CITY OF SAMMAMISH: ROUNDTABLE ON CITY FINANCES

Agenda

- General Information Presentation
- Table Discussion
- Table Report Out
- Wrap up

IMPLEMENTING THE COMPREHENSIVE PLAN

PLAN FORMULATION

PLANNING TIMELINE

2015-2035 Comprehensive Plan

2017-2022 Capital Improvement Plans

2017-2018 Budget

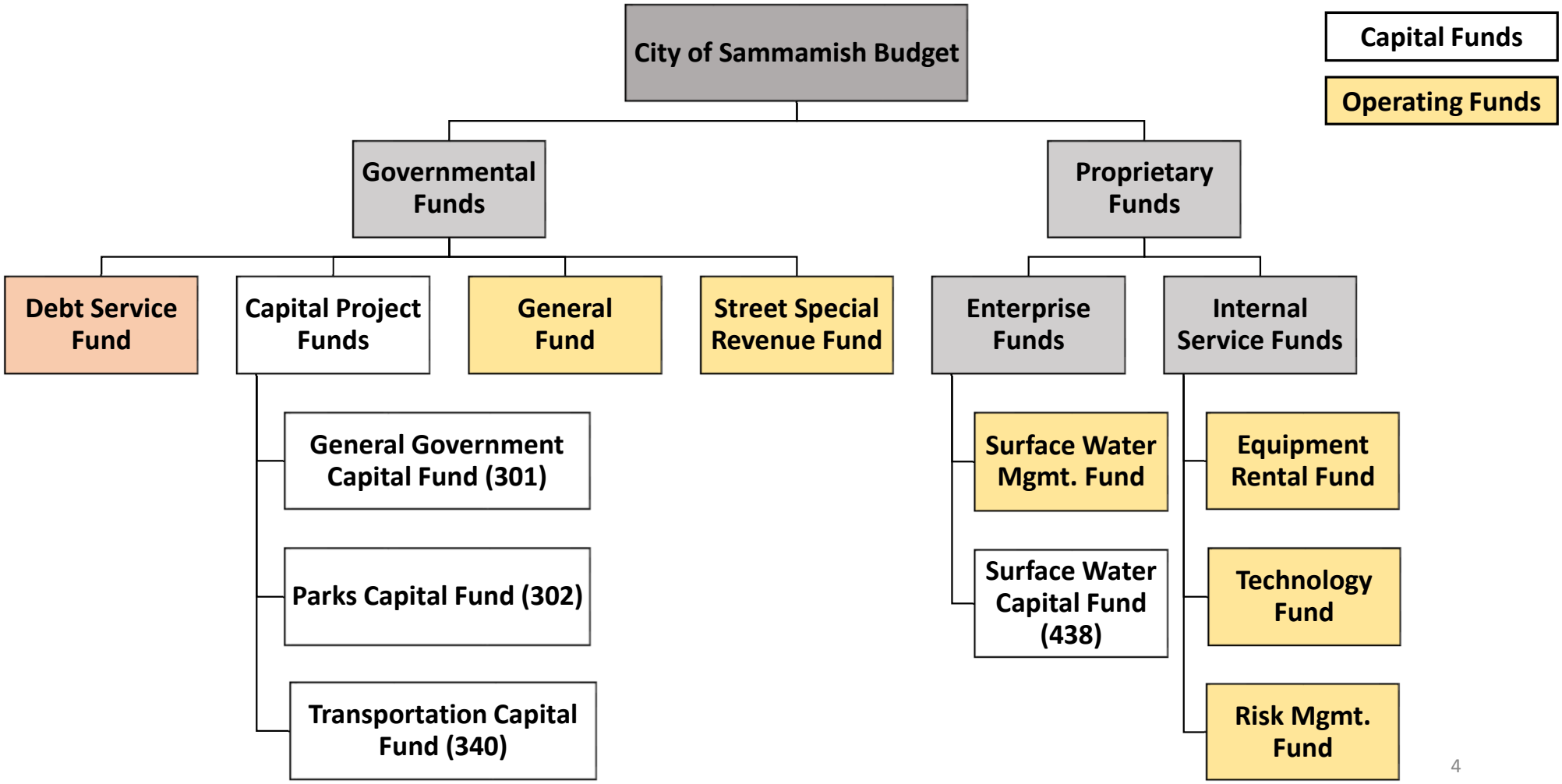
What makes up the Budget?

Q: Does the State restrict what Cities can spend operating money on? For example, operations vs capital?

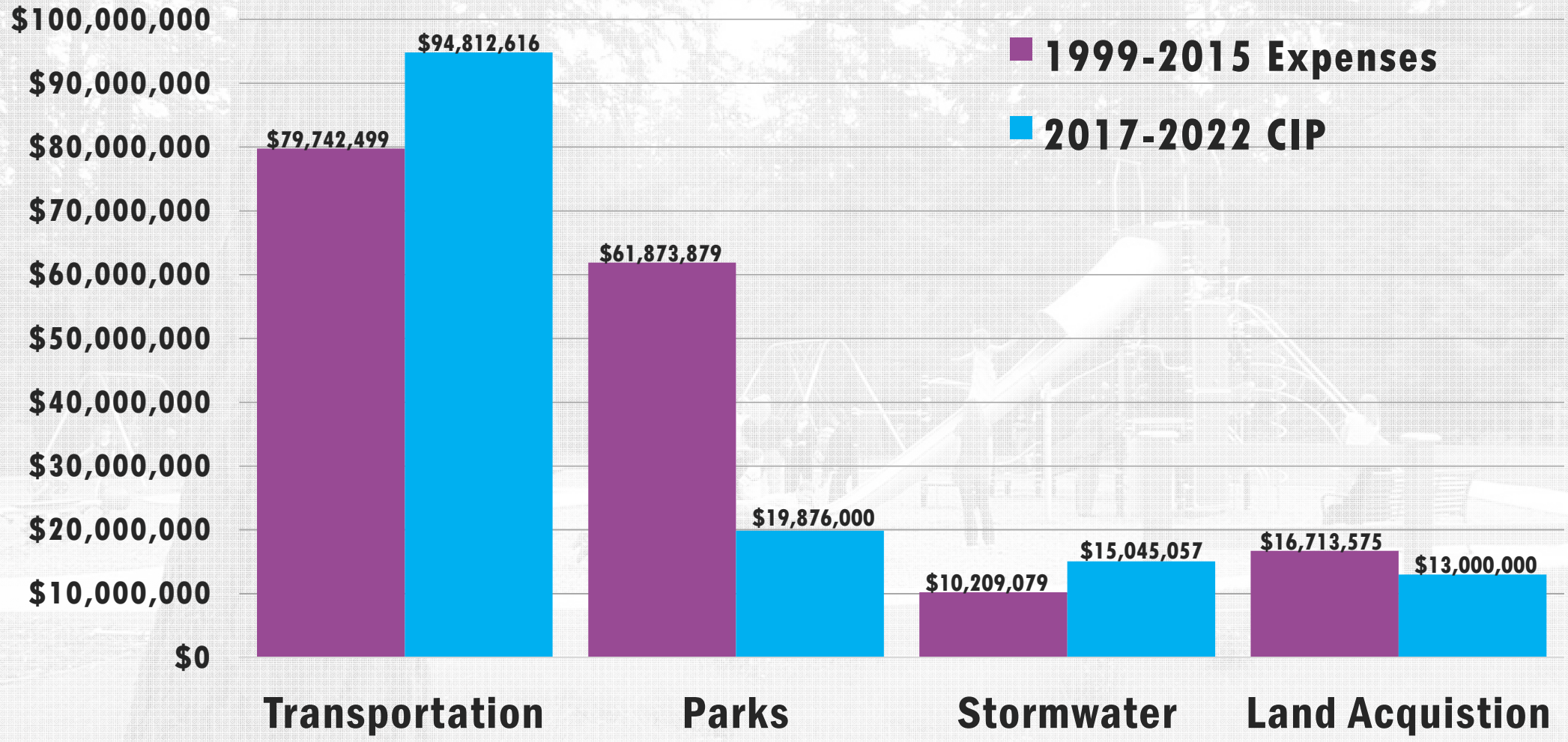
A: Yes, City Finances must comply with State-issued BARS (Budgeting, Accounting and Reporting System) requirements

Fund Category	Specific Funds
General Operations	General Fund (001) Street Fund (101)
Capital (3XX series funds)	General Capital (301) Parks Capital (302) Transportation Capital (340)
Proprietary Funds (4XX series funds)	Surface Water Utility Operating (408) Capital (438)

FUND ORGANIZATION CHART



CAPITAL IMPROVEMENT PLANS (CIP)



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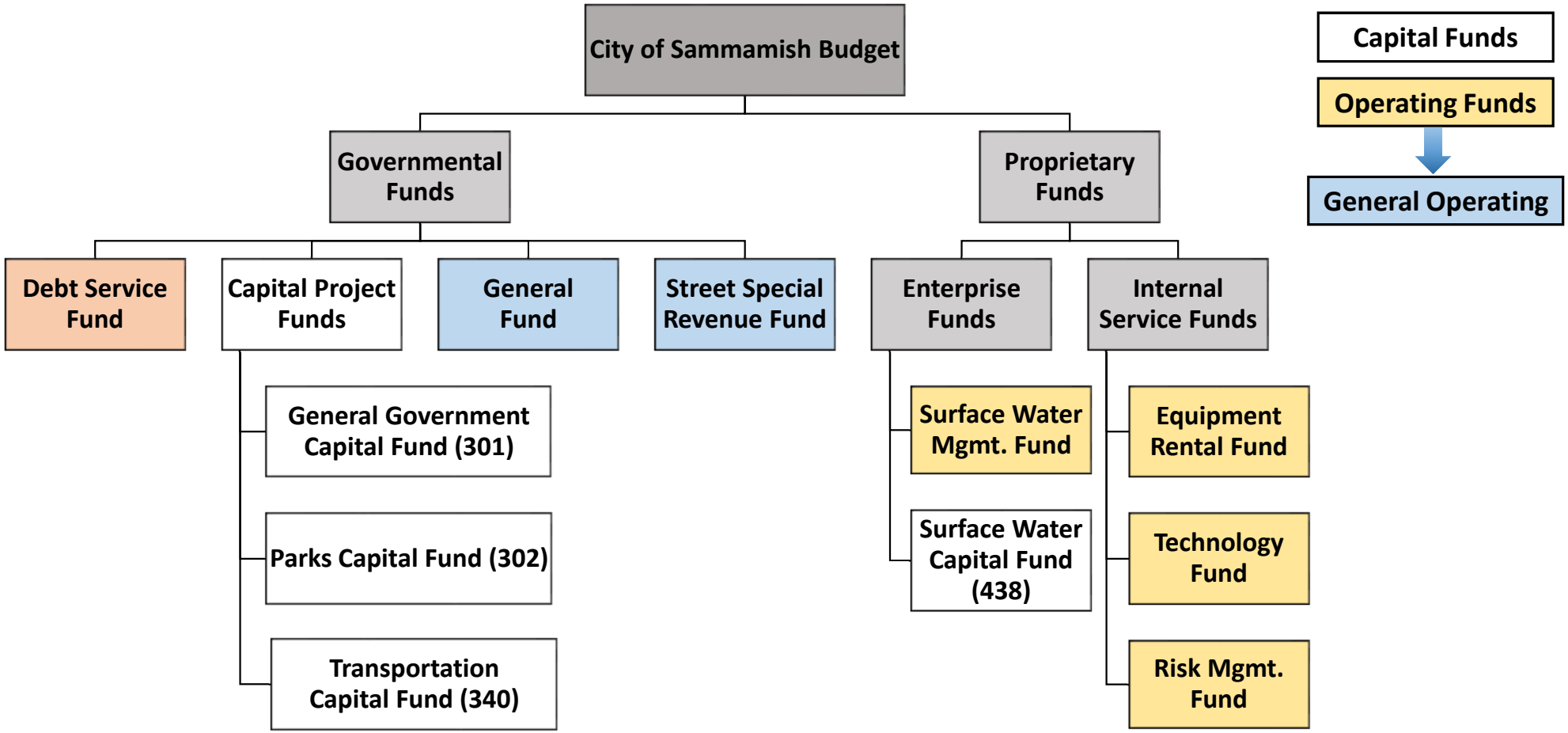
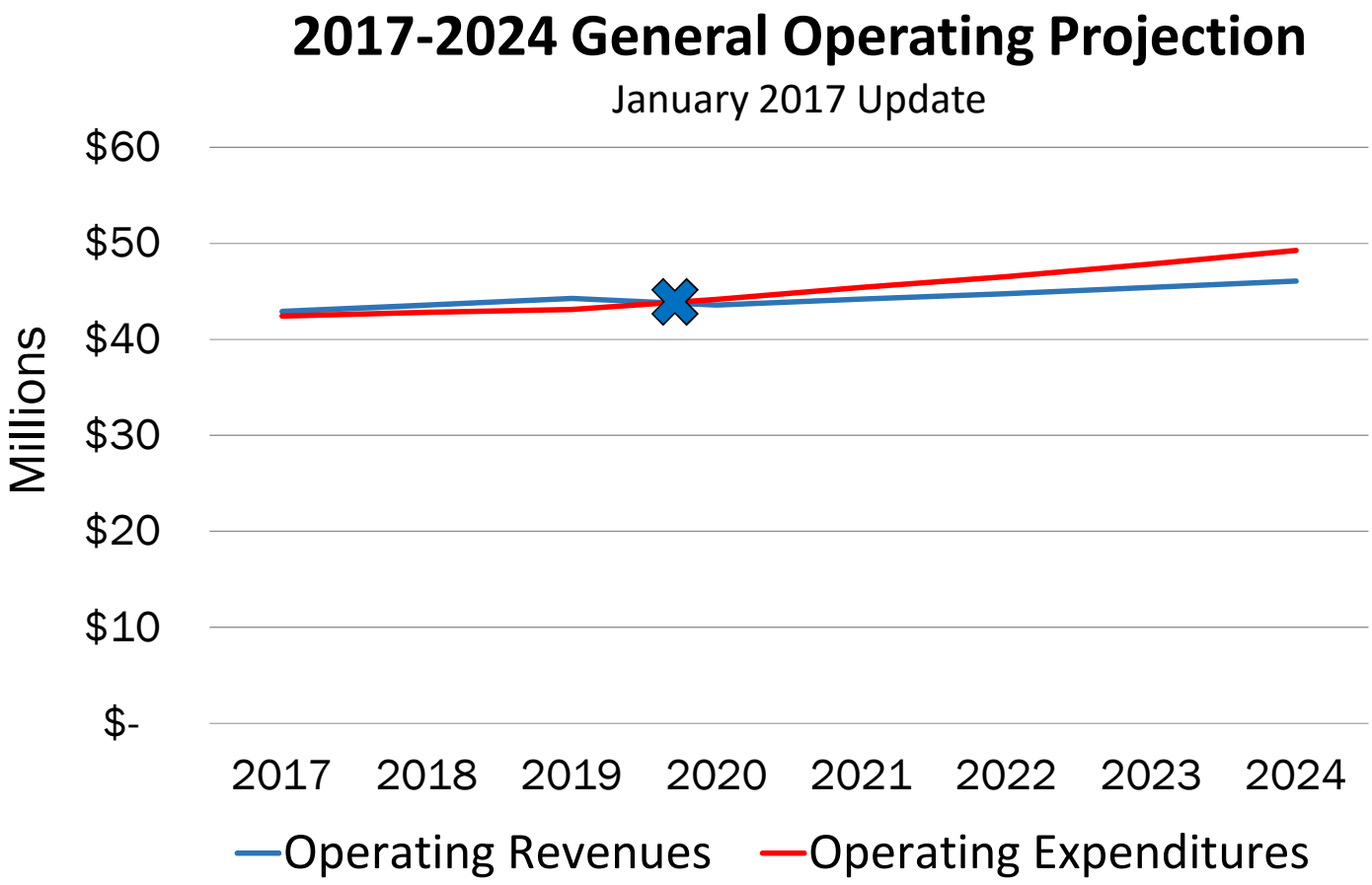


NOTE: General Operating = General Fund + Street Fund = Operating Forecast

LONG RANGE FORECAST



Highlights:

- Forecasted beyond 2024
- Conservative planning & expenditure controls mitigated the impact over time
- Does not account for accumulated Fund Balance
- Long-term structural imbalance

Crossover Point = 2020 (when general operating expenses outpace general operating revenues)

STATE RESTRICTIONS ON USES AND AMOUNTS:

The State must give Cities the authority to tax, but it may restrict:

1. Which uses the municipal taxes can be spent on
2. How much of a particular type of tax can be collected

EXAMPLE: Property Tax

- Limited to 1% increase per year (plus the value of new construction)
- $3.10/$1000 Assessed Valuation statutory cap
- May be used for general operations (vs. restricted to capital)

OPERATING SOURCES QUIZ

Please rank from largest to smallest, the following revenue sources that Sammamish has available to fund operations:

- **Utility Tax**
- **Sales Tax**
- **Business Tax (B&O Tax)**
- **Fees for Services (Direct user fees for services provided)**
- **Property Tax**

OPERATING SOURCES

Please rank from largest to smallest, the following revenue sources that Sammamish has available to fund operations:

1) **Property Tax** = **$55.8 Million (2017-18 Budget)**
   (1% annual increase = approx. $550k)

2) **Sales Tax** = **$13 Million (2017-18 Budget)**

3) **Fees for Services** = **$6 Million (2017-18 Budget)**

4/5) **Business Tax (B&O Tax)** = **$0**

4/5) **Utility Tax** = **$0**

Budget–in–Brief
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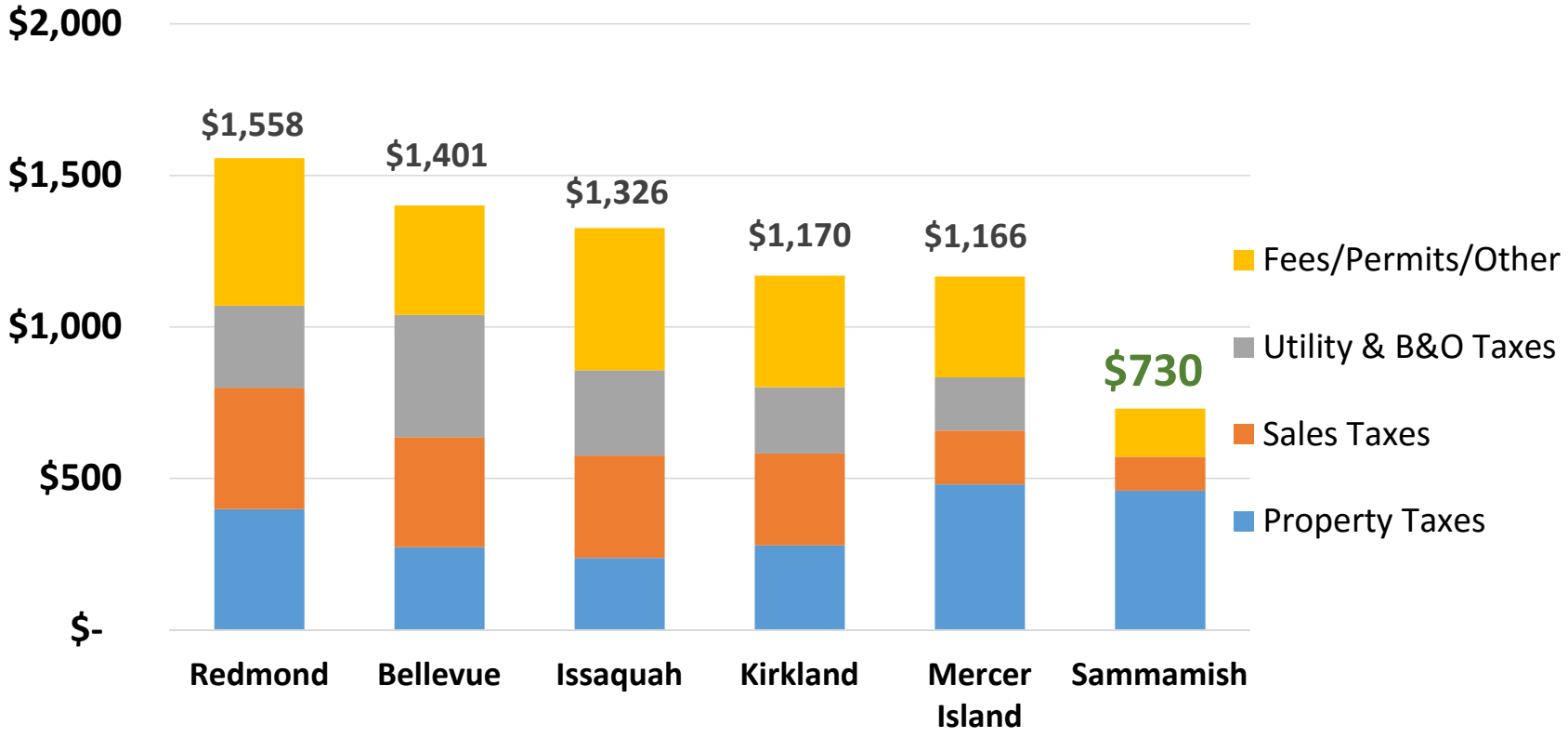
OPERATING REVENUE COMPARISON

Sammamish has the lowest General Fund revenue per capita on the eastside

How many years has it been like this?

General Fund Revenues Per Capita

Eastside Cities Comparison



Source: LGFRS-State Auditor's Office-2015. Excludes Transfers In.

OPERATING EXPENSES QUIZ

Please rank from largest to smallest, where Sammamish spends (by general category) its operating dollars:

- Community Development (planning, zoning, permitting, etc.)
- Parks and Recreation
- Street Pavement Overlay and Maintenance
- Police Services
- Fire and Emergency Medical Services

OPERATING EXPENSES QUIZ

Please rank from largest to smallest, where Sammamish spends (by general category) its operating dollars:

1) Fire and Emergency Medical Services
2) Police Services
3) Parks and Recreation
4) Community Development (planning, zoning, permitting, etc.)
5) Roadway Pavement Overlay Program

OPERATING USES

2017-2018 GENERAL AND STREET SERVICES COSTS:

Department	Cost
Fire and Emergency Medical Services	**$15.3 million**
Police Services	**$14.5 million**
Public Works / Street Maintenance	$11.1 million
Parks and Recreation	$10 million
Community Development	$8 million
Roadway Overlay Program	$7 million
Admin Services / Legal / Facilities	$8.8 million (3 depts.)
Council / City Mgr. / Finance	$4.2 million (3 depts.)
Fleet / Risk Mgmt. / IT / EM / Other	$5.5 million (5 depts.)

2% per year = $1.2 M

The two largest departments of the City are **both contracted**

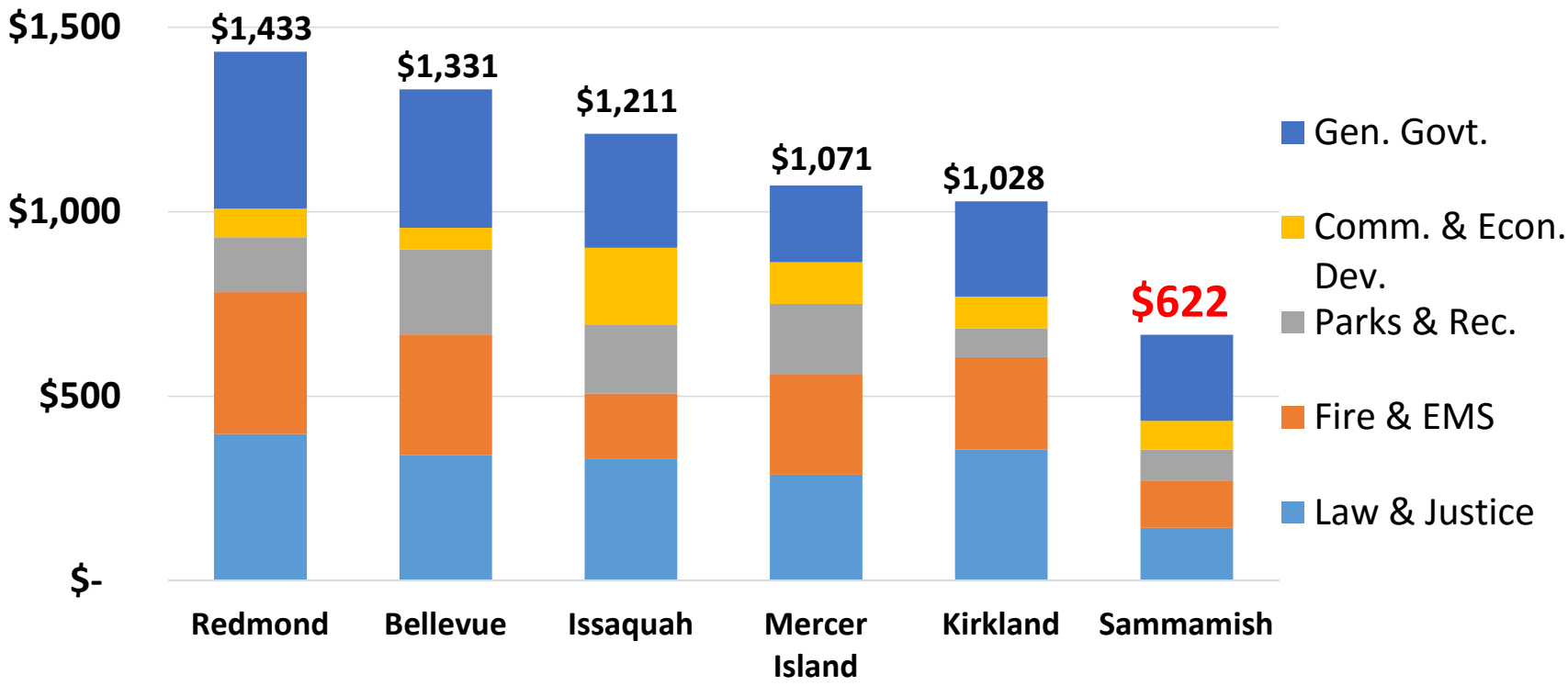
HOW DO 2015 EXPENSES COMPARE?

General Fund Expenditures per Capita

Eastside Cities Comparison (2015)

Sammamish *has the lowest General Fund expenditures per capita on the eastside.*

Same Core Services? Same Service Expectations?



Source: LGFRS-State Auditor's Office-2015. Excludes Transfers In.

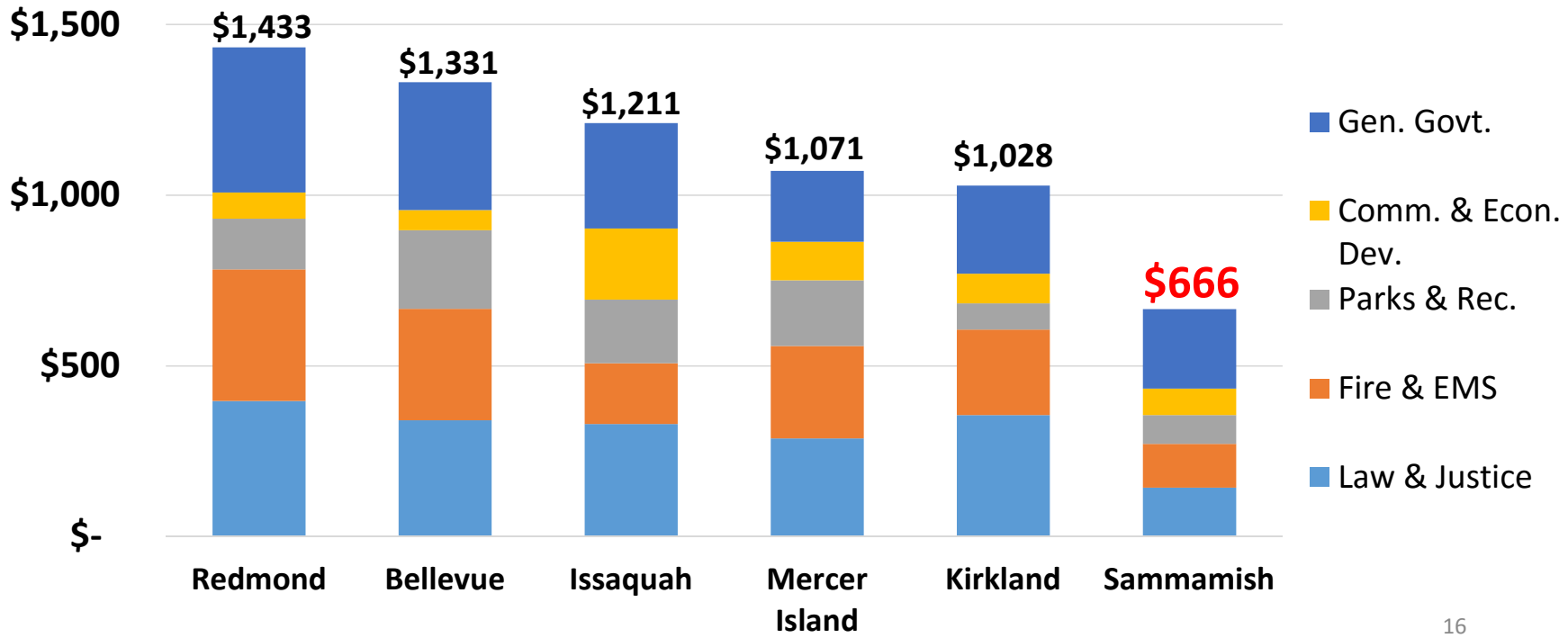
HOW DO EXPENSES COMPARE 2 YEARS LATER?

General Fund Expenditures per Capita

Eastside Cities Comparison (2015)

(Note: Sammamish figure updated for 2017 Population & Budgeted Expenses)

2 Years Later with 114.75 FTE and 61,250 population



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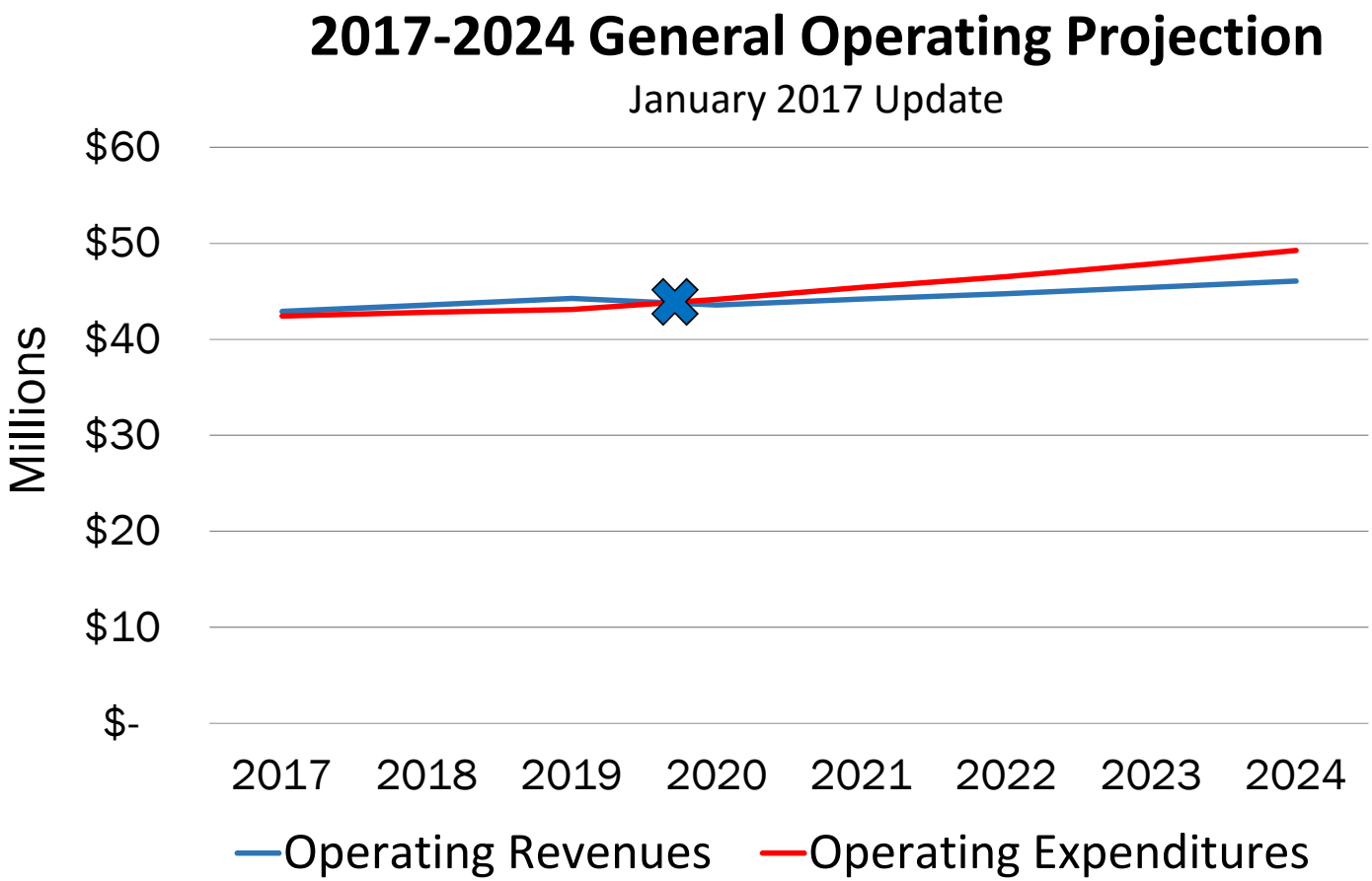
LONG RANGE FORECAST



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POTENTIAL OPERATING SOURCES

Revenue options?

Source	Annual Yield (Max)	Volatility	Diversification	Equitable
Banked Property Tax	**$1.6 million**	No	No	No
Does not account for future 1% allowable increase. Annual increase reflects 2010-2016 banked capacity amount. Equitability based on current burden to homeowner.				
Utility Tax	**$6.6 million**	Semi	Yes	Yes
Assessed by most jurisdictions in State. Volatility and equitability assessments made since based on consumption. Assumes 6% tax rate. $1.1 M = 1% or approx. $66.50 per household/year				
B&O Tax	**$105,000**	Yes	Yes	No
.02% of gross sales. Volatility and equitability assessments made since based on impact of home businesses. Large portion are home businesses reflect a small segment utilizing City services.				

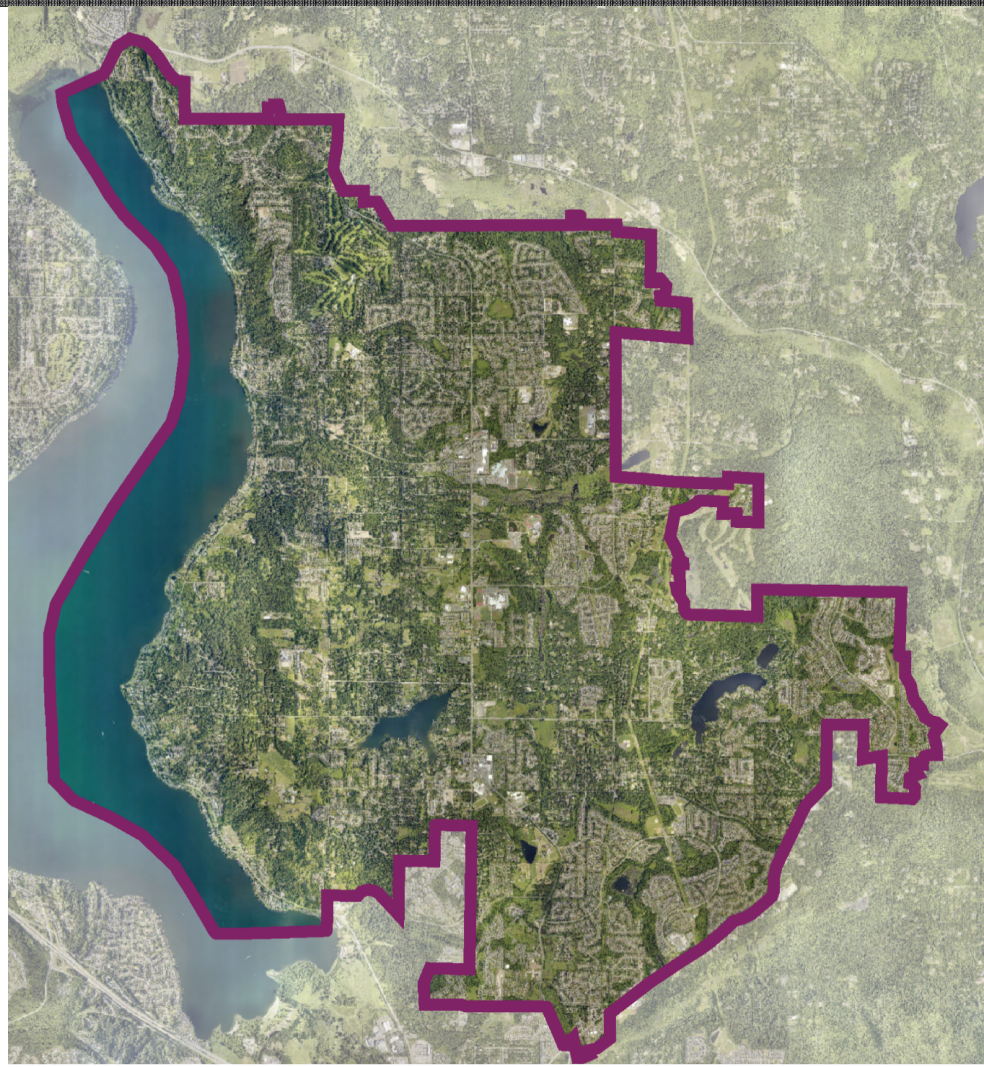
ROUND TABLE DISCUSSION TOPICS & QUESTIONS

1. Should the city diversify its revenue sources by adding a new tax?
2. Are there any services the City should stop offering?
3. Given how Sammamish compares to its neighboring cities, what services would you want enhanced or eliminated?
4. What unmet service expectations do you have now or anticipate having in the near future, and how would you want to pay for them?
5. What should be done when future contracted public safety costs increase at a greater rate than revenues? What should the City do to offset those cost increases? [$550,000 vs. $1.2 million example]

CONTINUING THE CONVERSATION ON FINANCES

Virtual Town Hall (May)

Council Financial Retreat
June 29th, 5-7pm



City of Sammamish Washington