



**A STRONGER
VANCOUVER**

Finalize Operating Programs & Revenues



City Council Workshop
February 10, 2020

Outcomes of Session

- Confirmation of Capital Package & Revenues
 - Economic Development
- Review and Confirmation of Programs & Services and associated revenues (cont-d)
- Review transparency and accountability measures
- Next Steps

Materials Provided

- Presentation and related materials:
 - Programs and services (July 2019, September 2019).
 - Revenues (October 28)
- MRSC Revenue Guide for Cities

Capital Package & Revenues



Capital Summary – voted elements

Capital Investment	Estimated Cost: Council	Sources				Excess/ (Gap) to ESC
		Property Tax (rate)	BLS (rate)	PIF	REET 2	
Fire Stations	\$25.2 m	\$25.2 m (\$0.08/1,000)	-	-		
Parks	\$53.8 m + \$1.4 m/yr.	\$35.3 m + \$1.4 m/yr. (\$0.17/1,000)	-	\$18.5 m		
Economic Development	<u>\$52 m</u>	\$13 m (\$0.04/1,000)	\$10 m (\$20/FTE)	-	\$6 m	<u>(\$23 m)</u>
Other				\$37.7 m		
Total	<u>\$256 m + \$1.4 m/yr.</u>	\$73.5 m + \$1.4 m/yr. (\$0.29/1,000)	\$10 m (\$20/FTE)	\$56.2 m	\$6 m	(\$23 m)

Economic Development Infrastructure

Options

- Reduce total amount
- Increase revenues
 - Property tax \$1 m per \$0.04/\$1000
 - Business License Surcharge \$0.5 m per \$10
 - Utility tax \$1.2 m per 1%

Capital Summary – Council Guidance January 2020

Funding Source- CAPITAL and RELATED ONLY (in millions)							
	Property Tax	BLS	Internet Sales Tax	Park Impact Fees	Utility Rates	REET 2	TOTAL
Annual investment or debt payment	\$6.2	\$1.0	\$3.0	\$2.6	\$5.0	\$0.5	\$18.3
Total annual operating costs (for capital)	\$1.4						\$1.4
*Total Capital Projects supported	\$73.5	\$10.0	\$50.0	\$18.5	\$75.0	\$6.0	\$233.0
Resulting rate	\$0.34/ 1,000	\$20/ FTE	n/a	Rate schedule	~8% rate increase on Water + Sewer	n/a	

Programs and Services



Economic Vitality – Homelessness: Confirmation

Program	Estimated Cost (millions)	Sources (millions)			
		<u>Levy (rate)</u>	<u>BLS</u>	<u>Utility Tax</u>	<u>Other</u>
Day Center Operations	\$1.4 m			<u>\$0.5 m</u>	\$0.90 m
HART	\$0.9 m			<u>\$0.6 m</u>	\$0.3 m
Transitional Shelter (80 Beds) construction	\$0.8 m				<u>\$0.8 m (REET)</u>
Shelter Operations	\$2.0 m	<u>\$1.4 m (\$0.05)</u>	<u>\$0.5 m (\$10/FTE)</u>	<u>\$0.1 m</u>	

Public Safety – Confirmation

Program (FTEs)	Estimated Annual Cost (m)	Sources (millions)		
		Property tax levy (rate)	BLS	Utility Tax
Four EMS Rescue units (8 FTEs)	\$2.3 m	<u>\$1.3 m</u> (\$0.05)		<u>\$1.0 m</u>
Fire Prevention Program	\$0.6 m		\$0.6 m (\$12/FTE)	
Problem Oriented Policing (4 FTEs)	\$1 m	<u>\$1.0 m</u> (\$0.04)		
Traffic Safety Program (1 FTEs)	\$0.6 m		\$0.6 m (\$12/FTE)	

Economic Vitality - Confirmation

Program (FTEs)	Estimated Annual Cost (millions)	Sources (millions)			
		Property tax levy	BLS	Utility Tax	Admissions Tax
District Plans/ Implementation	\$0.6 m	<u>\$0.3 m</u> (\$0.01)	<u>\$0.3 m</u> (\$6/FTE)		
Transportation Alternatives (1 FTE)	\$0.3 m		\$0.3 m (\$6/FTE)		
Culture, Arts & Heritage Program (1 FTE)	\$0.5 m				\$0.5 m (\$0.75/ticket)

Neighborhood Vibrancy - Discussion

Program	Estimated Annual Cost (millions)	Sources (millions)			
		Property tax levy	BLS	Utility Tax	Admissions Tax
Recreation program fee reduction for low income participants	\$2 m	\$0.2 m	\$0.1 m	\$1.7 m	
Summer playground program	\$0.4 m		\$0.4 m		
Multi-lingual outreach (3 FTEs)	\$0.5 m		\$0.5 m		

Neighborhood Vibrancy - Discussion

Program	Estimated Annual Cost (millions)	Sources (millions)			
		Property tax levy	BLS	Utility Tax	Admissions Tax
Expanded Community Events program (3 FTEs)	\$0.3 m		\$0.3 m		
At risk youth program (1 FTE)	\$0.1 m		\$0.1 m		
Expanded neighborhoods program (1 FTE)	\$0.3 m		\$0.3 m		

Summary Guidance: Programs

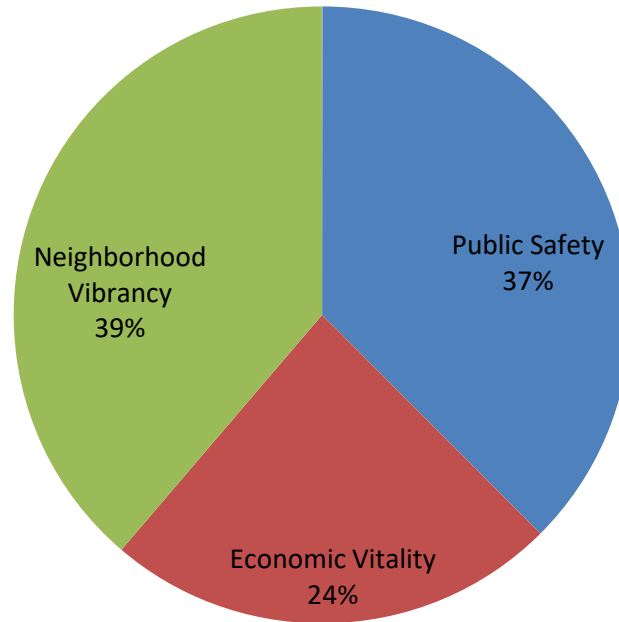
		Sources (millions)			
<u>FUNCTION</u>	Property Tax	Business License Surcharge	Utility Tax	Admissions Tax	Total
Public Safety	\$2.30	\$1.20	\$1.00	\$0.00	\$4.50
Economic Vitality	\$1.70	\$1.10	\$1.20	\$0.50	\$4.50
Neighborhood Vibrancy	\$0.20	\$1.70	\$1.70	\$0.00	\$3.60
TOTAL	\$4.2	\$4.0	\$3.9	\$0.5	\$12.6

SUMMARY: OPERATING AND CAPITAL

Annual Revenue	<u>Funding Source</u>							REET	<u>Total</u>
	Property Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	Admissions Tax	Utility Rates		
Capital and Related O&M	\$7.6 (\$0.29)	\$1.0		\$3.0	\$2.6		\$5.0	\$0.5	\$19.2
Programs Expenditures	\$4.2 (\$0.16)	\$4.0	\$3.9			\$0.5			\$12.6
<u>TOTAL</u>	<u>\$11.8</u>	<u>\$5.0</u>	<u>\$3.90</u>	<u>\$3.00</u>	<u>\$2.60</u>	<u>\$0.50</u>	<u>\$5.0</u>	<u>\$0.5</u>	<u>\$31.8</u>
Incremental Rate	\$0.46/1,000	\$100/FTE	3.25%	n/a	<i>schedule</i>	\$5%	8%		
			~4.55% rate increase			\$0.75/Ticket			

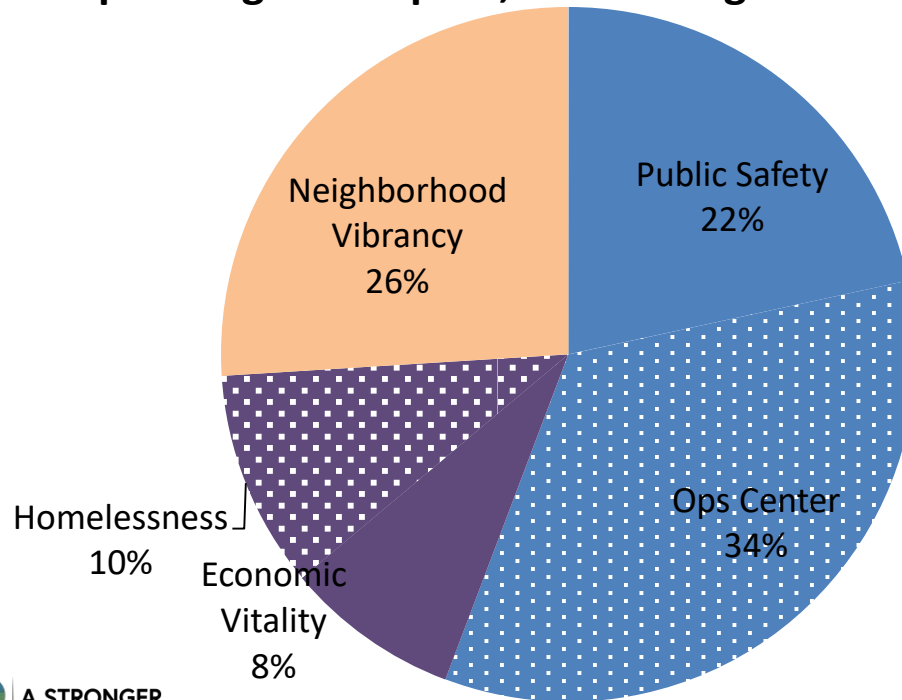
SUMMARY: Levy distribution

Property Tax Levy: Composition by Functional Area, Operating and Capital



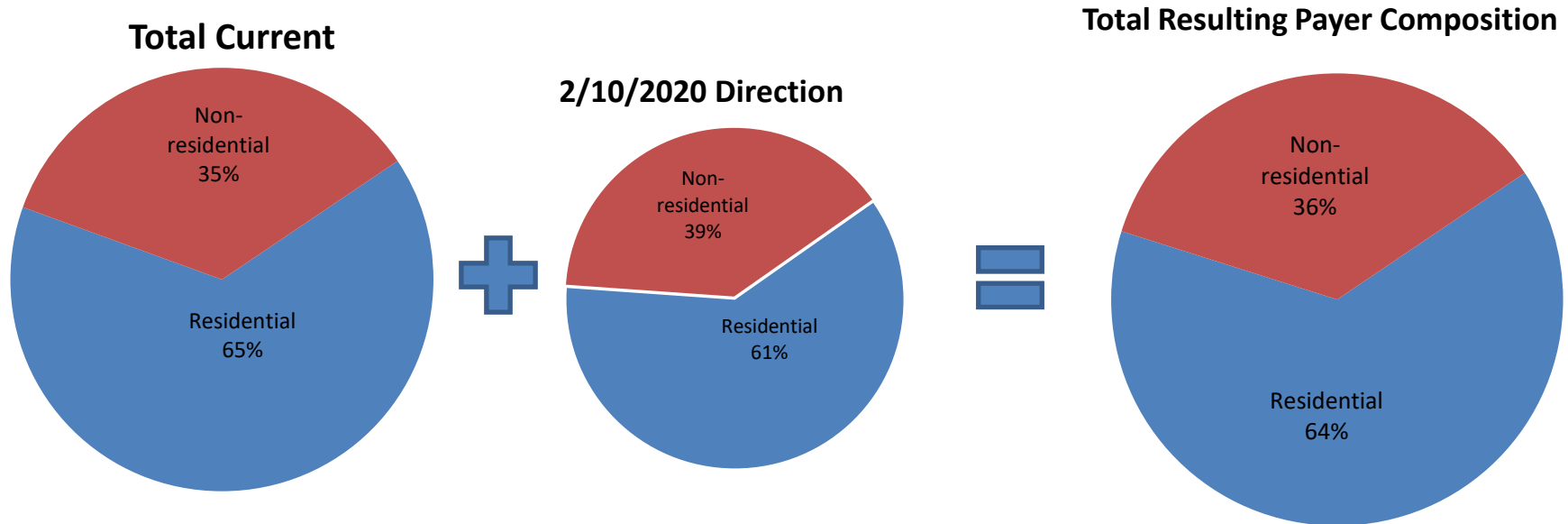
SUMMARY: Complete Package Distribution

Total Composition of A Stronger Vancouver, Operating and Capital, All Funding Sources



SUMMARY: OPERATING AND CAPITAL -- IMPACT

- Funding allocation in the current proposal rests heavier on the residential sector



Council Consideration: Impact

		Small Manufacturing	Retail	Professional Service	Large Manufacturing	Single-Family Household	Multi-Family Household
<u>Council Direction 2/10/2020</u>							
Levy Lid Lift	\$0.46	\$1,699	\$689	\$275	\$27,866	\$161	\$34
PIFs							
BLS/ FTE	\$100	\$3,700	\$2,000	\$800	\$75,000		
Admissions Tax	5%					\$3	\$3
Utility tax	3.25%	\$455	\$137	\$46	\$43,225	\$66	\$53
Total Annual Impact		\$5,854	\$2,825	\$1,121	\$146,091	\$229	\$90
Total Monthly Impact		\$488	\$235	\$93	\$12,174	\$19	\$8
<i>Difference from ESC (monthly)</i>		<i>-\$224</i>	<i>-\$85</i>	<i>-\$43</i>	<i>-\$2043</i>	<i>+\$3</i>	<i>+\$2</i>
<u>ESC Recommendation</u>							
Levy Lid Lift	\$0.40	\$1,480	\$600	\$240	\$24,280	\$140	\$30
BLS/ FTE	\$70	\$2,90	\$1,400	\$560	\$52,500		
B&O	\$0.00055	\$4,125	\$1,100	\$550	\$60,578		
Admissions Tax	5%					\$3	\$3
Utility tax	2.5%	\$350	\$105	\$35	\$33,250	\$51	\$40
Business Improvement District	\$0.42		\$630	\$252			
Total Annual Impact		\$8,545	\$3,835	\$1,637	\$170,608	\$194	\$73
Total Monthly Impact		\$712	\$320	\$136	\$14,217	\$16	\$6

Revenues and Accountability



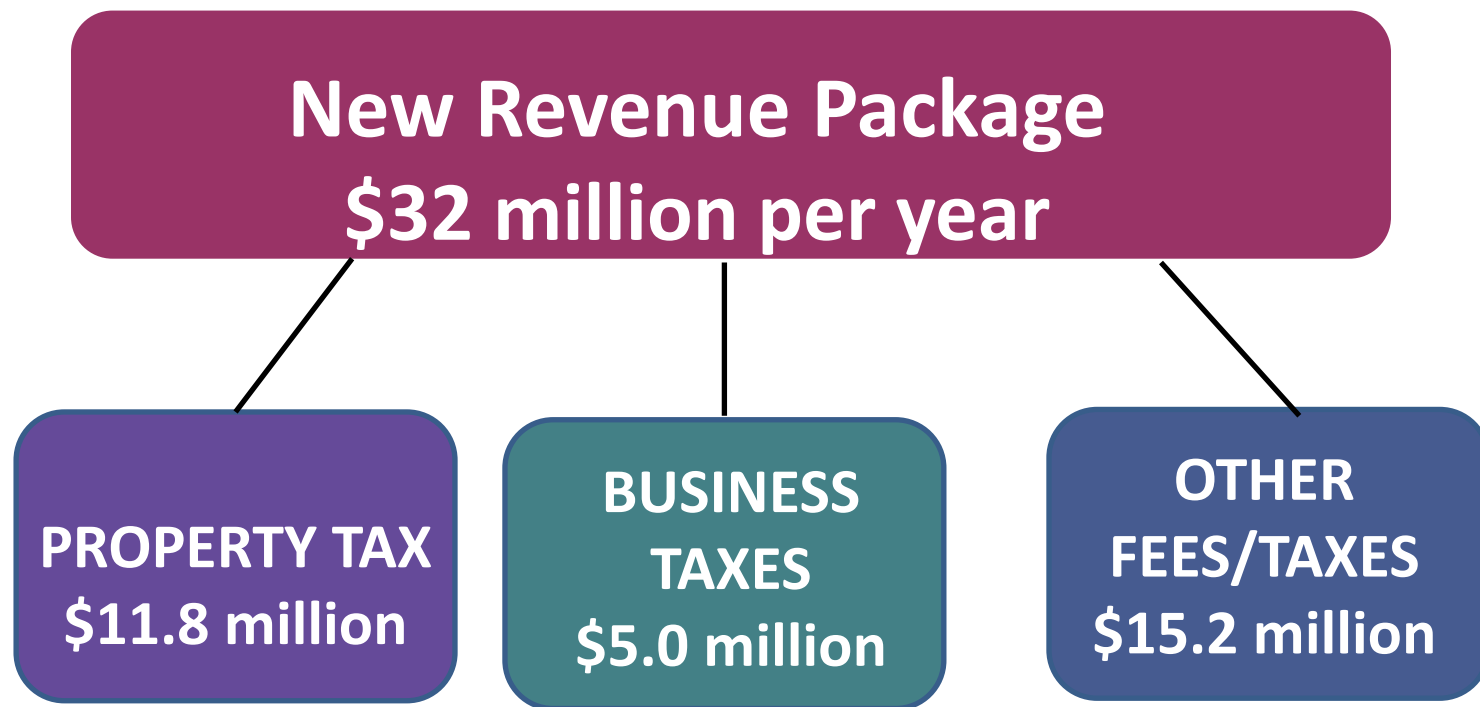
Accountability measures

- Council project list resolution
- Ongoing community engagement
- Public Private collaboration on certain projects
- Visual dashboards
- Equity benchmarks
- ESC Oversight
- Annual reporting

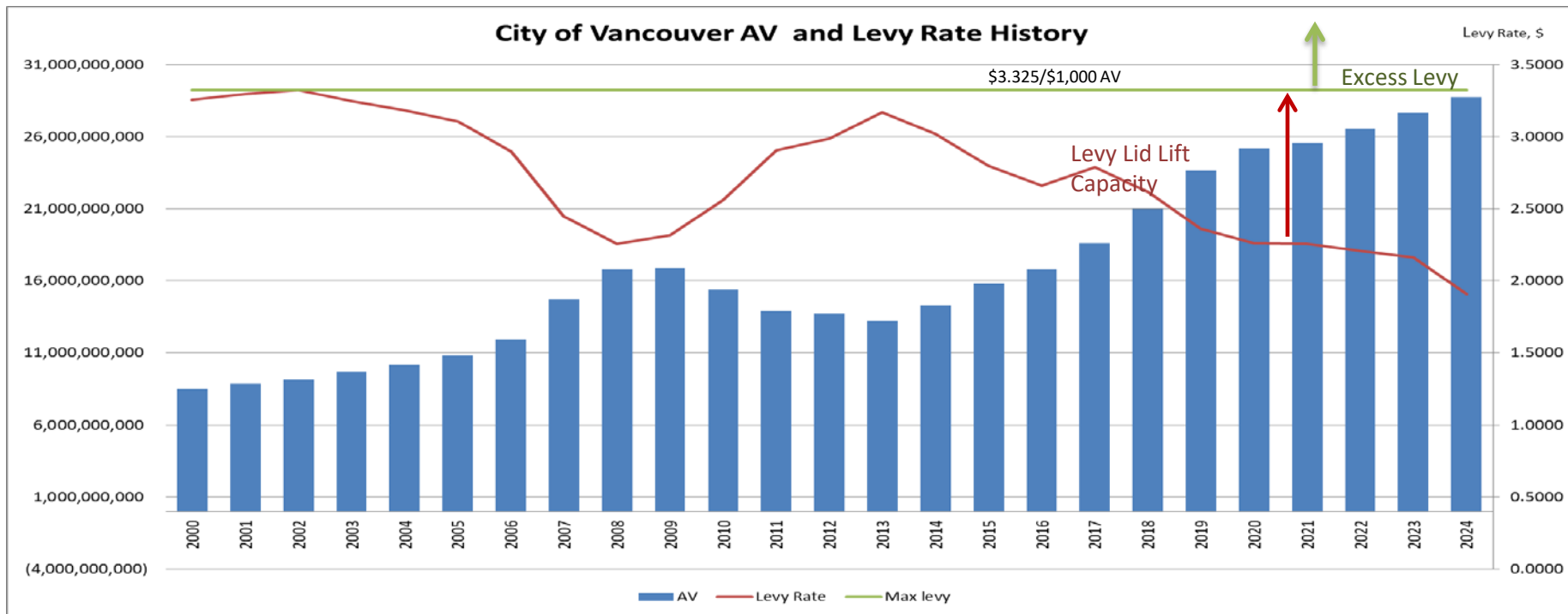
REVENUES



Council Consideration: Revenue Package



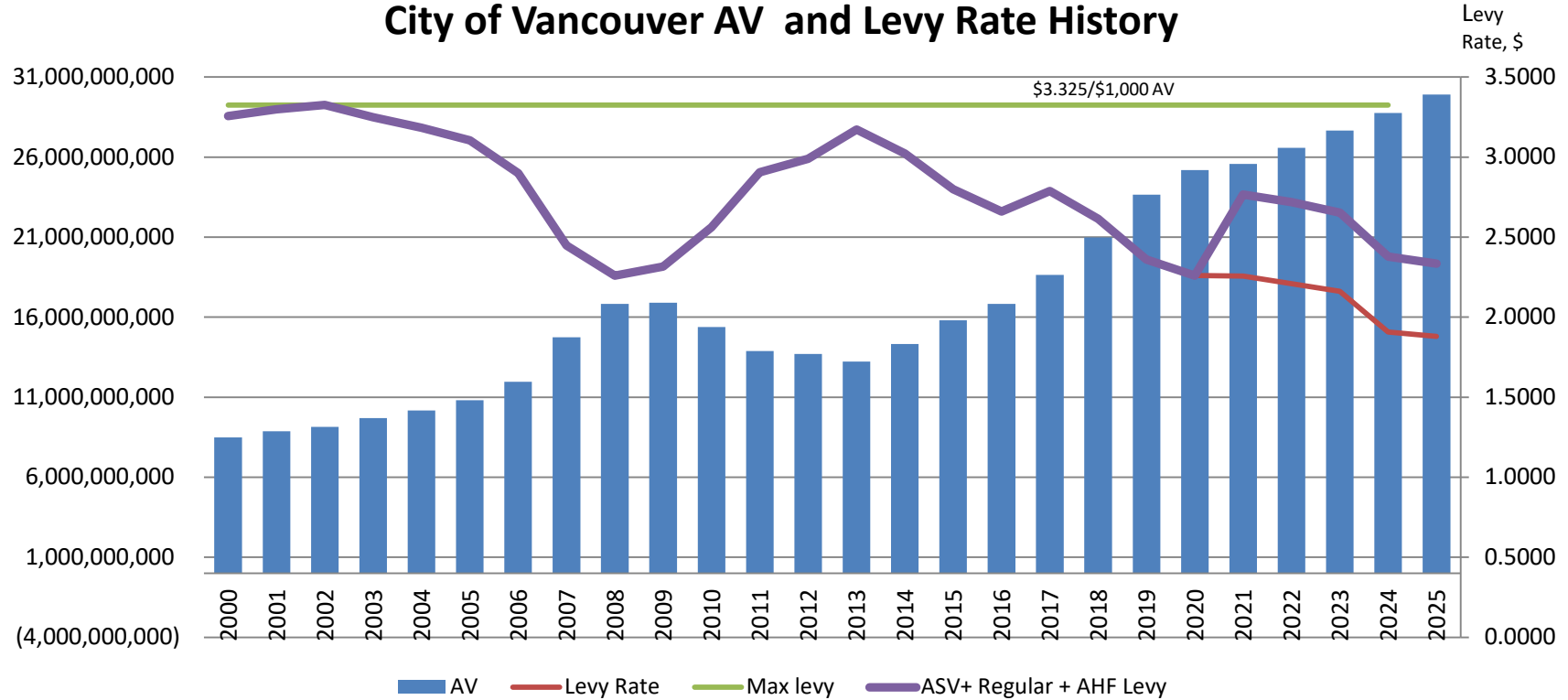
Property Tax: Levy Rate vs. Statutory Maximum



- Projected levy rate in 2020 = \$2.25/\$1,000 AV (combined); Total AV = \$25B

Property Tax: Levy Rate Adjusted for ASV

City of Vancouver AV and Levy Rate History



Property Tax Observations

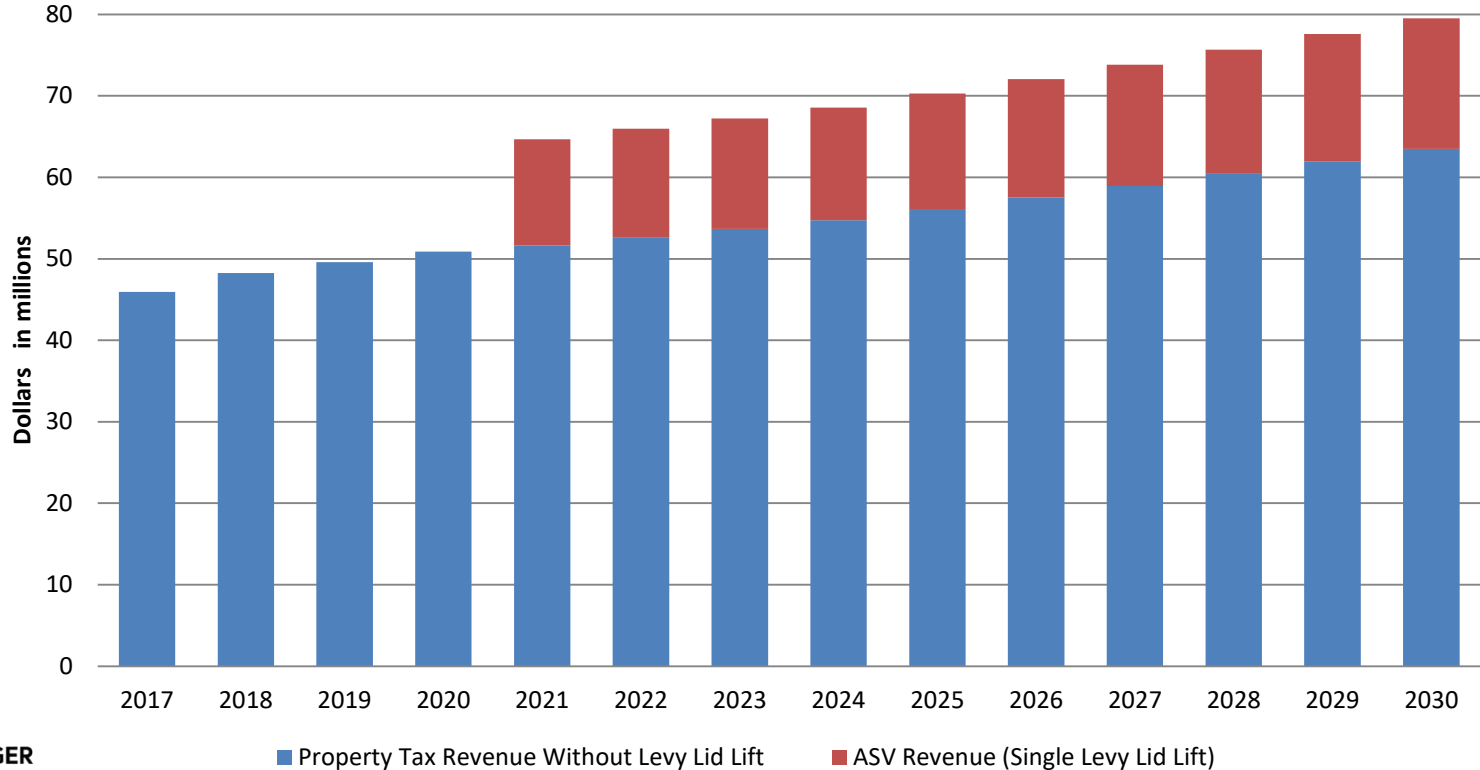
- Projected levy rate in 2020 is \$2.25/1,000 due to growing assessed valuation of the City
- Total Assessed Value is \$25 billion
- Highly unlikely to reach the \$5.90 local government levy limitation or the \$10 constitutional limit over the next 10 years
- There is likely an additional \$1.30/\$1,000 to be added to the school levy in 2020

Property Tax Increase Tools

- Excess O&M levy
 - 1 yr. duration
 - 60% voter approval
 - 40% of voter turnout from the last general election
- Excess levy: Capital General Obligations bonds
 - Repays debt (over the life of the debt)
 - 60% voter approval
 - 40% voter turnout from the last general election
- Levy Lid Lift – 50% voter approval
 - Single-Year
 - Multi-Year

Property Tax – Single-Year Permanent Levy Lid Lift

Property Tax Revenue With Single Levy Lid Lift



Property Tax: Levy Lid Lift “Single-Year” vs. “Multi-Year”

Comparison of Levy Lid Lift Options

	“Single-Year” Option	“Multi-Year” Option
Number of years you can exceed the 1% annual levy limit	1	Up to 6
Temporary option	After Year 1, levy amount increases up to 1% annually for specified number of years. After measure expires, levy reverts as if lid lift never occurred.	Lid lift lasts up to 6 years, with annual limit factor specified by city. After measure expires, levy reverts as if lid lift never occurred.
Permanent option	Year 1 levy is used to calculate all future 1% levy increases	Levy amount in final year is used to calculate all future 1% levy increases
May be used for	Any lawful governmental purpose	Any limited purpose stated in the ballot measure
Supplanting restrictions?	None	Cities within King County may not supplant funds
Election date	Any special, primary, or general election	Primary or general election only
Voter approval required	Simple majority	Simple majority

Use of Single-year lift of multi-year lift for debt service triggers a 9 yr. duration limitation

Property Tax: Levy Lid Lift - Exemptions

- **New legislation:** [HB 2597](#) (effective June 7, 2018) allows city to exempt senior citizens, disabled veterans, and other people with disabilities (as defined in [RCW 84.36.381](#)) from the tax increase resulting from a levy lid lift if desired.
- This exemption is optional, and must be stated in the ballot measure placed before the voters.
- If exempt, total revenue will be reduced by an estimated \$96,000 per year
- Recommendation: Incorporate the exemption

Property Tax – Ballot Requirements

- **SINGLE-YEAR Lid Lift Ballot**
 - Maximum tax rate to be imposed in the first year
 - Duration (if temporary) or define the lid lift as permanent – the dollar amount of the levy will be used for the purpose of computing the limitations for subsequent levies
 - Exemption for senior citizens and persons with disabilities
 - No longer than 75 words
- **MULTI-YEAR Lid Lift Ballot**
 - Purpose defined
 - Duration or define the lid as permanent
 - Maximum tax rate to be collected in the first year (per \$1,000 AV)
 - State the limit factor to be used for all subsequent years (as annual % or inflationary index – has to be the same for each year)
 - Exemption for senior citizens and persons with disabilities
 - No longer than 75 words

Property Tax – Example Ballot Language Single

This proposition would fund construction, maintenance and operations of facilities and programs to address homelessness, public safety, streets, parks and recreation by: (1) increasing the regular property tax levy to \$xxx per \$1,000 assessed value for collection in 2021; and (2) authorize use of 2026 levy amount as the base for computing levies in succeeding years. Qualifying seniors, veterans and disabled would be exempt under RCW84.36.381. Should this proposition be approved?
(74 words)

Property Tax – Timing

☐ Single Year Voted Levy Lid Lift

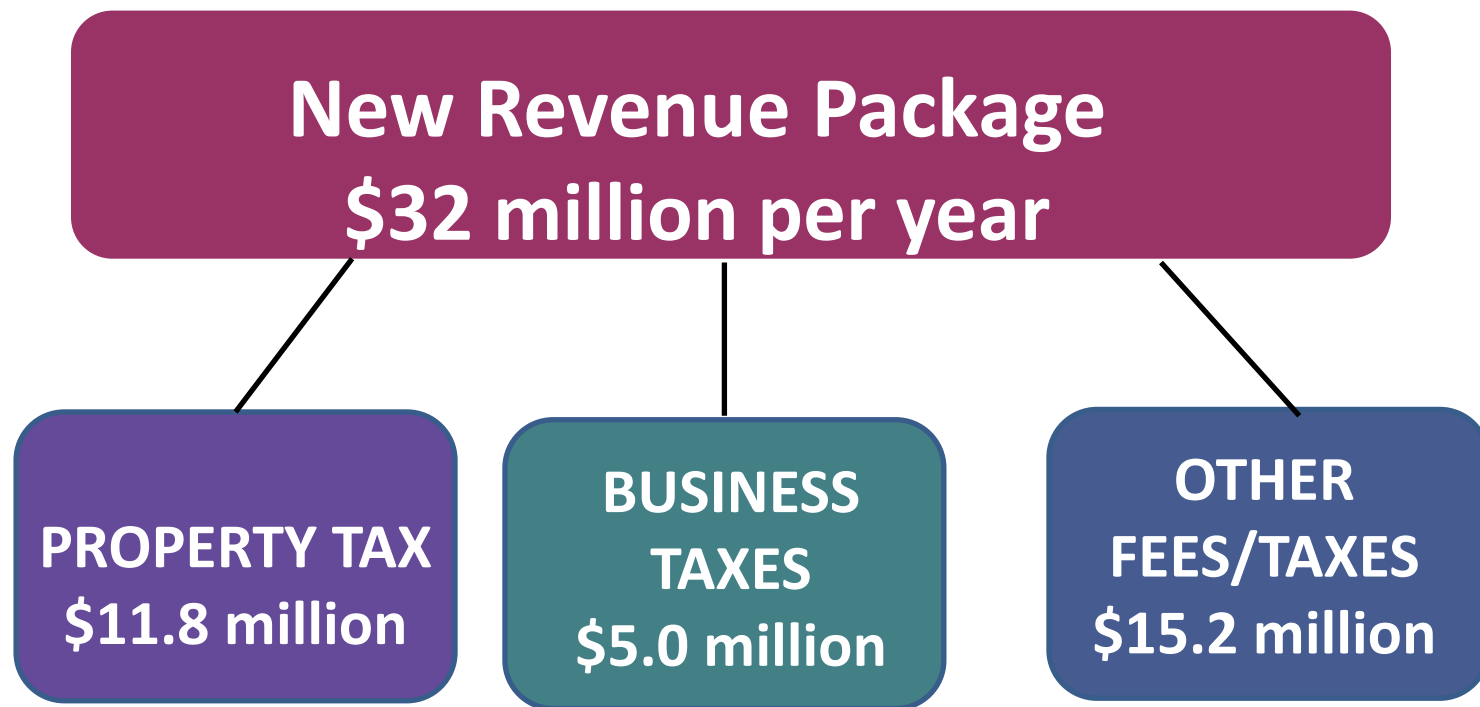
- Any election of the year
- 50% approval

☐ Multi-Year Voted Levy Lid Lift

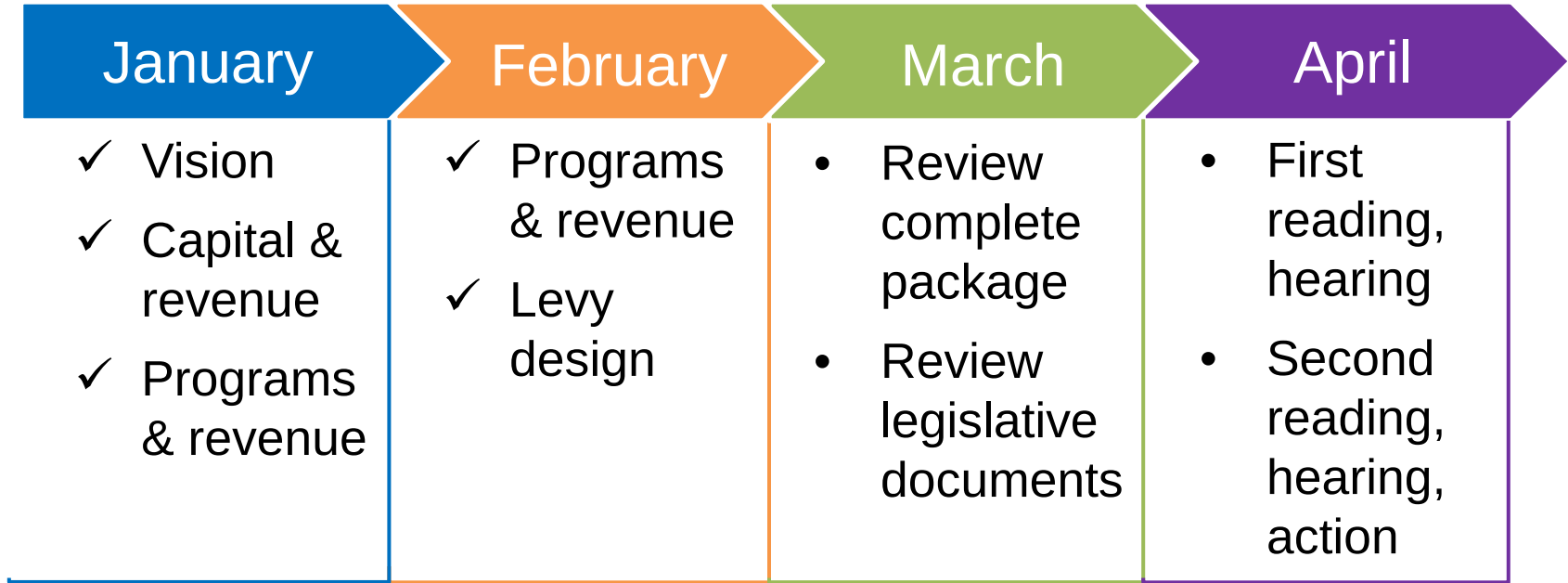
- Primary or General only (August or November)
- 50% approval
- More complex ballot measure language

Election (RCW 29A.04.330)	Filing deadline (RCW 29A.04.330)
February special	Early-to-mid December
April special	Late February
August primary	Early-to-mid May
November general	Date of August primary

Council Consideration: Revenue Package



Next Steps



Discussion



ESC RECOMMENDATION

Total 10-Year Capital Investment:	\$278
Total Annual Operating Costs:	\$14.90

All dollar amounts expressed in millions

COUNCIL RECOMMENDATION - January 2020

	Funding Source - CAPITAL and RELATED ONLY								
	Property Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	Admissions Tax	Utility Rates	REET 2	TOTAL
Annual PAYGO investment or debt payment*	\$6.20	\$1.00		\$3.00	\$2.60		\$5.00	\$0.50	\$18.3
Total annual operating costs (for capital)	\$1.40		\$2.70			\$0.50			\$1.4
*Total Capital Projects supported	\$73.50	\$10.00		\$50.00	\$18.50		\$75.00	\$6.00	\$233.0
Resulting rate	\$0.29/1,000	\$20/FTE		n/a	Rate schedule		~8% rate increase on water+sewer		

CAPITAL PROJECTS (*expenditures reflect a 10-year construction program; where debt is used, 30-year bond period is assumed)

Outcomes	Project	COUNCIL TOTAL	COUNCIL DETAIL BY FUNDING SOURCE								GAP
1. Enhance public spaces in targeted areas throughout the city; 2. Improve transportation, mobility & connectivity in targeted areas 3. Increase assessed values, business growth & private investment	Commercial district infrastructure improvements (streets, sidewalks, lighting, pedestrian crossings, signals, public spaces, landscaping)	52.0	13.0	10.0						6.0	(\$23.0)
Improve preparedness & resilience for first responders	– Replace Fire Stations 3 & 6 – Fire Stations 4, 5, & 8 renovation/seismic upgrade	20.0 5.2	20.0 5.2								
1. Improve preparedness and operational efficiency. 2. Compliance with current building codes/laws	Maintenance & Operations Center replacement	125.0				50.0			75.0		
Increase park safety, neighborhood vitality & assessed values	– Marine Park (park redesign & development)	15.0	9.0				6.0				
	– Wintler Park (turf, tables, benches, plant beds, signage, ADA features)	1.5	1.5								
	– Shaffer Park (park redesign & development)	10.0	4.0				6.0				
	– Bagley Park (park redesign & development)	11.0	7.0				4.0				
	– Kevanna Park (park redesign & development)	9.0	6.0								
	– Father Blanchet Park (park redesign & development)										
	– Fruit Valley Park (playground equipment, signage, plant beds, ADA features)										
	– John Ball Park (playground equipment, paths, drinking foundation, benches,										
	– Arnada Park (playground equipment, gazebo maintenance, electrical/irrigation panel, ADA features)										
	– Quarnberg Park (playground equipment, paths, tables, crosswalk improvements, ADA features)										
	– Columbia Lancaster Park (playground equipment, irrigation equipment, ADA features)										
	– Jaggy Road Park (playground equipment, ADA features)										
	– Peter S. Ogden Park (playground equipment, ADA features)										
	– Oakbrook Park (playground equipment, tables, benches, path, irrigation equipment, ADA features)										
	– BBC School Park (playground equipment, benches, tables, paths, signage, ADA features)										
	– Homestead Park (playground equipment, benches, ADA features) - David Douglas Park (Paved parking and playground)		3.0								
Increase access to parks	– Undeveloped Rose Village (new park, design & development)	1.0	0.5				0.5				
	– Undeveloped George & Hazel Stein (new park design & development)										
	– Undeveloped Landover Sharmel (new park design & development)	2.0	1.5				0.5				
	– Undeveloped Hambleton (new park design & development)	3.0	2.0				1.0				
	– Undeveloped Lauren (new park design & development)	1.3	0.8				0.5				
	– Undeveloped Meadowbrook Marsh (new park design & development)										
Total 10-Year Capital Program		\$256	\$73.5	\$10.0	\$0.0	\$50.0	\$18.5	\$0.0	\$75.0	\$6.0	(\$23.0)
Annual operating to maintain capital			\$1.4								

Total 10-Year Capital Investment:	\$278
Total Annual Operating Costs:	\$14.90

All dollar amounts expressed in millions

Annual Revenue Needed to Fund	Funding Source										
	Property Tax	B&O Tax	Business License Surcharge	Utility Tax	Internet Sales Tax	Park Impact Fees	REET 2	Admissions Tax	Vehicle License Tab	Utility Rates	Total
	\$7.60	\$0.00	\$1.00		\$3.00	\$2.60	\$0.50		\$0.00	\$5.00	\$19.20
	Operating Expenditures	\$4.20	\$0.00	\$4.00	\$3.90		\$0.00	\$0.50	\$0.00		\$12.60
	TOTAL	\$11.80	\$0.00	\$5.00	\$3.90	\$3.00	\$2.60	\$0.00	\$0.50	\$5.00	\$31.80
Rate	\$0.46	\$0.00	\$100	3.25%	n/a	schedule	\$0.50	\$0.75/ticket	\$0.00	8%	
	per \$1,000 AV		per FTE	=4.55% rate increase						rate increase	

OPERATING COSTS FOR SERVICES & PROGRAMS (annual costs)

Outcome(s)	Program	Est. Cost	Council Changes To-Date	Detail by Funding Source										GAP
Increase opportunity for new economic investment in subareas	Subarea/district plans (implement 4 th Plan, The Heights, Section 30 plans; develop: Upper Main, 192 nd Corridor, Van Mall)	\$0.6		\$0.3	\$0.0	\$0.3								\$0.0
Decrease incidents of pedestrian-vehicle collisions	Citywide traffic safety improvement program (one new staff position; public outreach/education)	\$0.6				\$0.6								
Increase number of residents using transportation alternatives	Citywide pedestrian & bike infrastructure improvements (staff; public outreach/education)	\$0.3				\$0.3								
1. Reduce overall system response times	Rapid response rescue units/Fire Department	\$2.3		\$1.3			\$1.0							
2. Reduce EMS response times during peak hours	(add four, 2-person, paramedic staffed units)													
Reduce incidence of residential fires, loss of life & property	Fire prevention program (implementation; public outreach/education)	\$0.6				\$0.6								
Reduce incidence of crime by proactively addressing trends/causes	Problem Oriented Policing Unit/Police Department	\$1.0		\$1.0	\$0.0									\$0.0
Increase capacity to address the needs of people experiencing homelessness	– Homeless facility operations (Gap) (support operations of day homeless facilities)	\$0.5					\$0.5							\$0.0
	– Homeless/Mental Health Assistance Resource Team	\$0.6					\$0.6							\$0.0
	– Additional cost to support shelter operations	\$2.0		\$1.4	\$0.0	\$0.5	\$0.1							\$0.0
Reduce financial barriers to participation in recreation programs	Fee reductions for low-income participants in Parks & Recreation programs	\$2.0		\$0.2		\$0.1	\$1.7							
Increase number of children engaged in supervised activities over the summer	Summer Playground Program (expand program locations, hours & meals served)	\$0.4				\$0.4								
Increase engagement with diverse communities	Multi-lingual outreach program (three coordinator positions)	\$0.5				\$0.5								
Increase community engagement through more frequent & diverse community events	Expand the citywide community events program (three coordinator positions)	\$0.3				\$0.3								
Increase connections with at-risk youth through City’s recreation	At-Risk Youth Program (one coordinator position)	\$0.1				\$0.1								
A citywide public art program & support for arts organizations	Culture, Arts & Heritage Program (one manager position; funding for public art, grants, & cultural programs/events)	\$0.5												
Increase engagement with and support of neighborhood associations	Neighborhoods Program (one coordinator position; funds for a neighborhood grants program)	\$0.3				\$0.3								
Operating funds for new parks	Parks maintenance (parks maintenance support) - added to capital	\$1.4	(\$1.4)	\$0.0										\$0.0
Total Annual Operating Program Costs		\$14.0	(\$1.4)	\$4.2	\$0.0	\$4.0	\$3.9	\$0.0	\$0.0	\$0.0	\$0.5	\$0.0	\$0.0	\$0.0