



Revenue Options Available

March 24, 2014

Below is a high-level list of revenue options, known available capacity, and known restrictions on their use for Council consideration. For any options on which Council would like more information or more detailed analysis, staff will schedule time for further discussion at a later meeting.

Revenue Options	Capacity	Restrictions
Property Tax	<p><u>Current Rate:</u> \$1.07/\$1,000 AV (\$.96 regular and \$0.11 Parks Voted Levy) 2013 \$ generated: \$37,938,880</p> <p><u>Maximum Rate:</u> \$3.10/\$1,000 AV Maximum \$ generated at current AV level: \$101,298,578</p> <p><u>Banked Capacity (2014):</u> ~\$9.4M 25%</p> <p><u>Capacity Examples:</u> 1% increase ~ \$330,000</p> <ul style="list-style-type: none"> • Bonded for 20 YRS at 4.0% would raise \$4.5M <p>3% increase ~ \$1,000,000</p> <ul style="list-style-type: none"> • Bonded for 20 YRs at 4.0% would raise \$13.6M 	<p>Councilmanic: Operating only.</p> <p>Levy Bonded or Voter Initiative: Capital or Operating restricted by bond covenants and/or voter initiative. See the attached white paper for additional information regarding debt and voter initiatives.</p> <p>Because the property tax derived from the City's banked capacity cannot be used to fund debt, the Supplemental CIP and the M&I bonds are actually funded from sales tax. The consecutive property tax increases (2% in 2007, 2% in 2008, and 3% in 2009) were offset by an equal reduction in the sales tax that is distributed to the City's General Fund, thereby creating sales tax as a funding source for the debt.</p>
B&O Tax	<p><u>Current Rate:</u> .1496% 2013 \$ generated: \$27,848,961</p> <p><u>Maximum Rate:</u> .2% Maximum \$ generated at current activity level: \$37,231,233</p> <p>Remaining Capacity: .0504% Remaining \$ available at current level: \$9,382,271</p> <p><u>Capacity Examples:</u></p> <ul style="list-style-type: none"> o .01% Increase: ~ \$1.9 million o Ordinance No. 4094 states Council's intent to reserve .01% of B&O tax capacity for Convention Center purposes. 	<p>Can be used for general operations and capital.</p>



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<p>Utility Taxes</p>	<p>The table below notes the General Fund impact of increasing various Utility taxes by .5%. If all taxes were increased or decreased by .5% the total impact to the General Fund would be approximately \$1.9 million.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Type</th> <th style="text-align: center;">Cur. Rate</th> <th style="text-align: center;">Max. Rate</th> <th style="text-align: center;">.5% Increase</th> </tr> </thead> <tbody> <tr> <td>Electric</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">~\$940,000</td> </tr> <tr> <td>Gas</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">~\$300,000</td> </tr> <tr> <td>Telephone</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">At Max.</td> </tr> <tr> <td>Cellular</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">6%</td> <td style="text-align: center;">At Max.</td> </tr> <tr> <td>Water</td> <td style="text-align: center;">10.4%</td> <td style="text-align: center;">No Max.</td> <td style="text-align: center;">~\$218,000</td> </tr> <tr> <td>Sewer</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">No Max.</td> <td style="text-align: center;">~\$240,000</td> </tr> <tr> <td>Storm</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">No Max.</td> <td style="text-align: center;">~\$110,000</td> </tr> <tr> <td>Garbage</td> <td style="text-align: center;">4.5%</td> <td style="text-align: center;">No Max.</td> <td style="text-align: center;">~100,000</td> </tr> </tbody> </table> <p>When all City utility service rates (Storm, Sewer, and Water) increase by 1%, the General Fund receives an increase of \$86,000 annually.</p>	Type	Cur. Rate	Max. Rate	.5% Increase	Electric	5%	6%	~\$940,000	Gas	5%	6%	~\$300,000	Telephone	6%	6%	At Max.	Cellular	6%	6%	At Max.	Water	10.4%	No Max.	~\$218,000	Sewer	5%	No Max.	~\$240,000	Storm	5%	No Max.	~\$110,000	Garbage	4.5%	No Max.	~100,000	<p>BCC Chapter 4.10, Utility Occupation Tax Code does not allocate funds to any particular use.</p>
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<p>Impact Fees</p>	<p>The impact fee rate schedule was set by separate Council action on May 4, 2009 (Ordinance No. 5872).</p> <p>The fee schedule was adopted with “stepped” fee increases over time as outlined below:</p> <ul style="list-style-type: none"> • January 1, 2010 - December 31, 2012 \$2,000/Trip • January 1, 2013 - December 31, 2015 \$3,000/Trip • January 1, 2016 - December 31, 2016 \$5,000/Trip • January 1, 2017 and annually thereafter, the director shall adjust the impact fee schedule by the Washington State Construction Cost Index. <i>(paraphrased from Ordinance No. 5872)</i> 	<p>The purpose of BCC 22.16 is to:</p> <ol style="list-style-type: none"> 1. <i>Adopt a program for the purpose of jointly funding, from public and private sources, system improvements necessitated in whole or in part by development and growth within the service area.</i> 2. <i>Provide a fair and predictable method for allocating the cost of reasonable and necessary transportation improvements between the public and private sectors.</i> 3. <i>Create a mechanism to charge and collect transportation impact fees from new development.</i> 4. <i>Provide a portion of the funding for reasonable and necessary system improvements to mitigate the cumulative impacts of growth and development in the service area.</i> 5. <i>Create a system for the collection and administration of transportation impact fees.</i> 																																				



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<u>Transportation Benefit District Motor Vehicle License Renewal Fee</u>	<u>\$20 per vehicle fee</u> ○ Estimated \$1.8M to \$2.2M annual revenue <u>\$100 per vehicle fee</u> ○ Estimated \$9M to \$11M annual revenue Sales Tax: 0.2 percent sales tax must be voter-approved. The sales tax may be levied for an initial 10 years and renewed for another 10 years with a vote. If used to pay debt service on a bond, a sales tax may be levied for more than 10 years.	RCW 35.21.225 governs formation. <ul style="list-style-type: none"> ○ If the TBD contains all of the territory within the jurisdiction(s) that established the TBD, a \$20 per vehicle fee may be implemented <u>without a vote</u>. ○ An annual fee of up to \$100 per vehicle registered in the TBD may be imposed with voter approval. ○ The funds must be spent on transportation improvement projects. Projects may include the operation, preservation, and maintenance of these transportation facilities or programs.
Local Improvement District	Property owners are assessed an increment of the special benefit provided by the project to offset a portion of the project costs.	Fund capital projects associated the improvement district. The City must repay the bonds over the bond period, typically up to 20 years.
Parking Tax	The parking tax may be structured several ways, with the tax either imposed on businesses or individuals engaged in a commercial parking business or imposed on individuals engaged in the act or privilege of parking a motor vehicle in a facility operated by a commercial parking business. Parking taxes may be levied on a per-stall, per-vehicle, or gross receipts basis.	The statute restricts the use of commercial parking tax proceeds to transportation purposes in accordance with RCW 82.80.070. The law defines, as appropriate uses, preservation, operation, design, right-of-way acquisition, construction of transportation facilities, and implementation of transit improvements and programs.
Sales Tax	<u>Current Rate:</u> Total local sales tax is 1%; of that amount the City receives 0.85%. <u>Maximum Rate:</u> The City is collecting at the maximum rate. <u>Remaining Capacity:</u> none 2013 \$ generated: \$48,830,269 The City is currently levying the maximum optional sales tax.	The resulting revenues are not restricted by statute.
Public Facility District *	A sales and use tax not to exceed 0.2 percent may be imposed by the governing board of a public facilities district established under Chapter 36.100 RCW or Chapter 35.57 RCW, with approval by a majority vote of the voters within the district.	The proceeds may be used for financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, and reequipping of its public facilities.

*Source: Municipal Research and Services Center; A Revenue Guide