

LAKE STEVENS CITY COUNCIL RETREAT

2019 Financial Update & Forecast





Financial Update

- Overall Fiscal Health
- Revenue Review
- Expenditure Review
- Major Funds Forecasts

- Debt Projections & Strategy
- Capital Projects
- Policy Choices

Financial Update



Fund Name	2019 Beginning Cash Balance	Budgeted Revenues	2019 2nd QTR ACTUAL REVENUES	Budgeted Expenditures	2019 2nd QTR ACTUAL EXPENDITURES	2019 Budgeted Ending Balance	2nd QTR ACTUAL ENDING BALANCE
General	\$5,139,935	\$12,110,656	\$6,108,709	\$14,178,749	\$6,746,450	\$3,071,842	\$4,502,194
Contingency Reserve	\$3,926,097	\$3,795,927	\$522,348	\$4,559,910	\$41,843	\$3,162,114	\$4,406,602
Permit Managerial Fund	\$977,680	\$2,100,000	\$1,217,827	\$800,000	\$415,933	\$2,277,680	\$1,779,574
Street	\$2,239,476	\$2,343,027	\$1,125,740	\$2,759,212	\$1,068,286	\$1,823,291	\$2,296,930
Street Reserve	\$1,576	\$200,024	\$200,386	\$200,000	\$0	\$1,600	\$201,962
Drug Seizure & Forfeiture	\$43,694	\$55,654	\$46,705	\$66,998	\$18,285	\$32,349	\$72,113
Municipal Arts Fund	\$20,716	\$10,310	\$253	\$20,963	\$0	\$10,063	\$20,968
2008 Bonds	\$0	\$344,905	\$44,653	\$344,905	\$44,653	\$0	\$0
2015 LTGO Bond	\$0	\$97,221	\$4,610	\$97,221	\$4,610	\$0	\$0
Cap. Proj.-Dev. Contrib.	\$3,387,514	\$3,017,629	\$673,904	\$4,774,609	\$239,357	\$1,630,534	\$3,822,061
Park Mitigation	\$1,264,033	\$1,368,821	\$602,685	\$2,495,612	\$703,889	\$137,242	\$1,162,829
Cap. Imp.-REET	\$3,138,376	\$885,254	\$585,573	\$1,102,144	\$210,481	\$2,921,486	\$3,513,468
Cap. Improvements	\$4,408,111	\$2,769,244	\$599,859	\$5,393,754	\$41,888	\$1,783,601	\$4,966,082
Downtown Redevelopment	\$261,625	\$8,403,445	\$388,798	\$8,665,070	\$650,422	\$0	\$1
Sidewalk Capital Project	\$846,914	\$481,284	\$475,721	\$526,055	\$340,524	\$802,143	\$982,112
20th Street SE Corridor CP	\$10,198	\$833,105	\$834,575	\$41,378	\$41,356	\$801,925	\$803,417
Sewer	\$267,870	\$1,059,098	\$926,498	\$1,128,137	\$927,732	\$198,831	\$266,637
Storm and Surface Water	\$934,546	\$4,191,620	\$2,525,896	\$4,093,459	\$1,937,378	\$1,032,708	\$1,523,064
Unemployment	\$66,167	\$1,018	\$765	\$40,000	\$4,379	\$27,185	\$62,554
Equipment Fund	\$161,890	\$325,502	\$173,653	\$364,063	\$155,096	\$123,329	\$180,448
Equipment Fund – Vehicles	\$20,315	\$10,303	\$5,258	\$0	\$0	\$30,619	\$25,573
Equipment Fund-Police	\$237,070	\$218,290	\$110,826	\$197,725	\$197,699	\$257,636	\$150,198
Equipment Fund-PW	\$785,693	\$414,319	\$208,502	\$290,110	\$130,803	\$909,901	\$863,392
Aerator Equipment Repl.	\$111,767	\$20,000	\$19,543	\$38,000	\$0	\$93,767	\$131,310
Refundable Deposits	\$13,159	\$101,000	\$0	\$101,000	\$10,582	\$13,159	\$2,578
Treasurer's Trust	\$2,296	\$451,804	\$169,206	\$454,100	\$119,909	\$0	\$51,594
Total All Funds	\$28,266,720	\$45,609,460	\$17,572,494	\$52,733,173	\$14,051,554	\$21,143,007	\$31,787,660

2018 – 2019 Comparison



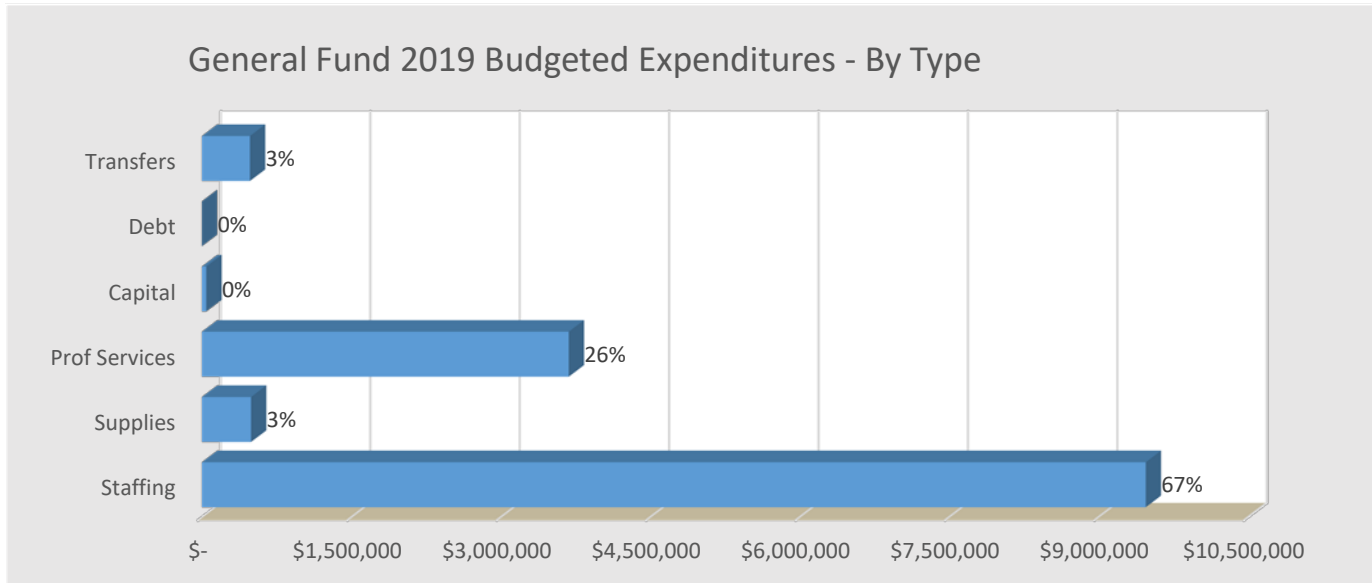
Fund Name	2018 2nd QTR ACTUAL REVENUES	2019 2nd QTR ACTUAL REVENUES	% Difference Revenues 2018 - 2019	2018 2nd QTR ACTUAL EXPENDITURES	2019 2nd QTR ACTUAL EXPENDITURES	% Difference Expenditures 2018 - 2019
General	\$6,004,506	\$6,108,709	2%	\$6,536,918	\$6,746,450	3%
Contingency Reserve	\$691,811	\$522,348	-24%	\$0	\$41,843	100%
Permit Managerial Fund	\$692,042	\$1,217,827	76%	\$0	\$415,933	100%
Street	\$1,067,661	\$1,125,740	5%	\$997,153	\$1,068,286	7%
Street Reserve	\$13	\$200,386	1553279%	\$0	\$0	100%
Drug Seizure & Forfeiture	\$343	\$46,705	13509%	\$0	\$18,285	100%
Municipal Arts Fund	\$152	\$253	66%	\$0	\$0	100%
2008 Bonds	\$49,953	\$44,653	-11%	\$49,953	\$44,653	-11%
2015 LTGO Bond	\$5,477	\$4,610	-16%	\$5,477	\$4,610	-16%
Traffic Mitigation	\$720,850	\$673,904	-7%	\$921,674	\$239,357	-74%
Park Mitigation	\$253,842	\$602,685	137%	\$383,568	\$703,889	84%
Cap. Imp.-REET 1	\$507,366	\$585,573	15%	\$65,848	\$210,481	220%
Cap. Imp. – REET 2	\$486,377	\$599,859	23%	\$60,731	\$41,888	-31%
Downtown Redevelopment	\$0	\$388,798	100%	\$0	\$650,422	100%
Sidewalk Capital Project	\$8,986	\$475,721	5194%	\$112	\$340,524	303939%
20th Street SE Corridor CP	\$0	\$834,575	100%	\$0	\$41,356	100%
Sewer	\$935,922	\$926,498	-1%	\$934,540	\$927,732	-1%
Storm and Surface Water	\$812,014	\$2,525,896	211%	\$751,399	\$1,937,378	158%
Unemployment	\$763	\$765	0%	\$2,393	\$4,379	83%
Equipment Fund	\$111,767	\$173,653	55%	\$208,086	\$155,096	-25%
Equipment Fund - Vehicles	\$5,102	\$5,258	3%	\$0	\$0	100%
Equipment Fund-Police	\$38,198	\$110,826	190%	\$124,739	\$197,699	58%
Equipment Fund-PW	\$215,524	\$208,502	-3%	\$74,540	\$130,803	75%
Aerator Equipment Repl.	\$16,819	\$19,543	16%	\$0	\$0	100%
Refundable Deposits	\$3,461	\$0	-100%	\$59,223	\$10,582	-82%
Treasurer's Trust	\$162,814	\$169,206	4%	\$158,897	\$119,909	-25%
Total All Funds	\$12,791,762	\$17,572,494	37%	\$11,335,253	\$14,051,554	24%

Major Revenue Sources - Citywide



Revenue Source	Uses	Average % of Total City Revenue	2018 Actual	2019 Budgeted	2019 Actual 2nd Qtr	% Budget to Actual
Property Tax	Unrestricted	10%	\$3,333,594	\$3,468,013	\$1,802,716	52%
Local Sales & Use Tax	Unrestricted	10%	\$3,661,428	\$3,635,350	\$2,039,026	56%
Utility Taxes/Franchise	Unrestricted	8%	\$2,053,014	\$2,770,131	\$1,225,569	44%
Criminal Justice – Sales/Use Tax	Some Restrictions	2%	\$585,807	\$584,358	\$300,102	51%
Liquor/DUI/State Shared	Some Restrictions	2%	\$656,959	\$669,197	\$319,339	48%
Building Permits	Some Restrictions	4%	\$1,538,637	\$1,500,000	\$844,590	56%
Zoning & Subdivision (Plats)	Some Restrictions	2%	\$282,480	\$600,000	\$367,532	61%
Property Tax	Unrestricted	4%	\$1,296,398	\$1,348,672	\$710,548	53%
Utility Taxes	Unrestricted	0.5%	\$0	\$168,000	\$9,186	5%
State Shared - MVFT	Restricted to Fund Usage	2%	\$739,660	\$724,595	\$342,360	47%
Real Estate Excise Taxes	Restricted	5%	\$2,069,120	\$1,700,000	\$1,090,341	64%
Traffic Impact Fees	Restricted	3%	\$1,031,616	\$1,210,560	\$514,480	42%
Park Impact Fees	Restricted	2%	\$700,608	\$800,000	\$554,789	69%
Sewer Utility Agreement Fee	Unrestricted	0.04%	\$17,917	\$15,000	\$6,260	42%
Surface Water Fees	Restricted to Fund Usage	10%	\$1,473,665	\$3,477,107	\$1,597,824	46%

General Fund Expenditures



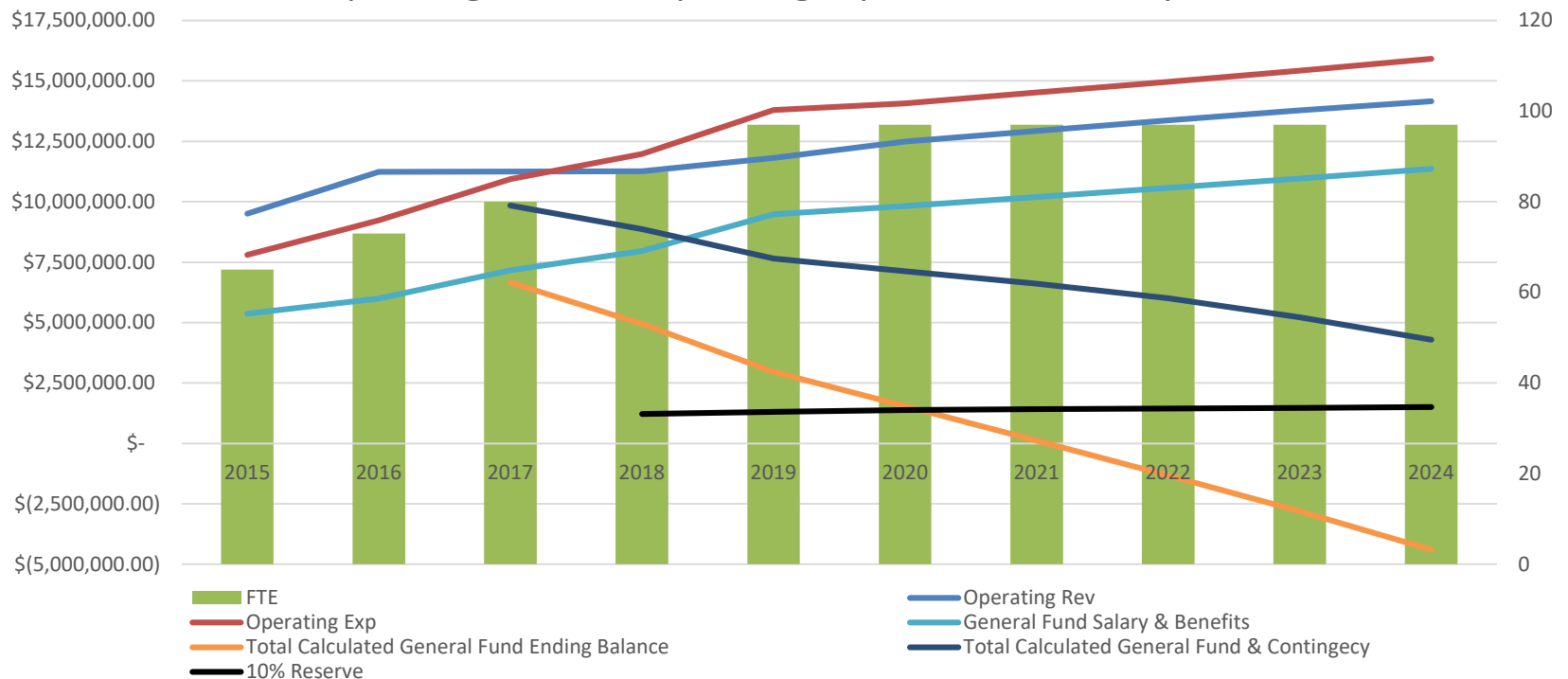
- Staffing 67% of General Fund - \$9.5 million
 - Administration (Allocate approximately 20% - 30%)
 - Law Enforcement
 - Parks Department
 - Planning/Building (Partial Reimbursement from Permit Revenues)
 - Public Works (Allocation to GF for Facility and Parks work performed)



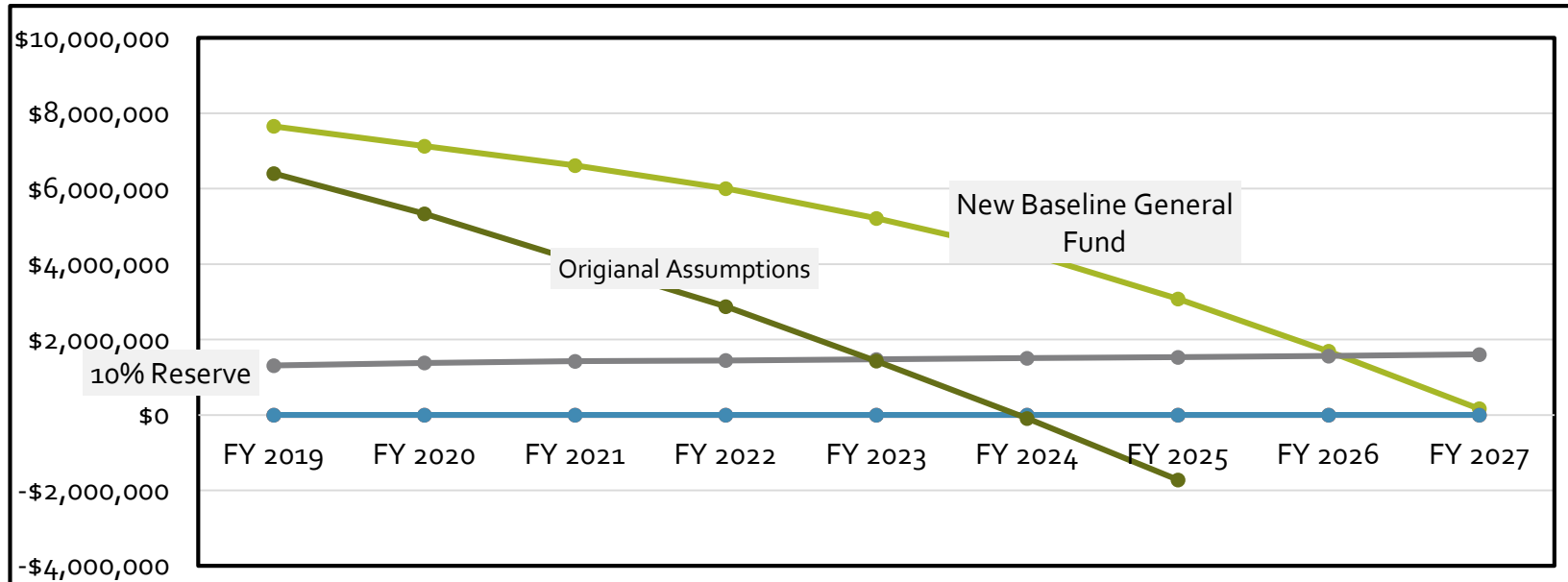
GF Revenue Vs. Expenditure

- Citywide Staffing increased by 35 Positions since 2015
 - 9 Law Enforcement
 - 15 Public Works
 - 7 Planning/Building
 - 4 Administration

General Fund Operating Revenue/Operating Expenditures and Citywide FTE

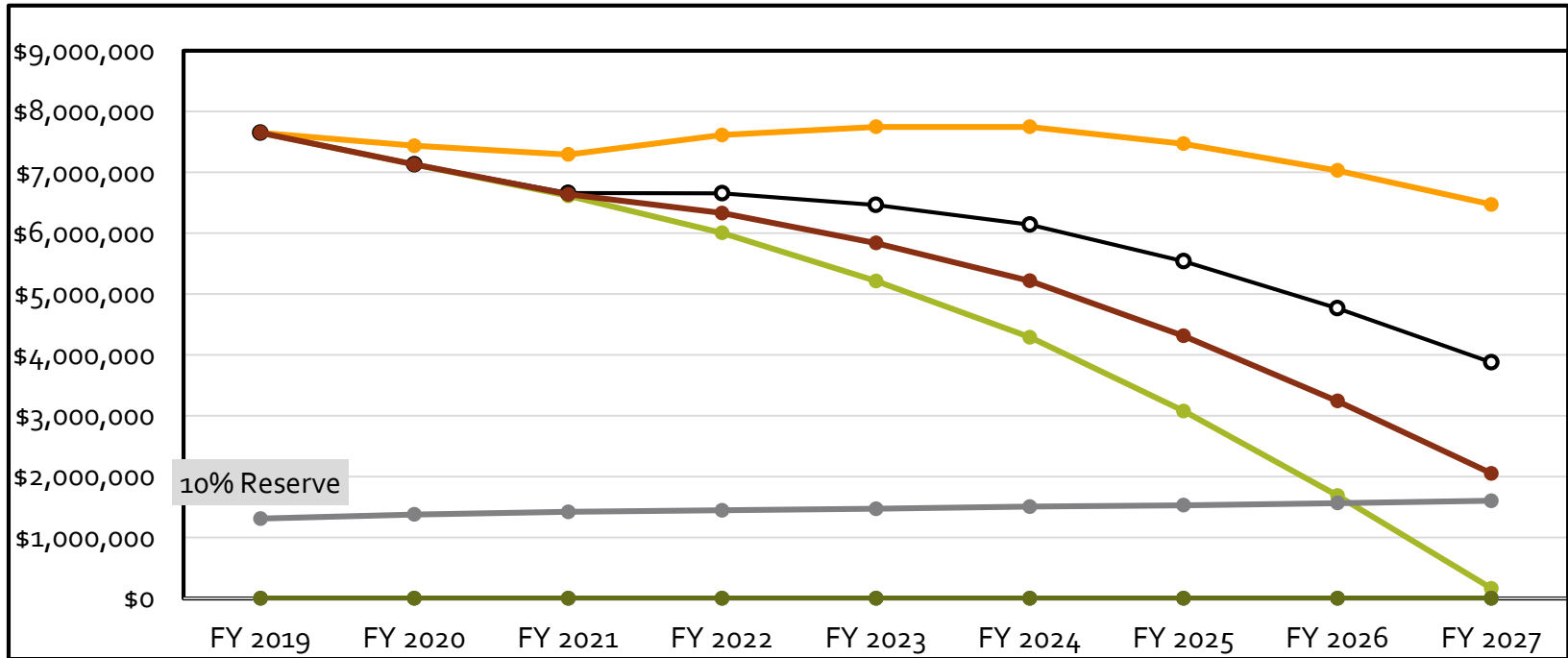


General Fund Base Forecast



- Police Department Capital
 - Bond Debt – remove GF Reserve expenditure \$1.4 million for design
- Construction Sales Tax – increased estimates by \$2,000,000 over next 7 years
 - Based on Planning/Building estimates
 - Includes \$200,000 from Costco construction
- Property Tax – increased slightly for Costco AV (\$50,000)
- Permit Revenue reimbursement to General Fund increased

General Fund Forecast Scenarios

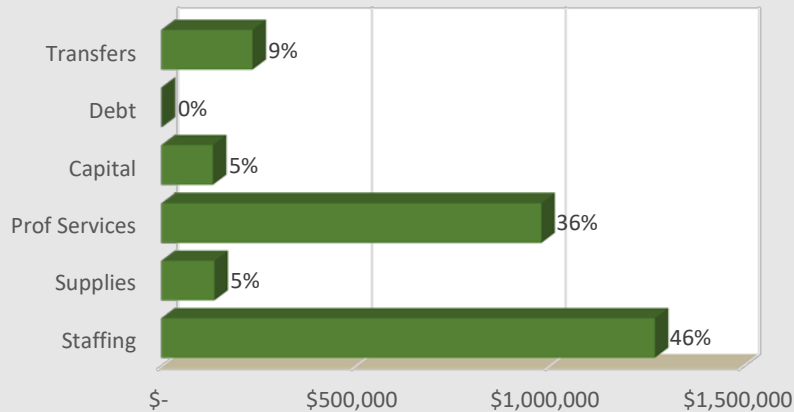


Scenario	Fund Balance 2024	10% Reserve Line
Baseline Forecast	\$4,292,000	2026
Infrastructure Bond 50% REET 2 / 50% GF Sales Tax	\$5,218,000	2027
Infrastructure Bond REET 2	6,143,000	2029
Add 2% Sewer & SWM Utility Tax	\$7,748,000	2034

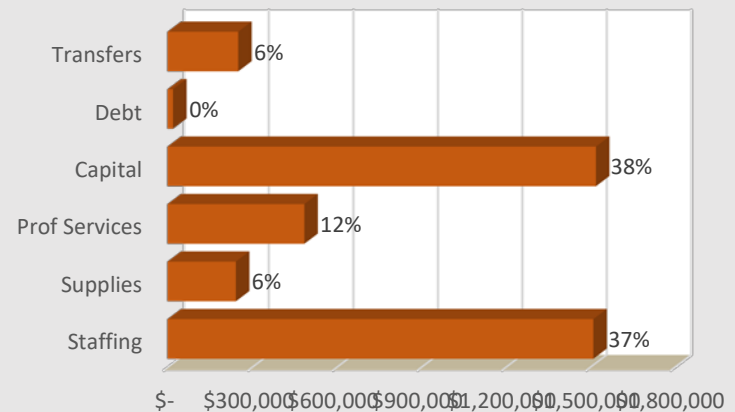
Street & Surface Water Expenditures



Street Fund 2019 Budgeted Expenditures - By Type



Surface Water Fund 2019 Budgeted Expenditures - By Type



- Staffing is approximately \$1.3 million
 - Administration (Allocation)
 - Public Works
- Professional Services
 - Repairs & Maintenance
 - Pavement Preservation
 - Traffic Control – Striping
 - Engineering Service Contracts
 - Utilities

- Staffing is approximately \$1.5 million
 - Administration (Allocation)
 - Public Works
- Capital
 - Equipment Purchases
 - Storm Water Projects
 - Decant Facility

Storm Water Fund Projections



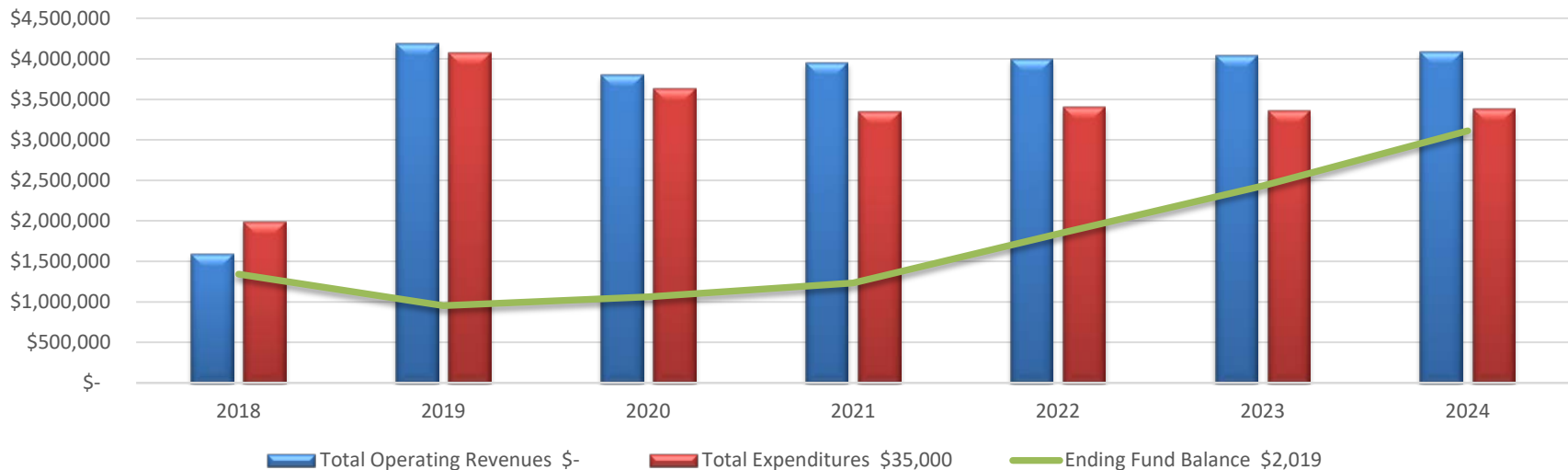
- Surface/Storm Water Fund

- Rate Study calls for 7% increase 2020 then 3% per year to keep up with inflation and necessary infrastructure and maintenance
- Assumes elimination of SWM fee exemption provided to Schools beginning in 2021

- Surface/Storm Water Fund

- Includes Decant Facility Debt Service
- Does not currently include major capital projects
- No new positions forecasted

Storm Water Fund



Street Fund Projections



- **Baseline Model**

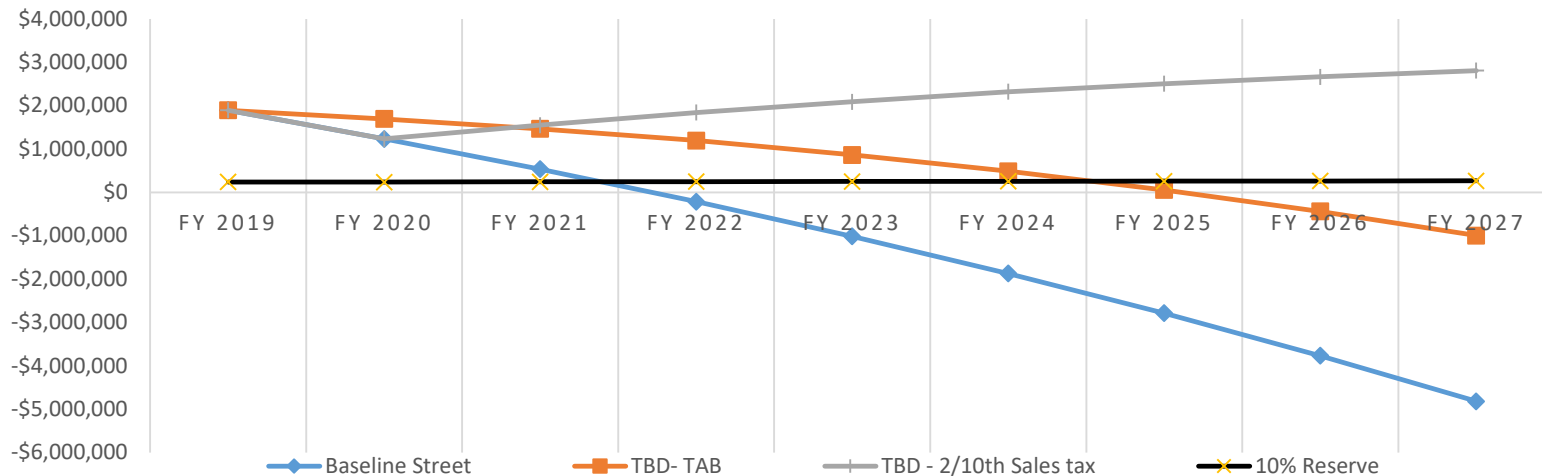
- Based on 2019 Budget

- **Assumptions**

- Continue \$1.3M subsidy from General Fund
- Stopped transfer of funds to Sidewalk Fund
- Overlays budgeted from this Fund
- No new Positions

- **Transportation Benefit District**

- Tab Fee (\$20)
- Sales Tax .02% (2020)
- Operations & Maintenance
- Capital



City Annual Debt Payments



Year	2008A GO Bond - Grade Rd/Ridgeline (REET 1)	2015 GO Bond - PD (REET 1)	2019 GO Bond - Decant (SWM)	2010 PWF (REET 2)	800 MhZ (REET 1)	Parkway Crossing Detention Pond (SWM)	Excavator (PW Equip)	Total City Debt by Year	Total Sewer Debt by Year
2019	\$209,505	\$97,221	\$61,365	\$7,834	\$22,618	\$10,700	\$46,932	\$456,175	\$1,040,034
2020	\$213,905	\$94,426	\$125,404	\$0	\$22,618	\$10,700	\$46,932	\$513,985	\$1,035,396
2021	\$212,905	\$95,651	\$127,680	\$0	\$22,618	\$10,700	\$46,932	\$516,486	\$1,035,560
2022	\$211,705	\$95,815	\$129,823	\$0	\$0	\$0	\$0	\$437,343	\$1,025,322
2023	\$210,305	\$96,938	\$130,860	\$0	\$0	\$0	\$0	\$438,103	\$799,392
2024	\$213,540	\$0	\$66,789	\$0	\$0	\$0	\$0	\$280,329	\$794,785
2025	\$211,365	\$0	\$0	\$0	\$0	\$0	\$0	\$211,365	\$790,175
2026	\$208,985	\$0	\$0	\$0	\$0	\$0	\$0	\$208,985	\$732,934
2027	\$211,400	\$0	\$0	\$0	\$0	\$0	\$0	\$211,400	\$319,839
2028	\$213,405	\$0	\$0	\$0	\$0	\$0	\$0	\$213,405	\$318,330
2029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$316,821
2030-38	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,783,500
Subtotals	\$2,117,020	\$480,051	\$641,921	\$7,834	\$67,854	\$42,800	\$42,800	\$3,487,576	\$10,992,087

Description	Annual Debt			
	Total Amount	Service	Duration	Funding Source
Police Facility Bond	\$8.5 - \$9.0 Million	\$520,000	30 years	REET 1
20th Street Infrastructure	\$8.0 Million	\$600,000	20 years	Sales Tax or REET 2

Capital Funds



Project Category	Total Project Costs 2023	Defined Funding Source	Undefined Funding Source
Facilities	\$9,986,960	\$9,507,161	\$479,799
Parks	\$11,325,927	\$10,058,517	\$1,267,410
Roads	\$44,933,031	\$30,940,643	\$13,992,388
Surface Water	\$2,734,243	\$1,703,551	\$1,030,692
Total Projects Costs	\$68,980,161	\$52,209,872	\$16,770,289

Projects with Some Undefined Funding Sources	Project Amount	Defined Amount	Unsecured or Undefined Amount	Notes
PD Station Restoration (old)	\$200,000		\$200,000	Undefined
Downtown Parking	\$275,000		\$275,000	Undefined
20th Street Soccer Fields	\$1,308,321	\$80,000	\$1,228,321	Undefined
Main Street - P1 16th to 20th	\$7,956,000	\$525,000	\$7,431,000	Commerce Grant
24th St & 91st Ave - Infrastructure	\$16,249,403	\$14,249,403	\$2,000,000	WSDOT/TIB Grant
117th Sidewalk 20th NE to 26th NE	\$877,500		\$877,500	Undefined/Possible Grant
123rd Sidewalk 20th NE to 22nd NE	\$233,888		\$233,888	Undefined/Possible Grant
Decant Facility	\$2,279,243	\$1,248,571	\$1,030,672	Possible DOE Grant/ Partnership
O&M Capital (Sidewalk/Overlays)	\$3,450,000		\$3,450,000	Street Fund - O&M
	\$32,829,355	\$16,102,974	\$16,726,381	

Policy Choices



- Staffing
 - Keep FTE Levels Static
 - Park & Recreation Department
 - Additional Field Staff
- Funding
 - Reduce Property Tax Subsidy to Street Fund by Implementing TBD
 - Transportation Benefit District Funding Uses
 - Pay All or Portion of Infrastructure Bond Debt from REET 2
 - Increase Untapped Utility Taxes (Sewer & Storm Water)
 - Elimination of SWM Fee Exemption to School District (2021)
 - Park District
 - Levy Lid Lift