

City of Federal Way

Financial Update

July 07, 2020

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 \$6.17 million.**
- YTD budget is \$6.20 million.
- 2019 YTD Actual was \$6.18 million.
- April/June budget - \$1.23 million.
- April/June revenue – \$1.15 million.
- June revenue is 93.68% of budget
- 2020 Actuals for July through December are estimates.
- Projected loss is about \$1.5 million
- Sales Tax – 36% of General Fund Revenue.

Sales Tax Revenue									
	Jun	Jan-June	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	1,229,332	6,180,166	1,263,066	1,502,252	1,401,269	1,438,593	1,528,439	2,595,078	15,908,863
2020 Budget	1,232,492	6,196,051	1,266,313	1,506,113	1,404,871	1,442,291	1,532,368	2,601,748	15,949,755
2020 Actual	1,154,633	6,166,733	1,076,366	1,280,196	1,194,140	1,225,947	1,302,513	2,211,486	14,457,381
Sales tax as % of year 2020 General Fund (GF) budgeted revenue							36.14%		
Projected loss	77,859			\$1,784,263			1,492,374		
	93.68%			11.19%			-9.36%		

Property Tax

- YTD revenue is \$5.80 million.
- YTD is only \$154k short of 2020 budget
- YTD is more than 2019 YTD actual
- YTD budget is \$5.96 million.
- 2019 YTD Actual was \$5.78 million.
- 2020 Actuals for July through December are estimates.
- King County allowed property owners to delay payment till June.
- It may affect our cashflow but NOT revenue.

Property Tax Revenue

	Jun	Jan-June	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	53,981	5,783,222	48,704	66,266	215,895	3,554,163	1,141,913	107,265	10,971,409
2020 Budget	55,594	5,956,066	50,159	68,247	222,348	3,660,386	1,176,041	110,471	11,299,312
2020 Actual	610,518	5,802,300	48,000	66,000	222,000	3,241,938	1,176,041	157,307	11,324,104
		153,766							
Property Tax as % of year 2020 General Fund (GF) budgeted revenue							25.48%		

Building Permit

- Building Permit revenue is 7.69% of General Fund
- YTD revenue is \$1.05 million
- YTD budget is \$1.73 million, and
- 2019 YTD Actual was \$2.29 million
- 2020 Actuals for July through December are estimates.
- April revenue was 63.33% of budget
- May revenue was 34.32% of budget
- June revenue was 67.75% of budget
- Projected loss is about \$1.17 million

Building Permit									
	Jun	Jan-June	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	163,185	2,292,092	238,899	436,819	181,193	600,317	359,558	437,556	4,709,619
2020 Budget	240,387	1,730,416	298,966	302,991	251,788	329,693	253,269	228,651	3,636,161
2020 Actual	162,861	1,048,113	239,173	242,393	176,252	263,754	177,288	160,056	2,469,890
Building permits as % of year 2020 General Fund (GF) budgeted revenue						7.69%			
Projected loss							\$1,166,271		

Traffic Safety (Red Light)

- June revenue was 26.16% of budget
- 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 63.68% of budget

Traffic Safety Revenue									
	Jun	Jan - June	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	405,464	1,932,350	309,469	237,046	249,582	299,469	287,654	261,679	3,577,248
2020 Budget	430,938	2,053,756	328,913	251,939	265,262	318,284	305,726	278,120	3,802,000
2020 Actual	112,718	1,307,541	197,348	214,148	238,736	286,456	275,154	250,308	2,769,691
	26.16%	63.67%							
Projected loss		746,214			\$ 1,032,309		Required Reserve		\$1.2 million

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 was delivered in City's favor
- The information below is based on current budget
- July – December are estimates
- Utility tax for Storm water is not available for June.

Utility Tax									
	Jun	Jan - June	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	630,209	3,880,539	617,562	607,842	609,077	670,599	597,293	1,610,557	8,593,468
2020 Budget	671,839	4,136,879	658,357	647,995	649,311	714,897	636,749	1,716,947	9,161,135
2020 Actual	602,558	3,832,761	625,439	615,595	616,846	679,152	604,912	1,631,100	8,605,804
Projected loss		304,118					\$555,331		

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

	Jun	Jan-June	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total
2019 Actual	184,257	1,134,011	180,122	177,287	177,647	195,591	174,211	469,746	2,692,872
2020 Budget	182,547	1,192,602	178,451	175,643	175,999	193,777	172,595	465,388	2,737,002
2020 Actual	175,868	1,119,498	169,529	166,860	167,199	184,088	163,965	442,119	2,589,126
Projected loss		73,104					\$147,876		

What To Come

1. We will survive 2020 and FW will do better.

- a) Utility tax on Water and Sewer
- b) Staff level
- c) Pay level
- d) SCORE
- e) SCORE ADP
- f) Reserve
- g) Sound Transit
- h) Top Sales tax payers

2. What to keep an eye out for is 2021.

- a) Used up retro savings
- b) Current labor agreements – higher salary and benefit costs
- c) Closed business – less revenue
- d) Pandemic – less business activities
- e) Real Estate market – less funding for capital and debt payments
- f) Construction – less REET revenues and Sales tax on construction materials
- g) Spending – less spending less tax revenue
- h) Unemployment – increase social services and less public spending
- i) Recession-Top Sales tax payer-lower revenue due to lower spending
- j) We will feel the recession BUT we will still do better than other cities

Questions?
Thank You