

CITY OF FEDERAL WAY  
CITY COUNCIL  
AGENDA BILL

SUBJECT: AUGUST 2019 MONTHLY FINANCIAL REPORT

POLICY QUESTION: Should the Council approve the August 2019 Monthly Financial Report?

COMMITTEE: Finance, Economic Development and Regional Affairs Committee

MEETING DATE: September 24, 2019

CATEGORY:

- Consent
- City Council Business
- Ordinance
- Resolution
- Public Hearing
- Other

STAFF REPORT BY: Adé Ariwoola, Finance Director

DEPT: Finance

Attachments:


- August 2019 Monthly Financial Report


Options Considered:

1. Approve the August 2019 Monthly Financial Report as presented
2. Deny approval of the August 2019 Monthly Financial Report and provide direction to staff.

MAYOR'S RECOMMENDATION: Mayor recommends approval of Option 1.

MAYOR APPROVAL:

 9/18/19  
Committee

 9/18/19  
Council

DIRECTOR APPROVAL:

  
Initial

COMMITTEE RECOMMENDATION: I move to forward the August 2019 Monthly Financial Report to the October 1, 2019 consent agenda for approval.

  
Committee Chair


Assefa-Dawson via phone  
Committee Member

  
Committee Member

PROPOSED COUNCIL MOTION: "I move approval of the August 2019 Monthly Financial Report."

(BELOW TO BE COMPLETED BY CITY CLERKS OFFICE)

COUNCIL ACTION:

- APPROVED 
- DENIED
- TABLED/DEFERRED/NO ACTION
- MOVED TO SECOND READING (ordinances only)

REVISED - 08/12/2010

COUNCIL BILL #

1<sup>ST</sup> reading

Enactment reading

ORDINANCE #

RESOLUTION #

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## **CITY OF Federal Way August 2019 Monthly Financial Report - Highlights**

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The following are highlights of the August 2019 Monthly Financial Report. Detailed financial information can be found in the August 2019 Monthly Financial Report detail.

### **Notable Areas**

1. CD Permits & Fees is \$1.2M or 68.7% above 2019 year-to-date budget and \$1.3M or 74.9% above 2018 year-to-date collections.
2. Business License Fees are 19K or 9.2% below 2019 year-to-date budget, but \$17K or 9.7% above 2018 year-to-date collections.

### **General & Street Fund Summary**

Revenues are above the year-to-date budget by \$2.5M or 10.3%. Property Tax, sales tax, criminal justice sales tax, admissions tax, gambling tax, state shared revenue, CD & PW permits & fees, franchise fees, passport agency fees, park and general recreation fees, police services, and interest earnings account for the increase in revenue above the year-to-date budget. Leasehold tax, court and probation revenue, and business license fees fell behind their year-to-date projection.

Total General & Street Fund expenditures are below the year-to-date budget by \$439K or 1.4%. Police is under the year-to-date budget by \$264K or 1.9% primarily due to timing of expenditures and hiring of officers.

**Property tax** is above 2018 year-to-date actual by \$155K or 2.7%, and above 2019 year-to-date budget by \$66K or 1.1%.

**Sales tax** is above 2018 year-to-date actual by \$424K or 5.0%, and above 2019 year-to-date budget by \$163K or 1.9%.

Additionally, **criminal justice sales tax** collected county-wide is above 2018 year-to-date actual by \$84K or 5.1%, and above 2019 year-to-date budget by \$207K or 13.5%.

**Community Development permits and fees** are above the 2018 year-to-date actual by \$1.3M or 74.9%, and above 2019 year-to-date budget by \$1.2M or 68.7%. Major permits and review fees this year include Traditions at FW senior housing, Davita healthcare office park, TILT 348 office, and Federal Way premier storage.

**Court revenue** is above 2018 year-to-date actual by \$25K or 3.7% but below 2019 year-to-date budget by \$110K or 13.5%. The Court's traffic and non-parking infractions are below 2019 year-to-date budget due to the reallocation of the traffic unit to assist patrol officers in the gun violence initiative, and state law on indigents.

**Probation revenue** is below 2018 year-to-date actual by \$42K. As of the end of August, probation revenue is \$108K less than expenditures, although the probation division was intended to be self-sufficient. New state law prevents the City from aggressive collection of both court and probation fees from indigent individuals; most individuals in our courts are identified as indigents.

**Admissions Tax** was a new source of revenue in 2017. It is being paid monthly and as of the end of August, the City has collected \$438K, which is \$36K below year-to-date actuals last year.

**Business License Fees** is below 2019 year-to-date budget by \$19K or 9.2%, but above 2018 year-to-date actual by \$17K or 9.7%. We plan to go on to the State system this year, the State will charge fees for using the State system in addition to the City's fee for their administration.

**Park & General Recreation Fees** is above 2019 year-to-date budget by \$58K or 7.1%, but below 2018 year-to-date actual by \$25K or 2.8%.

### **Designated Operating Funds**

Expenditures are below 2019 year-to-date budget by \$536K or 4.6% and are primarily due to timing of payments in Solid Waste & Recycling, Hotel/Motel Lodging Tax, Traffic Safety, Utility Tax Prop 1, Performing Arts & Events Center, and Surface Water Management.

**Utility tax** revenues received year-to-date as reported on the monthly financial report totals \$6.6M and is \$456K or 6.5% below 2018 year-to-date actual and \$256K or 3.7% below 2019 year-to-date budget.

The following is the comparison of 2019 year-to-date actual to 2018 year-to-date actual utility taxes by category:

- Electricity – current year-to-date decrease by \$158K or 5.1%
- Gas – current year-to-date decrease by \$72K or 7.5%
- Solid Waste – current year-to-date increase by \$45K or 7.3%
- Cable – current year-to-date decrease by \$29K or 2.8%
- Cellular – current year-to-date decrease by \$237K or 31.3%

**Real estate excise tax** 2019 year-to-date revenues of \$3.2M is above 2018 year-to-date actual by \$754K or 30.3%, and above the 2019 year-to-date budget by \$1.1M or 50.6%. There were 168 taxable residential sales (total sales \$64.1M / \$317K tax), and 7 commercial sales (total sales \$97.0M / \$480K tax). One commercial sale of Waterbury Park Apartments (total sales \$55.9M / \$277K tax) accounts for a portion of the \$480K tax received.

### **Lakehaven Utility District**

The City signed an agreement with Lakehaven in 2016 for a 3.6% franchise fee, and in exchange the City will pay for the fire hydrant maintenance and street lights that were initially paid for by Lakehaven and charged to the citizens. The franchise fees received thru August amount to \$600K; billings for fire hydrants and streetlights are \$611K. The billings for fire hydrants are quarterly, and streetlights are monthly. Revenue from the franchise agreement is received monthly.

# August 2019 Monthly Financial Report – Detail

GENERAL & STREET FUND SUMMARY	2018			2019			YTD Budget vs. Actual	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	Favorable/(Unfavorable)	
							\$	%
<b>Beginning Fund Balance</b>	\$ 11,290,683	\$ 11,290,682	\$ 11,290,682	\$ 11,645,229	\$ 11,662,052	\$ 11,662,052	n/a	n/a
<b>Revenues:</b>								
Property Taxes	10,858,948	10,799,658	5,742,853	10,967,537	5,832,124	5,898,192	66,068	1.1%
Sales Tax	14,653,989	14,731,810	8,521,727	15,240,149	8,782,240	8,945,484	163,244	1.9%
Criminal Justice Sales Tax	2,605,768	2,927,406	1,662,384	2,709,999	1,538,925	1,746,341	207,416	13.5%
Admissions Tax	663,500	867,169	473,525	680,135	371,394	437,908	66,514	17.9%
Gambling Taxes	155,000	229,524	119,649	155,000	80,800	115,074	34,273	42.4%
State Shared Revenue	2,762,000	3,144,975	1,645,782	2,902,000	1,518,632	1,655,697	137,065	9.0%
Leasehold Tax	6,000	4,269	2,289	6,000	3,218	2,243	(975)	-30.3%
Court Revenue	1,351,550	993,309	675,674	1,175,742	810,731	700,932	(109,799)	-13.5%
Probation Revenue	260,000	224,603	158,733	260,000	173,333	116,763	(56,570)	-32.6%
CD Permits & Fees	2,150,500	2,595,395	1,696,832	2,550,775	1,759,470	2,967,809	1,208,339	68.7%
PW Permits & Fees	630,233	612,714	330,587	700,752	369,512	530,433	160,921	43.5%
Business License Fees	622,000	514,887	170,647	622,000	206,147	187,252	(18,895)	-9.2%
Franchise Fees	1,174,830	1,415,944	847,388	1,186,578	534,826	534,826	-	0.0%
Lakehaven Franchise Fees	848,580	911,667	578,548	848,580	538,513	600,253	61,740	11.5%
Passport Agency Fees	65,000	80,509	54,049	68,000	45,651	64,340	18,689	40.9%
Park & General Recreation Fees	1,050,000	1,157,264	902,102	1,050,000	818,488	876,800	58,312	7.1%
Police Services	1,424,766	1,426,661	591,096	1,424,766	590,311	733,307	142,996	24.2%
Admin/Cash Management Fees	375,896	375,896	250,597	375,896	250,597	250,597	0	0.0%
Interest Earnings	74,700	189,657	90,834	78,216	52,144	125,091	72,947	139.9%
Miscellaneous/Other/Grants	984,304	1,189,422	587,828	874,300	432,091	761,460	329,369	76.2%
<b>Total Revenues</b>	<b>42,717,564</b>	<b>44,392,739</b>	<b>25,103,125</b>	<b>43,876,426</b>	<b>24,709,148</b>	<b>27,250,803</b>	<b>2,541,655</b>	<b>10.3%</b>
<b>Expenditures:</b>								
City Council	403,877	405,140	288,635	493,462	351,559	307,922	43,637	12.4%
Mayor's Office	1,359,777	1,415,322	934,874	1,326,657	944,049	987,999	(43,950)	-4.7%
Community Development	2,338,480	2,285,955	1,501,176	2,654,112	1,742,943	1,740,933	2,010	0.1%
Economic Development	302,265	279,487	172,650	415,973	256,962	183,145	73,817	28.7%
Human Services	813,499	760,399	513,081	841,388	581,960	578,960	3,000	0.5%
Finance	971,822	962,053	639,964	1,153,267	767,162	716,878	50,284	6.6%
Human Resources/City Clerk	972,823	978,705	513,917	1,124,179	590,306	554,591	35,715	6.1%
Law	1,430,272	1,569,494	1,052,069	1,548,395	1,032,263	1,055,075	(22,812)	-2.2%
Municipal Court	1,372,301	1,367,648	906,470	1,384,797	923,198	930,129	(6,931)	-0.8%
Probation	341,580	319,276	210,883	355,508	234,814	224,871	9,943	4.2%
Jail	6,450,972	6,417,479	3,747,516	5,964,972	3,976,648	3,948,071	28,577	0.7%
Police	20,992,093	20,663,493	13,705,452	21,392,693	14,189,108	13,925,357	263,751	1.9%
Parks & Recreation	4,076,527	4,036,022	2,649,228	4,037,259	2,650,040	2,743,106	(93,066)	-3.5%
Lakehaven Fire Hydrant/Street Light	955,947	905,889	647,191	955,947	637,298	610,539	26,759	4.2%
Public Works	4,521,519	4,030,417	2,278,155	4,583,152	2,673,505	2,605,257	68,248	2.6%
<b>Total Expenditures</b>	<b>47,303,754</b>	<b>46,396,779</b>	<b>29,761,262</b>	<b>48,231,761</b>	<b>31,551,814</b>	<b>31,112,833</b>	<b>438,981</b>	<b>1.4%</b>
<b>Revenues over/(under) Expenditures</b>	<b>(4,586,190)</b>	<b>(2,004,040)</b>	<b>(4,658,137)</b>	<b>(4,355,335)</b>	<b>(6,842,666)</b>	<b>(3,862,030)</b>	<b>2,980,635</b>	<b>43.6%</b>
<b>Other Sources:</b>								
Ongoing Transfers In:								
Traffic Safety for Operations	1,547,039	1,547,039	1,547,039	1,470,333	1,470,333	1,470,333	-	0.0%
Utility Tax for Designated Programs	955,344	1,056,052	402,656	-	-	-	-	n/a
Utility Tax for Operations	7,693,739	5,387,582	5,079,531	8,471,516	4,250,282	4,250,282	-	0.0%
Other Transfers In	514,689	-	-	549,199	105,000	105,000	-	0.0%
<b>Total Other Financing Sources</b>	<b>10,710,811</b>	<b>7,990,673</b>	<b>7,029,226</b>	<b>10,491,048</b>	<b>5,825,615</b>	<b>5,825,615</b>	<b>-</b>	<b>0.0%</b>
<b>Other Uses:</b>								
Transfers Out/Other	473,855	473,855	473,855	1,970,674	560,329	560,329	-	0.0%
Non-Departmental Internal Service Charges	7,676,434	5,158,235	3,687,917	5,844,461	3,884,729	3,884,729	-	0.0%
<b>Total Other Financing Uses</b>	<b>8,150,289</b>	<b>5,632,090</b>	<b>4,161,772</b>	<b>7,815,135</b>	<b>4,445,058</b>	<b>4,445,058</b>	<b>-</b>	<b>0.0%</b>
<b>Total Ending Fund Balance</b>	<b>\$ 9,265,015</b>	<b>\$ 11,645,225</b>	<b>\$ 9,499,998</b>	<b>\$ 9,965,807</b>	<b>\$ 6,199,943</b>	<b>\$ 9,180,580</b>	<b>n/a</b>	<b>n/a</b>

DESIGNATED OPERATING FUNDS SUMMARY	2018			2019			YTD Budget vs. Actual Favorable/(Unfavorable)	
	Annual Budget	Annual Actual	YTD Actual	Annual Budget	YTD Budget	YTD Actual	\$	%
<b>Beginning Fund Balance</b>	\$ 24,510,262	\$ 24,510,261	\$ 24,510,261	\$ 22,163,689	\$ 22,163,685	\$ 22,163,685	n/a	n/a
<b>Revenues:</b>								
Utility Tax	9,300,000	9,013,378	5,458,095	9,622,000	5,389,204	5,105,943	(283,262)	-5.3%
Utility Tax - Prop 1 Voter Package	2,677,891	2,706,211	1,594,819	2,685,891	1,463,929	1,491,420	27,491	1.9%
Hotel/Motel Lodging Tax	300,000	285,725	159,471	300,000	160,048	164,219	4,171	2.6%
Real Estate Excise Tax	3,460,000	4,240,825	2,484,814	3,560,000	2,151,094	3,238,658	1,087,565	50.6%
Property Tax - King Co Expansion Levy	160,000	179,387	97,431	160,000	86,901	108,021	21,120	24.3%
State Shared Revenue	513,273	564,755	321,424	539,000	306,766	310,318	3,552	1.2%
Traffic Safety (Red Light/School Zone)	3,487,000	3,463,439	2,293,487	3,802,000	2,517,682	2,478,865	(38,817)	-1.5%
Federal Way Community Center	1,826,500	1,963,936	1,344,142	1,968,351	1,361,059	1,163,727	(197,332)	-14.5%
Dumas Bay Centre Fund	635,251	886,392	616,608	765,251	535,440	671,249	135,808	25.4%
Performing Arts & Event Ctr Operations	1,199,142	507,917	283,038	1,372,526	764,842	635,821	(129,021)	-16.9%
Surface Water Management Fees	4,017,878	4,144,140	2,277,860	4,130,134	2,270,161	2,387,325	117,164	5.2%
Refuse Collection Fees	304,517	318,180	211,876	413,496	275,348	277,637	2,290	0.8%
Automation Fees	-	-	-	20,000	360	360	-	0.0%
Interest Earnings	128,305	352,825	180,168	151,305	77,263	269,079	191,816	248.3%
Miscellaneous/Other/Grants/Contribution from SCORE	295,590	219,351	101,239	177,534	81,938	193,504	111,566	136.2%
<b>Total Revenues</b>	<b>28,305,347</b>	<b>28,846,464</b>	<b>17,424,472</b>	<b>29,667,488</b>	<b>17,442,036</b>	<b>18,496,145</b>	<b>1,054,109</b>	<b>6.0%</b>
<b>Expenditures:</b>								
Arterial Streets Overlay Program	1,789,993	1,870,129	1,218,396	1,515,064	1,136,298	1,095,861	40,437	3.6%
Solid Waste & Recycling	526,818	486,418	287,397	595,549	351,876	318,030	33,846	9.6%
Hotel/Motel Lodging Tax	224,700	90,049	51,116	294,700	167,287	24,278	143,009	85.5%
Traffic Safety (Red Light/School Zone)	3,021,048	2,614,668	1,370,627	2,676,203	1,561,118	1,459,220	101,898	6.5%
Utility Tax Proposition 1	3,374,938	3,156,781	1,952,576	3,446,374	2,131,699	2,098,961	32,738	1.5%
Debt Service (Debt & Admin Fee)	2,978,063	2,024,491	236,681	2,152,510	214,636	214,636	-	0.0%
Federal Way Community Center	2,244,429	2,334,287	1,524,270	2,314,036	1,512,088	1,604,197	(92,108)	-6.1%
Performing Arts & Event Ctr Operations	1,871,986	1,628,149	1,014,251	1,871,986	1,294,790	1,268,029	26,761	2.1%
Dumas Bay Centre Fund	763,995	928,560	632,562	801,472	528,421	553,003	(24,582)	-4.7%
Surface Water Management	4,117,510	3,975,749	2,543,679	4,295,628	2,748,338	2,474,734	273,603	10.0%
<b>Total Expenditures</b>	<b>20,913,480</b>	<b>19,109,281</b>	<b>10,831,554</b>	<b>19,963,523</b>	<b>11,646,552</b>	<b>11,110,949</b>	<b>535,603</b>	<b>4.6%</b>
<b>Revenues over/(under) Expenditures</b>	<b>7,391,867</b>	<b>9,737,183</b>	<b>6,592,918</b>	<b>9,703,966</b>	<b>5,795,484</b>	<b>7,385,196</b>	<b>1,589,712</b>	<b>27.4%</b>
<b>Other Sources:</b>								
Ongoing Transfers In:								
Utility Tax for DBC Oper/Reserves	123,501	123,501	10,744	23,000	-	-	-	n/a
Utility Tax/GF for FWCC Oper/Reserves	447,930	579,474	183,383	387,000	387,000	387,000	-	0.0%
Utility Tax/Gen. Fund/REET for Debt	813,473	813,473	813,473	813,473	813,473	813,473	-	0.0%
Utility Tax to Strategic Reserve	-	1,800,000	-	44,570	44,570	44,570	-	0.0%
REET for Arterial Streets Overlay	1,013,000	1,013,000	1,013,000	1,013,000	1,013,000	1,013,000	-	0.0%
Utility Tax/GF for PAEC/Proc. from Sale of TP/SCORE Contr.	1,977,090	776,838	694,717	2,150,729	1,046,928	1,046,928	-	0.0%
<b>Total Other Sources</b>	<b>4,374,994</b>	<b>5,106,287</b>	<b>2,715,317</b>	<b>4,431,772</b>	<b>3,304,971</b>	<b>3,304,971</b>	<b>-</b>	<b>0.0%</b>
<b>Other Uses:</b>								
Ongoing Transfer Out:								
Traffic Safety (Red Light/School Zone)	1,547,039	1,547,039	1,547,039	1,470,333	1,470,333	1,470,333	-	0.0%
Utility Tax to PAEC Oper	181,317	172,907	172,907	-	-	-	-	n/a
Utility Tax to FWCC Oper/Reserves	447,930	579,474	183,383	387,000	387,000	387,000	-	0.0%
Utility Tax to DBC Oper/Reserves	123,501	123,501	10,744	23,000	-	-	-	n/a
Utility Tax to General/Street Oper/Dbt/Str Rsv/Bldg Fnd	8,044,485	8,116,957	5,079,531	8,471,516	4,250,282	4,250,282	-	0.0%
REET to Arterial Streets Overlay	1,013,000	1,013,000	1,013,000	1,013,000	1,013,000	1,013,000	-	0.0%
REET to Debt Service/PAEC Capital	813,473	813,473	813,473	1,363,370	1,363,370	1,363,370	-	0.0%
Transfers/Other/Unalloc IS/Strategic Rsv. Property Purchase	3,131,782	4,823,693	372,329	4,384,984	993,774	993,774	-	0.0%
<b>Total Other Uses</b>	<b>15,302,527</b>	<b>17,190,045</b>	<b>9,192,405</b>	<b>17,113,203</b>	<b>9,477,759</b>	<b>9,477,759</b>	<b>-</b>	<b>0.0%</b>
<b>Ending Fund Balance</b>								
Arterial Streets Overlay	100,001	94,682	496,701	127,618	-	353,080	n/a	n/a
Utility Tax (non-Prop 1)	1,500,000	1,600,471	1,664,048	1,600,471	-	1,500,000	n/a	n/a
Utility Tax - Prop 1 Voter Package	1,000,000	1,002,102	999,999	1,002,102	-	999,998	n/a	n/a
Solid Waste & Recycling	99,880	154,581	190,309	88,942	-	168,838	n/a	n/a
Hotel/Motel Lodging Tax	1,048,246	1,177,879	1,083,375	1,189,180	-	1,331,125	n/a	n/a
Federal Way Community Center	1,427,087	1,566,460	1,500,001	1,590,275	-	1,479,372	n/a	n/a
Traffic Safety Fund	1,510,566	1,909,111	1,967,718	1,578,075	-	1,477,186	n/a	n/a
Real Estate Excise Tax Fund	2,479,723	3,303,937	3,539,895	2,594,567	-	3,899,847	n/a	n/a
Performing Arts & Event Ctr Operations	-	(447,382)	(81,166)	(447,382)	-	(601,705)	n/a	n/a
Paths & Trails	930,546	962,997	870,775	1,131,997	-	1,087,704	n/a	n/a
Technology Fund	-	-	-	20,000	-	360	n/a	n/a
Strategic Reserve Fund	3,068,979	2,656,969	3,064,700	2,703,539	-	2,748,743	n/a	n/a
Parks Reserve Fund	1,253,647	1,265,796	1,257,486	645,796	-	1,279,565	n/a	n/a
Debt Service Fund	2,901,022	2,956,847	4,715,065	2,582,201	-	3,594,479	n/a	n/a
Surface Water Management	2,154,899	2,373,543	1,857,184	1,210,369	-	2,354,787	n/a	n/a
Dumas Bay Centre Fund	1,500,000	1,585,695	1,499,999	1,568,474	-	1,702,707	n/a	n/a
<b>Total Ending Fund Balance</b>	<b>\$ 20,974,596</b>	<b>\$ 22,163,686</b>	<b>\$ 24,626,091</b>	<b>\$ 19,186,224</b>	<b>\$ -</b>	<b>\$ 23,376,087</b>	<b>n/a</b>	<b>n/a</b>

**Sales Tax**

Compared to year-to-date 2018 actual, sales tax revenues are above by \$424K or 5.0%. Compared to 2019 year-to-date budget, sales tax revenues are above by \$163K or 1.9%. There is usually a two month lag in sales tax revenue. The sales tax collected for June 2019 is paid to the City in August 2019.

LOCAL RETAIL SALES TAX REVENUES							
YTD August							
Month	2018 Actual	2019		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2018		YTD Actual vs Budget	
				\$	%	\$	%
Jan	\$ -	-	-	-	-	-	-
Feb	1,502,207	1,528,822	1,501,715	(492)	0.0%	(27,107)	-1.8%
Mar	1,084,522	1,082,442	1,104,726	20,205	1.9%	22,285	2.1%
Apr	1,025,585	1,082,170	997,513	(28,072)	-2.7%	(84,658)	-7.8%
May	1,319,134	1,293,434	1,346,880	27,745	2.1%	53,446	4.1%
Jun	1,144,354	1,174,254	1,229,332	84,978	7.4%	55,078	4.7%
Jul	1,148,178	1,227,431	1,263,066	114,889	10.0%	35,636	2.9%
Aug	1,297,748	1,393,688	1,502,252	204,504	15.8%	108,564	7.8%
Sep	1,220,004	1,303,410	-	-	-	-	-
Oct	1,228,595	1,307,518	-	-	-	-	-
Nov	1,363,500	1,370,430	-	-	-	-	-
Dec	2,397,982	2,476,551	-	-	-	-	-
<b>YTD Total</b>	<b>\$ 8,521,728</b>	<b>\$ 8,782,240</b>	<b>\$ 8,945,484</b>	<b>\$ 423,756</b>	<b>5.0%</b>	<b>\$ 163,244</b>	<b>1.9%</b>
<b>Annual Total</b>	<b>\$ 14,731,810</b>	<b>\$ 15,240,149</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

COMPARISON OF SALES TAX COLLECTIONS BY SIC GROUP						
Component Group	2018 Actual	2019 Actual	Favorable/(Unfavorable)		Explanation	
			Change from 2018			
			\$	%		
Retail Trade	\$ 4,292,285	\$ 4,436,639	\$ 144,354	3.4%	Up \$210K - Building Material & Garden, Food & Beverage Stores, Gasoline Stations, Miscellaneous Store Retailers, Motor Vehicle Parts Dealer  Down \$66K - Electronics & Appliances, Furniture & Home Furnishings, Health & Personal Care Stores, Clothing & Accessories, General Merchandise Stores, Nonstore Retailers	
Services	2,100,194	2,159,612	59,418	2.8%	Up \$119K - Repair & Maintenance, Educational Services, Professional, Scientific, & Technology, Food Services & Drinking Places, Nursing & Residential Care, Administrative & Support Services  Down \$60K - Accommodation, Hospitals, Ambulatory Health Care Service, Amusement & Gambling, Personal & Laundry Services, Performing Arts	
Construct	938,055	1,115,045	176,990	18.9%	General Increase	
Wholesaling	331,091	320,250	(10,841)	-3.3%	Down \$11K - Wholesale Trade Durable & Nondurable goods	
Transp/Utility	2,550	3,055	504	19.8%	General Increase	
Information	397,498	386,955	(10,543)	-2.7%	Up \$27K - Publishing Industries, Other Information Services  Down \$38K Telecommunications	
Manufacturing	83,565	110,768	27,203	32.6%	General Increase	
Government	119,478	138,514	19,035	15.9%	General Increase	
Fin/Insurance/Real Estate	235,177	227,968	(7,209)	-3.1%	Up \$9K Credit Intermediation, Insurance Carriers & Related  Down \$16K Rental & Leasing Services, and Real Estate	
Other	21,833	46,678	24,845	113.8%	General Increase	
<b>YTD Total</b>	<b>\$ 8,521,728</b>	<b>\$ 8,945,484</b>	<b>\$ 423,756</b>	<b>5.0%</b>		

SALES TAX COMPARISON by AREA					
Year-to-date thru August 2019					
Location	2018	2019	Favorable/(Unfavorable)		Explanation
			Chg from 2018		
			\$	%	
<b>YTD Sales Tax</b>	<b>\$ 8,521,728</b>	<b>\$ 8,945,484</b>	<b>\$ 423,756</b>	<b>5.0%</b>	
S 348th Retail Block	1,231,025	1,273,577	42,552	3.5%	Up \$52K - Retail Eating/Drinking, Building Materials, Retail Automotive/Gas, and General Merchandise  Down \$9K - Retail Electronics & Appliances, Retail Misc. Store
The Commons	647,265	593,972	(53,293)	-8.2%	Up \$8K Retail Eating/Drinking  Down \$61K Misc Retail Trade, Retail General Merchandise Electronics & Appliances, & Apparel and Accessories
S 312th to S 316th	445,845	476,853	31,008	7.0%	Up \$31K Retail Eating & Drinking, Retail Automotive & Retail General Merchandise
Pavilion Center	272,935	269,629	(3,306)	-1.2%	Up \$10K Retail Food Stores, Retail Eating/Drinking  Down \$13K Retail Apparel & Accessories, Electronics & Appliances
Hotels & Motels	147,368	123,105	(24,263)	-16.5%	General Decrease
Gateway Center	126,335	112,221	(14,114)	-11.2%	Down \$14K Furniture & Home Furnishings, & Telecommunications

#### Utility Tax (Total 7.75%)

The utility taxes year-to-date is \$456K or 6.5% below 2018 year-to-date actual and \$256K or 3.7% below 2019 year-to-date budget. There is usually a two month lag in utility tax revenue. The utility tax collected by utility companies for June 2019 is paid to the City in August 2019.

UTILITY TAXES							
Year-to-date thru August							
Month	2018 Actual	2019		Favorable/(Unfavorable)			
		Budget	Actual	Change from 2018		YTD Actual vs Budget	
				\$ Var	% Var	\$ Var	% Var
Jan	\$ 915	\$ 720	\$ 521	\$ (394)	-43.0%	\$ (199)	-27.6%
Feb	1,084,736	1,073,497	780,534	(304,202)	-28.0%	(292,963)	-27.3%
Mar	1,147,253	1,227,809	1,108,776	(38,477)	-3.4%	(119,034)	-9.7%
Apr	1,110,736	1,024,028	1,376,813	266,077	24.0%	352,785	34.5%
May	1,217,269	997,177	939,409	(277,860)	-22.8%	(57,768)	-5.8%
Jun	889,403	1,156,886	815,993	(73,410)	-8.3%	(340,893)	-29.5%
Jul	833,485	790,233	797,684	(35,801)	-4.3%	7,451	0.9%
Aug	778,972	602,767	785,130	6,158	0.8%	182,363	30.3%
Sept	782,716	1,149,546	-	-	-	-	-
Oct	979,316	1,081,968	-	-	-	-	-
Nov	1,122,706	855,150	-	-	-	-	-
Dec	1,781,937	2,368,110	-	-	-	-	-
<b>YTD Subtotal</b>	<b>\$ 7,062,768</b>	<b>\$ 6,873,117</b>	<b>\$ 6,604,859</b>	<b>\$ (457,909)</b>	<b>-6.5%</b>	<b>\$ (268,258)</b>	<b>-3.9%</b>
YTD Rebate	(9,854)	(19,984)	(7,497)	2,357	0.0%	12,487	-62.5%
<b>YTD Total</b>	<b>\$ 7,052,914</b>	<b>\$ 6,853,133</b>	<b>\$ 6,597,362</b>	<b>\$ (455,552)</b>	<b>-6.5%</b>	<b>\$ (255,771)</b>	<b>-3.7%</b>
<b>Annual Total</b>	<b>\$ 11,719,590</b>	<b>\$ 12,307,891</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

The City of Federal Way provides a utility tax rebate for qualifying individuals that have paid for Utility bills within the City of Federal Way, who are 65 years or older, disabled/unable to work, and qualify as low income during the affected calendar year. This is an annual program that opens January 1<sup>st</sup> and closes April 30<sup>th</sup> of each year. The City processed 115 rebates at a total cost of \$12K in 2017. The City processed 87 rebates at a total cost of \$10K annually in 2018. The City processed 74 rebates in 2019, for a total of \$7,497.

The City is currently in litigation with Lakehaven and other water and sewer providers in Federal Way regarding the 7.75% excise tax ordinance extended to business activities of public and private water and sewer utilities. The City has spent \$59K year-to-date in legal costs and \$264K life-to-date related to this litigation.

UTILITY TAXES - by Type Year-to-date thru August				
Utility Type	2018 Actual	2019 Actual	Favorable/(Unfavorable) Change from 2018	
			\$	%
Electric	\$ 3,103,630	\$ 2,945,392	\$ (158,238)	-5.1%
Gas	965,206	892,716	(72,490)	-7.5%
Solid Waste	622,148	667,316	45,168	7.3%
Cable	1,033,836	1,004,901	(28,935)	-2.8%
Phone	401,813	409,042	7,229	1.8%
Cellular	757,598	520,242	(237,356)	-31.3%
Pager	54	40	(15)	n/a
SWM	178,482	165,210	(13,272)	-7.4%
Tax Rebate	(9,854)	(7,497)	2,357	0.0%
<b>YTD Total</b>	<b>\$ 7,052,914</b>	<b>\$ 6,597,362</b>	<b>\$ (455,552)</b>	<b>-6.5%</b>

Lakehaven Litigation		
Month-to-Date	YTD 2019	Project-to-Date Actual
\$ 1,056	\$ 58,371	\$ 264,207

\*Includes cost of ordinance review prior to actual litigation

\*Provided by the Law Department

### Proposition 1 Voter-Approved Utility Tax

2019 year-to-date Prop 1 expenditures total \$2.10M or 60.9% of the \$3.4M annual budget. Current life-to-date Prop 1 Utility tax collections and transfer in total \$36.9M and expenditures total \$35.9M.

PROP 1	2018		2019		Life To Date
	Budget	Actual	Budget	Actual	
<b>Beginning Balance:</b>	1,281,109	1,281,109	1,002,101	1,002,101	n/a
<b>OPERATING REVENUES</b>					
January	144	1,044	144	1,946	1,607,724
February	229,669	245,715	229,669	177,223	3,045,255
March	267,871	260,042	267,871	251,743	3,669,889
April	214,865	251,895	214,865	311,990	3,280,599
May	201,696	276,054	201,696	213,668	3,042,931
June	263,038	202,094	263,038	185,966	3,249,752
July	167,123	189,452	167,123	181,745	2,527,591
August	119,523	177,214	119,523	178,649	2,374,458
September	266,981	177,928	266,981	-	2,442,260
October	237,812	222,608	237,812	-	2,860,456
November	168,592	254,897	168,592	-	2,326,512
December	540,577	468,752	548,577	-	4,855,462
<b>Total Prop 1 Revenues:</b>	<b>2,677,891</b>	<b>2,727,696</b>	<b>2,685,891</b>	<b>1,502,931</b>	<b>35,282,891</b>
<b>Transfer in from Utility Tax Fund</b>	<b>415,938</b>	<b>150,076</b>	<b>760,484</b>	<b>593,928</b>	<b>1,577,739</b>
<b>OPERATING EXPENDITURES</b>					
<i>Public Safety Improvement Positions &amp; Costs:</i>					
Police Services (includes 1 Records Specialist, 16 Police Officers, & 2 Lieutenants)	2,408,182	2,326,089	2,756,239	1,690,380	27,193,614
Court Services (includes .50 Judge, 1 Court Clerk, and Pro Tem Pay, Public Defender contract, 1.5 Prosecutors)	399,752	336,753	428,393	222,647	4,385,182
<b>Total Public Safety Improvement Costs</b>	<b>2,807,934</b>	<b>2,662,842</b>	<b>3,184,632</b>	<b>1,913,027</b>	<b>31,578,796</b>
<i>Community Safety Program Costs:</i>					
1 Code Enforcement Officer	100,652	90,001	91,119	63,693	681,235
.5 Assistant City Attorney	64,769	64,769	67,186	45,488	749,369
1 Parks Maintenance Worker I & Security	101,583	115,147	103,437	76,751	1,300,518
<b>Total Community Safety Improvement Costs</b>	<b>267,004</b>	<b>269,917</b>	<b>261,742</b>	<b>185,932</b>	<b>2,731,122</b>
Indirect Support - HR Analyst	-	-	-	-	291,695
SafeCity M&O	-	-	-	-	245,929
<b>Subtotal Ongoing Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>537,624</b>
SafeCity Startup	-	-	-	-	189,066
Other Transfer - Prop 1 OT for Police	300,000	224,021	-	-	824,021
<b>Subtotal Other Expenditures</b>	<b>300,000</b>	<b>224,021</b>	<b>-</b>	<b>-</b>	<b>1,013,087</b>
<b>Total Prop 1 Expenditures:</b>	<b>3,374,938</b>	<b>3,156,781</b>	<b>3,446,374</b>	<b>2,098,959</b>	<b>35,860,630</b>
<b>Total Ending Fund Balance:</b>	<b>\$ 1,000,000</b>	<b>\$ 1,002,101</b>	<b>\$ 1,002,102</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>