September 14, 2017 Agenda Items:
FY 2018 Budget Public Hearing (8A),
Property Tax Rate Public Hearing (8B)
Consider Adoption of FY 2018-202 CIP (10B)

Brian Maxwell, City Manager
Mike Loftin, Assistant City Manager
Budget Hearing – Item 8A

FY 2018 Budget Schedule

• Long Range Forecast presented June 23
• Capital Improvement Plan presented July 20
• Proposed Budget presented August 10
• August 10 Council meeting: Propose tax rate and schedule public hearings on tax rate and budget
• August 24 Council meeting: Budget and CIP workshop, hold public hearing on tax rate
• September 14: Hold second tax rate public hearing, hold budget public hearing, consider adopting CIP
• September 28 – Adopt budget, adopt CIP if necessary and adopt tax rate
Budget Hearing – Item 8A

• Increase in Property Tax Rate from $0.526 to $0.561 per $100 of taxable value: 100 percent of increase goes to pay debt service on $25 million in bonds sold in July as approved by the voters

• No change in water and sewer rates

• Operating Budget - $154.7 million

• Capital Budget - $75.5 million

• Minimum of ten new police officers

• Increases in police, fire and employees pay and health benefits

• Infrastructure set aside increases $670,000 to $3.28 million or six percent of General Fund

• All city funds are reserved and restricted as required by charter and policy

• Island Transit underutilized bus service reduced to offset the loss of federal and state grants
Budget Hearing – Item 8A

• Financial Fiscal Affairs Committee Recommendations:
  • Transfer funds reserved in General Fund Budget to Pension Reform Fund until agreement is reached with the Pension Board for contribution increases and plan/benefit changes.
  • Otherwise, committee recommends approval of the budget.

• Agenda on September 28th will include separate item to vote on pension funds set aside in FY 2018 General Fund Budget.
Where the City’s Revenue Comes From (Total: $118.2 Million)

- Water and Sewer Charges, $36.6, 32%
- Property Taxes, $34.1, 29%
- Hotel Taxes, $3.0, 3%
- Franchise/Other Taxes, $6.7, 6%
- Sales Taxes, $16.2, 14%
- Service Fees, $13.4, 12%
- Other Sources, $3.4, 3%
- Court Fines, $1.8, 1%

Note: Totals do not include interfund transfers.
Note: Totals shown do not include interfund transfers or budgeted reserves.
Property Tax Rate Hearing – Item 8B

• Proposed rate of $0.561 per $100 taxable value
  - Maintenance and operations rate $0.491
  - Debt Service rate $0.07 (3.5 cents higher than last year)
• Increased property tax revenue of $3.43 million
  - $407,200 from new construction
  - $945,100 from increased values
  - $2.08 million for debt service on July 2017 bond sale as approved by voters in May 2017 bond election
• Taxpayers over 65 last year will see no increase in taxes
• Total tax levy is $34.4 million net of exemptions
• Tax exemptions granted by the city $3.52 million in taxes including:
  - Homestead exemptions - $1.99 million in taxes
  - Over 65/disabled/veteran homeowners’ exemptions - $465,000 in taxes
  - Over 65/disabled homeowners’ freeze - $1.06 million in taxes
Property Tax Rate Hearing – Item 8B

Property Taxes ($34.1 Mil) as Allocated by Law

- General Fund $25.25M (74%)
- Debt Service $4M (12%)
- Library $2.85M (8%)
- TIRZs/MUD 30 $2.04M (6%)
FY 2018-2022 Capital Improvement Plan – Item 10B

FY 2018 - 2022 CIP by Funding Source ($000's)

- Revenue Supported Sources: $95,290 (45%)
- Tax Supported Sources: $96,656 (45%)
- Other Funding Sources: $20,572 (10%)
FY 2018-2022 Capital Improvement Plan – Item 10B

- CIP Financing Plan – Combine bond financing with pay as you go, selling bonds on an as needed basis and appropriating oldest bond funds first
- Complete Streets and Drainage program project list presented to voters in May 2017 election – Under contract by end of FY 2021 and complete construction by end of FY 2022
- Major Projects:
  - 45th Street from Broadway to Seawall Boulevard (FY 2018)
  - 18th Street drainage improvements from Ship Channel to Avenue K: Design in FY 2018 and Construction in FY 2019
  - 24 inch Water Line from the 59th Street Pump Station to the Airport Pump Station (FY 2019)
  - Reconstruction of Pirates Beach and Airport Wastewater Treatment Plants (FY 2018)
  - Status of all projects and cash balance in all project funds reported quarterly through the Financial Transparency webpage