

Budget Presentation

Mid-Biennium Adjustments: FY 2005-06 and Beyond

**Tacoma City Council Budget Workshop
November 30, 2005**

Workshop Agenda

- **Conclude Short Term Strategies**
 - Uses for One-time resources
 - Uses for Ongoing resources
- **Revisit Long Term Strategy**
 - Service tax proposal

Additional One-time Resources: **Available for Use**

FY 05	\$ 2,800,000
FY 06	<u>\$ 4,300,000</u>
Total	\$ 7,100,000

One-time Resources:

Recommended Uses

- **1st Priority: One-time costs of community-based service**
- **2nd Priority: Street infrastructure improvements (including sidewalks, curbs, gutters, streetlights, Americans with Disabilities Act improvements)**
- **3rd Priority: Consultant studies needed for priority planning projects**
- **4th Priority: Assure adequate insurance and fund reserves**

One-time Resources:

Recommended Uses

FY '05-'06 Resources	\$ 7,100,000
<u>Recommended</u>	
Community based services	\$ 230,000
Consultant studies	1,370,000
Youth A & R Center	80,000
Compensation & class study	<u>420,000</u>
Unallocated as of Nov. 16	\$ 5,000,000

One-time Resources:

Recommended Uses

Recommended: Residential Streets

Neighborhood Councils	\$ 1,200,000
Infrastructure Program (LID)	\$ 3,800,000*
– 186 petitions out / 47 likely to be formed	
– Oldest is from 2001	
– Create all 47 LIDs by end of 2006	

* This amount may vary by as much as \$2 million, depending on '06 performance

Additional Ongoing Resources:

Available for Use

FY07 savings/revenues **\$ 9,600,000**

FY07 deficit **\$ 8,400,000**

FY07 resources **\$ 1,200,000**

Additional Ongoing Resources:

Recommended Uses

Ongoing Resources **\$ 1,200,000**

Recommended

Community-based services **\$ 570,000**

Internal auditor **130,000**

Unallocated as of Nov. 16 **\$ 500,000**

Additional Ongoing Resources:

Council Options

- **Invest in street system improvements**
- **Hire additional grant writer**
- **Allocate to deferred facilities maintenance**
- **Pay down debt/General Fund payments**

Additional Ongoing Resources:

Recommended Uses

Unallocated as of Nov. 16 \$500,000

Recommended: Residential Streets

Residential street maintenance \$300,000

- Overlay 25 blocks**
- Chip seal 46 blocks per year**

Fully-funded LID program \$200,000

- Construct approximately 1 mile of residential streets/year**

Additional Ongoing Resources

Uses Not Recommended

- **Grant writer**
 - Consider during 2007-2008 budget discussions
- **Building maintenance**
 - Consider during 2007-2008 budget discussions
- **Debt service/lease-purchases**

Next Steps

- **Budget Ordinance**
 - Public Hearing/First Reading – Dec. 6
 - Final Reading – Dec. 13
- **Budget Policy**
 - First Quarter, 2006
- **Compensation/Class Policy & Study**
 - First Quarter, 2006

Long Term Strategy

Service Taxes:

- **Police**
- **Fire**
- **Library**

Long Term Strategy

- **Maintain fiscal discipline**
- **Eliminate city property tax entirely**
- **Eliminate city B&O Tax entirely**
- **Reduce city utility (Gross Earnings) tax**

Long Term Principles

- **Police, Fire and Library service taxes to cover total net cost of service**
- **Based on assessed valuation (like property tax)**
- **Cannot divert tax from purpose**
- **Cannot use other revenues to support services**
- **Charged monthly or bi-monthly**
- **All who have access to service, pay for service ***

***Except houses of worship**

Long Term Results

- **Balanced budgets**
- **Truth in taxation**
- **Cost of government more easily understood**
- **Better services**
- **Better value**

Long Term Strategy

Analysis Phase

- **Council approval to proceed**
- **Financial analysis**
 - Total cost of services to include overhead
 - Impact on stakeholders
- **Legislative and legal analysis**
 - Partnerships with other jurisdictions
 - Statute and ordinance changes required
- **Citizen involvement**

Long Term Strategy

Plan of Action

Council-authorized task force of stakeholders:

- Include business, residential, industrial, not-for-profit, other governments, civic, others....
- Evaluate impact of proposal on various types of property
- Evaluate impact on service

Consider two primary components:

- Earmarked service tax for Police, Fire and Library
- Base of tax including non-profits, government, etc.

Make report to Council with recommendations:

- June 2006

Proposed Council Actions*

- **Authorize study by stakeholders**
- **Authorize advisory referendum**
- **Develop legislative strategy**
- **Authorize binding referendum**
- **Require periodic referenda**

* Each step assumes a positive outcome in the previous step