

City of Federal Way

Financial Update

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Presented by:

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Update On Major Revenues

1. Sales Tax – 36% of GF.
2. Property Tax – 26% of GF.
3. Building Permit Fees – 8%
4. Traffic Safety (Red Lights)
5. Utility Tax – 18%
6. Prop 1

Sales Tax

- YTD revenue is **\$5.01 million**.
- YTD budget is \$4.96 million.
- 2019 YTD Actual was \$4.95 million.
- March/May budget - \$1.35 million.
- March/May revenue – \$1.13 million.
- May revenue is 83.72% of budget
- 2020 Actuals for June through December are estimates.
- Projected loss is about \$1.8 million
- Sales Tax – 36% of General Fund Revenue.

Sales Tax Revenue										
	May	Jan-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	1,346,880	4,950,834	1,229,332	1,263,066	1,502,252	1,401,269	1,438,593	1,528,439	2,595,078	15,908,863
2020 Budget	1,350,342	4,963,560	1,232,492	1,266,313	1,506,113	1,404,871	1,442,291	1,532,368	2,601,748	15,949,755
2020 Actual	1,130,545	5,012,100	862,744	1,076,366	1,280,196	1,194,140	1,225,947	1,302,513	2,211,486	14,165,492
Sales tax as % of year 2020 General Fund (GF) budgeted revenue								36.14%		
Projected loss								1,784,263		
								-11.19%		

Major Sales Tax Revenue Driver

- Local Economy
 - COSTCO
 - Wal Mart Stores
 - Home Depot
 - Fred Meyer's
 - Target
 - Jet Chevy
 - Best Buy
 - Lowe's
 - Amazon
 - Safeway
- Nation-wide Economy

Property Tax

- YTD revenue is \$5.19 million.
- YTD budget is \$5.90 million.
- 2019 YTD Actual was \$5.73 million.
- 2020 Actuals for June through December are estimates.
- May revenue was (\$1.04m/\$1.51m) 68.87% of budget.
- April revenue was (\$3.61m/\$3.85m) 93.67% of budget.
- King County allowed property owners to delay till payment till June.
- It may affect our cashflow but NOT revenue.

Property Tax Revenue

	May	Jan-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	1,466,187	5,729,242	53,981	48,704	66,266	215,895	3,554,163	1,141,913	107,265	10,917,428
2020 Budget	1,510,007	5,900,472	55,594	50,159	68,247	222,348	3,660,386	1,176,041	110,471	11,243,718
2020 Actual	1,037,720	5,192,538	660,000	48,000	66,000	222,000	4,100,000	1,176,041	757,307	12,221,886
Property Tax as % of year 2020 General Fund (GF					25.48%					

Building Permit

- Building Permit revenue is 7.69% of General Fund
- YTD revenue is \$0.89 million
- YTD budget is \$1.49 million, and
- 2019 YTD Actual was \$2.13 million
- 2020 Actuals for June through December are estimates.
- April revenue was 63.33% of budget
- May revenue was 34.32% of budget
- ST is paying for staff and equipment separately
- Projected loss is about \$1.0 million

Building Permit											
	May	Jan-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total	
2019 Actual	825,324	2,128,907	163,185	238,899	436,819	181,193	600,317	359,558	437,556	4,546,434	
2020 Budget	416,781	1,490,029	240,387	298,966	302,991	251,788	329,693	253,269	228,651	3,395,774	
2020 Actual	143,034	885,252	192,310	239,173	242,393	176,252	263,754	177,288	160,056	2,336,477	
Building permits as % of year 2020 General Fund (GF) budgeted revenue							7.69%				
Projected loss											\$1,059,297

Traffic Safety (Red Light)

- May revenue was 35.24% of budget
- April revenue was 79.62% of budget
- Potential revenue loss is about \$1.0 million
- The fund is not GF, but it funds positions and other items of GF
- This revenue stream funds 1 Lieutenant, 8 police officers, and emergency communication system.
- Stay at home order has affected this revenue and as more people tele-work the revenue will continue to decline for a while.
- 2020 YTD revenue is 73.63% of budget

Traffic Safety Revenue										
	May	Jan-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	294,168	1,526,886	405,464	309,469	237,046	249,582	299,469	287,654	261,679	3,577,248
2020 Budget	312,650	1,622,818	430,938	328,913	251,939	265,262	318,284	305,726	278,120	3,802,000
2020 Actual	110,173	1,194,823	150,828	115,119	226,745	238,736	286,456	275,154	250,308	2,738,170
Projected loss						\$ 1,063,830				

Utility Tax

- Potential loss is minimal but it affects GF
- Commercial buildings use the most utility and pay the largest share.
- \$8.47 million was transferred into General fund in 2019.
- \$8.56 million is expected to be transferred into General Fund in 2020.
- Its major source of funding for FWCC, DBC, and Prop 1.
- Utility tax on Water and Sewer law suit still pending
- June – December are estimates

Utility Tax										
	May	Jan-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	723,958	3,250,330	630,209	617,562	607,842	609,077	670,599	597,293	1,610,557	8,593,468
2020 Budget	771,781	3,465,040	671,839	658,357	647,995	649,311	714,897	636,749	1,716,947	9,161,135
2020 Actual	716,602	3,201,155	638,247	625,439	615,595	616,846	679,152	604,912	1,631,100	8,612,445
Projected loss								\$548,690		

Utility Tax Prop 1

- Potential loss is minimal but it affects GF
- This revenue stream funds 1 Code Compliance Officer, 2 Prosecutors, 1 Court Clerk, 0.5 Judge, 1 Maintenance Worker, 1 Record Specialist, 17 Police Officers, and 2 Lieutenants.
- It usually doesn't generate enough revenue to cover required items.

Utility Tax Prop 1

	May	Jan-May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	212,192	949,754	184,257	180,122	177,287	177,647	195,591	174,211	469,746	2,508,615
2020 Budget	225,665	1,010,055	195,955	191,558	188,543	188,927	208,010	185,272	499,571	2,667,891
2020 Actual	209,191	935,158	186,158	181,981	179,116	179,480	197,609	176,008	474,592	2,510,102
Projected loss								\$157,789		

Other Affected Funds/Revenues

1. Hotel/Motel Tax.
2. Admission Tax
3. Gas Tax
4. Business Registration Fees
5. PAEC.
6. Dumas Bay Center.
7. FWCC.

What Will Affect Comeback

1. Employee's Willingness.
2. Customers' Willingness.
3. Gas Price.
4. How Many Businesses Survive The Lockdown.
5. If We Get Second Wave of Pandemic.
6. Recession?

What To Come

1. We will survive 2020.
2. What to keep an eye out for in 2021.
 - a) Boeing
 - b) Airline
 - c) Hotel
 - d) Closed business
 - e) Pandemic
 - f) Real Estate market
 - g) Construction
3. Federal Way will do better than most but we still need to plan.
 - a) Utility tax
 - b) Staff level
 - c) Pay level
 - d) SCORE
 - e) SCORE ADP
 - f) Vacancies
 - g) Sound Transit
 - h) 2021 and 2023-2026 NCAA

Questions?
Thank You