

City of Federal Way

Washington

2017 / 2018

Biennial Budget



Jim Ferrell, Mayor

City Council

Jeanne Burbidge
Deputy Mayor

Lydia Assefa-Dawson
Councilmember

Mark Koppang
Councilmember

Bob Celski
Councilmember

Martin A. Moore
Councilmember

Susan Honda
Councilmember

Dini Duclos
Councilmember

Federal Way Population : 96,757

The City of Federal Way's Biennial Budget Summary presents an overview of the City of Federal Way's 2017/2018 biennial budget, which was developed under the leadership of Mayor Ferrell using the following goals:

- Implement the city's Economic Development initiatives.
- Facilitate Council decision making and policy development.
- Instill a customer service culture and can-do attitude in the City Government.
- Manage city resources in a responsible and responsive manner.
- Lead and coordinate the City's role in local, regional, and federal issues.
- Communicate the City's vision, mission, goals as well as day-to-day service information to constituents and key stakeholders.

A critical component of the budgeting process is citizen involvement through public hearings and study sessions. The City of Federal Way is a service delivery organization guided by the needs and vision of the residents of this community. This budget is the financial plan that brings into being all the individual programs and projects that address those community needs. This budget will serve and benefit the community.

The following are some of the issues addressed, assuming the revenue projections are met:

- Current levels of service will be maintained across all Departments.
- The Performing Arts and Event Center will be open in August 2017 to stimulate economic development and enhance quality of life in the community.
- The City will continue to enhance and operate the popular Town Square Park, Federal Way's first downtown park.
- Funding the Economic Development will be on going, with focused resources on a community economic development strategy, finding appropriate tenants and businesses for the Industrial Realty Group property, and recruiting of new businesses.

The City's overall expenditure budget (including Capital Outlay, Debt Service, Internal Services and Transfers Out) for 2017/2018 is \$257.48 million and supports approximately 341.70 full-time employees in 2017 and 348.70 in 2018. The General and Street fund total expenditures account for \$52.84 million in 2017 and \$54.31 million in 2018, and directly provide or support administrative services, development services, police, recreation and park, street services, and traffic services. In addition, the City's budget includes two business-type (enterprise) funds (Dumas Bay Centre and Surface Water Management) with a total budget of \$9.64 million. The City's budget also includes eight capital projects with a total budget of \$61.78 million, and \$11.83 million for debt services funds. The City is still maintaining reserve levels for the General and Street funds, as well as all funds, including future general capital needs of the general buildings or other capital projects.

The City's capital improvement program is also well positioned for the future with a continued emphasis on councils' priority projects including the Performing Arts and Events Center, the SR 99 HOV Lanes Phase V project, as well as school zone enhancement projects.

REVENUE SUMMARY

GENERAL & STREET FUND OPERATIONS

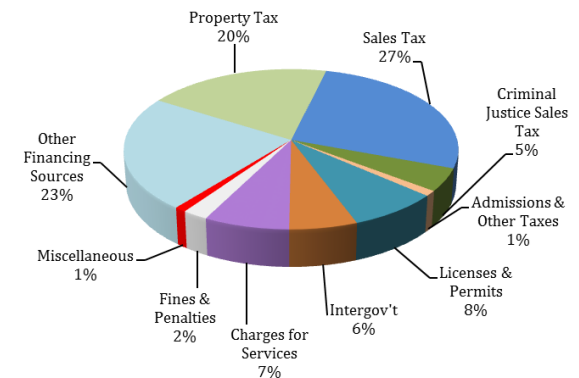
(in \$1,000's)

| FUND | Adjusted Budget 2016 | Adopted Budget 2017 | % Change |
|----------------------------|-------------------------|-------------------------|------------------|
| TAXES | | | |
| Property Tax | \$ 10,486 | \$ 10,512 | 0% |
| Sales Tax | 13,221 | 14,169 | 7% |
| Criminal Justice Sales Tax | 2,507 | 2,458 | -2% |
| Admissions Tax * | - | 400 | 100% |
| Other Taxes | 161 | 161 | 0% |
| | <u>26,376</u> | <u>27,700</u> | <u>5%</u> |
| LICENSES & PERMITS ** | 2,962 | 4,184 | 41% |
| INTERGOVERNMENTAL | 3,012 | 3,121 | 4% |
| CHARGES FOR SERVICES | 4,226 | 3,927 | -7% |
| FINES & PENALTIES | 1,163 | 1,164 | 0% |
| MISCELLANEOUS | 529 | 537 | 2% |
| OTHER FINANCING SOURCES | 12,257 | 12,183 | -1% |
| TOTAL REVENUES | <u>50,527</u> | <u>52,816</u> | <u>5%</u> |
| BEG. FUND BALANCE | 12,007 | 10,535 | -12% |
| GRAND TOTAL | <u>\$ 62,533</u> | <u>\$ 63,351</u> | <u>1%</u> |

* Starting in 2017, the City added an admissions tax upon any person who is charged an admissions fee to any place, including persons who are admitted free of charge, or at reduced rates to any place in the amount of five percent of the admission charge. The admissions tax shall not exceed \$0.60 per ticket of admission sold.

** Licenses & Permits - In 2017, the City increased the business license fees, and added a new Lakehaven Franchise fee.

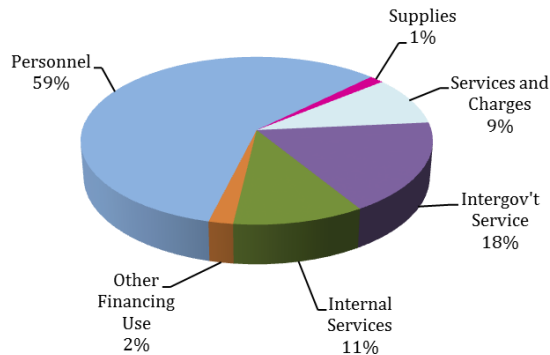
General & Street Fund Operations 2017 Budgeted Revenues



**EXPENDITURE SUMMARY
GENERAL & STREET FUND OPERATIONS
(in \$1,000's)**

| SOURCE | Adjusted Budget 2016 | Adopted Budget 2017 | % Change |
|---------------------------|----------------------|---------------------|-----------|
| GENERAL FUND | | | |
| Council | \$ 379 | \$ 396 | 4% |
| Mayor's Office (MO) | 1,134 | 1,180 | 4% |
| Municipal Court | 1,719 | 1,694 | -1% |
| Finance | 941 | 960 | 2% |
| City Clerk | 558 | 505 | -10% |
| Human Resources | 425 | 459 | 8% |
| Law | 1,317 | 1,362 | 3% |
| Community Development | 3,233 | 3,065 | -5% |
| Economic Development | 349 | 238 | -32% |
| Police/Jail/911 | 24,871 | 26,119 | 5% |
| Park and Recreation | 3,799 | 3,811 | 0% |
| Non-Departmental | 10,201 | 8,962 | -12% |
| Total General Fund | 48,926 | 48,751 | 0% |
| STREET FUND | | | |
| MO – Emergency Management | 221 | 208 | -6% |
| Public Works | 3,869 | 3,884 | 0% |
| Total Street Fund | 4,090 | 4,092 | 0% |
| TOTAL EXPENDITURES | 53,016 | 52,843 | 0% |
| END. FUND BALANCE | 9,517 | 10,508 | 10% |
| TOTAL | \$ 62,533 | \$ 63,351 | 1% |

**General & Street Fund Operations
2017 Budgeted Expenditures**



**REVENUE SUMMARY
ALL CITY FUNDS
(in \$1,000's)**

| SOURCE | Adjusted Budget 2016 | Adopted Budget 2017 | % Change |
|---------------------------------------|----------------------|---------------------|------------|
| TAXES | \$ 40,340 | \$ 43,787 | 9% |
| LICENSES & PERMITS | 2,962 | 4,184 | 41% |
| INTERGOVERNMENTAL * | 32,896 | 19,713 | -40% |
| CHARGES FOR SERVICES | 21,386 | 22,090 | 3% |
| FINES & PENALTIES | 3,582 | 4,301 | 20% |
| MISCELLANEOUS ** | 1,490 | 13,822 | 828% |
| PROPRIETARY FUND REVENUE | - | 45 | 100% |
| TRANSFERS IN | 26,244 | 17,968 | -32% |
| PROCEEDS FROM SALE OF FIXED ASSET *** | - | 8,598 | 100% |
| TOTAL REVENUES | 128,899 | 134,507 | 4% |
| BEG. FUND BALANCE | 75,537 | 59,056 | -22% |
| GRAND TOTAL | \$ 204,436 | \$ 193,563 | -5% |

* Intergovernmental - Decrease in 2017 due to more grants received in 2016 for the Performing Arts & Event Center, Transportation, and CIP.

** Miscellaneous – Increase due to the additional capital funding projected in 2017 for the Performing Arts and Event Center.

*** Proceeds from sale of fixed asset - Increase primarily due to the projected sale of the Target Property.

**EXPENDITURE SUMMARY
ALL CITY FUNDS
(in \$1,000's)**

| SOURCE | Adjusted Budget 2016 | Adopted Budget 2017 | % Change |
|----------------------------------|----------------------|---------------------|------------|
| Council | \$ 379 | \$ 396 | 4% |
| Mayor's Office | 1,406 | 1,439 | 2% |
| Performing Arts & Event Center * | 412 | 938 | 127% |
| Municipal Court | 1,950 | 1,925 | -1% |
| Finance | 941 | 960 | 2% |
| City Clerk | 558 | 505 | -10% |
| Human Resources | 425 | 459 | 8% |
| Information Technology | 3,006 | 2,311 | -23% |
| Law | 2,590 | 3,151 | 22% |
| Community Development | 4,578 | 4,439 | -3% |
| Economic Development | 349 | 238 | -32% |
| Police/Jail/911 | 30,789 | 31,428 | 2% |
| Park and Recreation | 10,830 | 9,904 | -9% |
| Public Works | 51,674 | 35,049 | -32% |
| Non-Departmental | 47,148 | 50,339 | 7% |
| TOTAL EXPENDITURES | 157,035 | 143,479 | -9% |
| END. FUND BALANCE | 47,400 | 50,084 | 6% |
| TOTAL | \$ 204,436 | \$ 193,563 | -5% |

* Performing Arts and Event Center - Increase due to the plan operational cost of the event center opening in 2017.

**REVENUES
ALL CITY FUNDS
(in \$1,000's)**

| FUND | Adjusted Budget 2016 | Adopted Budget 2017 | % Change |
|--|----------------------|---------------------|-------------|
| GENERAL & STREET FUND OPERATIONS | | | |
| General Fund | \$ 46,436 | \$ 48,668 | 5% |
| Street | 4,090 | 4,148 | -1% |
| Subtotal General & Street Fund | 50,527 | 52,816 | -4% |
| CAPITAL PROJECTS | | | |
| Real Estate Excise Tax | 2,100 | 3,200 | 52% |
| Downtown Redevelopment | 1,137 | 1,000 | -12% |
| Capital Project - Municipal Facilities | - | - | - |
| Capital Project - Parks | 300 | 300 | 0% |
| Capital Project - Surface Water Mgt | 3,778 | 540 | -86% |
| Capital Project - Transportation | 22,361 | 16,915 | -24% |
| Capital Project Reserve | - | - | - |
| Performing Arts & Event Center | 9,013 | 11,278 | 25% |
| Subtotal Capital Projects | 38,689 | 33,233 | -14% |
| ENTERPRISE & INTERNAL SERVICE | | | |
| Surface Water Management | 4,541 | 4,071 | -10% |
| Dumas Bay Centre | 961 | 747 | -22% |
| Risk Management | 924 | 1,568 | 70% |
| Information Systems | 2,185 | 2,213 | 1% |
| Mail and Duplication | 128 | 129 | 0% |
| Fleet and Equipment | 2,111 | 1,801 | -15% |
| Building and Furnishings | 543 | 484 | -11% |
| Health Insurance | 4,207 | 4,204 | 0% |
| Unemployment Insurance | 225 | 268 | 19% |
| Subtotal Enterprise & Internal Service | 15,826 | 15,484 | -2% |
| DEBT SERVICE & SPECIAL REVENUE | | | |
| Debt service | 1,841 | 10,346 | 82% |
| Arterial Street | 1,516 | 1,516 | 0% |
| Utility Tax | 9,110 | 8,919 | -2% |
| Solid Waste and Recycling | 431 | 431 | 0% |
| Special Studies/Contract | - | - | - |
| Hotel/Motel Lodging Tax | 200 | 226 | 11% |
| Community Center | 2,254 | 2,200 | -2% |
| Traffic Safety | 2,419 | 3,140 | 23% |
| Utility Tax Proposition 1 | 3,239 | 2,922 | -11% |
| Performing Arts & Event Center | 400 | 938 | 57% |
| Transportation Benefit District | - | 930 | 100% |
| Community Development Block Grant | 1,237 | 1,237 | 0% |
| Paths and Trails | 169 | 169 | 0% |
| Strategic Reserve | 542 | - | -100% |
| Parks Reserve | 500 | - | -100% |
| Subtotal Debt Service & Special Revenue | 23,857 | 32,974 | 28% |
| TOTAL REVENUES | 128,899 | 134,507 | 4% |
| BEG. FUND BALANCE | 75,537 | 59,056 | -22% |
| GRAND TOTAL | \$ 204,436 | \$ 193,563 | -5% |



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