levy

2022 Levy

	Actual Levy	Rate per 1000/AV	Change in Amount	Amount	Estimated Rate per 1000/AV
General Fund	\$16,272,916	1.09	\$481,975	\$16,761,891	0.97
Greenways	5,287,272	0.35	\$156,532	\$5,443,804	0.32
Affordable Housing	4,000,000	0.27	\$0	\$4,000,000	0.24
Fire / Police Pension	2,634,558	0.18	\$77,997	\$2,712,555	0.18
CITY TOTAL	\$28,201,745	1.89	\$716,504	\$28,918,250	1.68

Questions?

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