



Council Budget Roundtable #2

Financial Condition

Robert Hamud, Finance Director

Agenda



- Revenue Forecast and current revenue conditions
- Assumptions and revenue discussion 6-year projection by source
- Recession “scenario” projection
- Fund Balance discussion



Revenue Conditions - Operating

Current Operating Revenues:

- Revenues: City currently facing “build-out,” no new additional revenues factored in to 6-year outlook.
- Current revenue sources projecting to increase on average 2.5% from 2021-2026.
- Removal of Salish ongoing revenue estimates reduced forecast annually by approximately \$1.3 million in 2026.
- Utility tax revenue growth tied to Utility Rate increases.



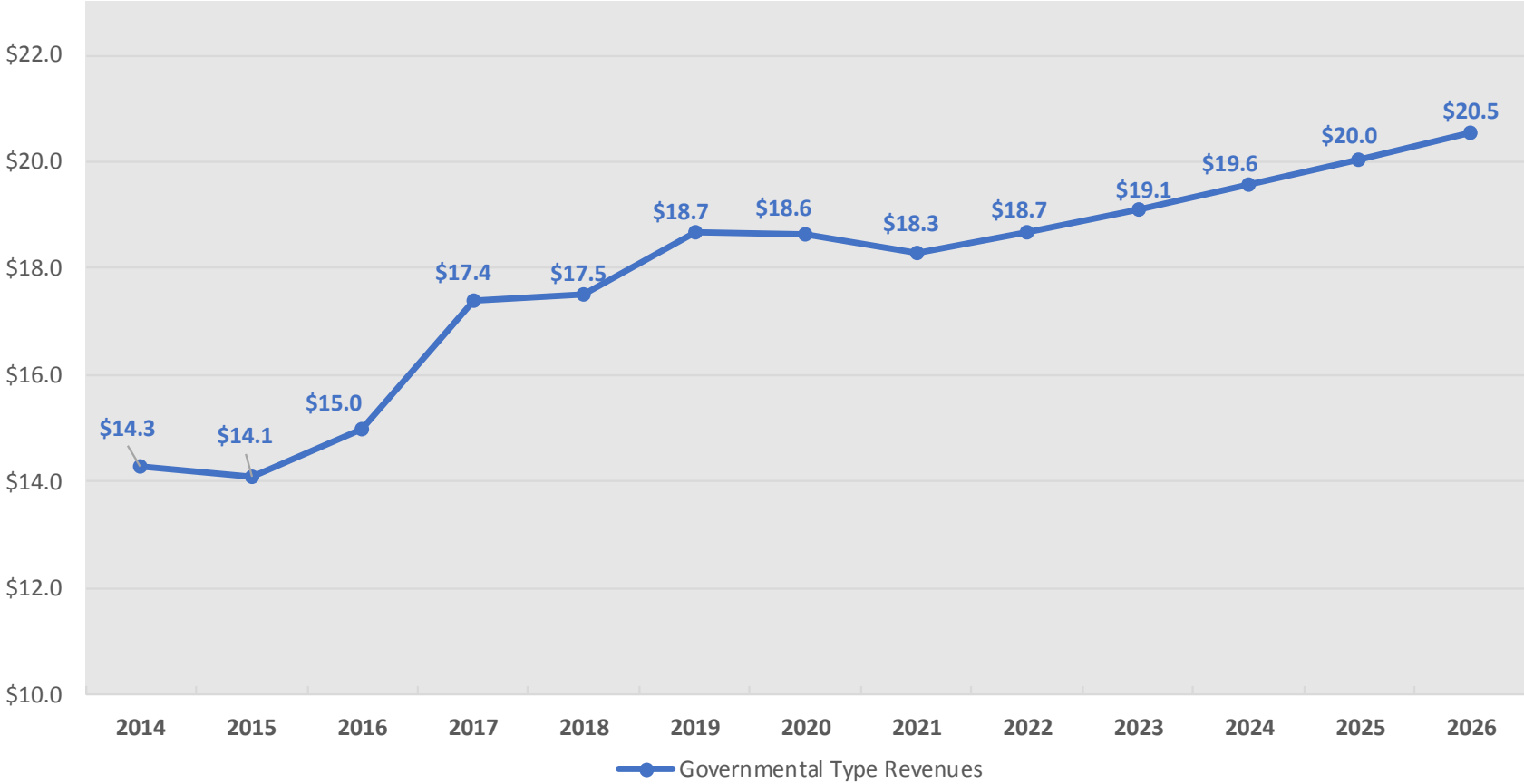
Revenue Conditions- Assumptions

- Property tax revenues exclude 1% annual increase and assume no new development in the forecast.
- Sales tax and B&O revenues also do not include any new growth and development.
- Utility tax revenues assume council-approved City utility rate increases annually through the forecast period.
- Fine and fee revenues (non-utilities) do not assume any fee increases.
- Fee revenues decrease after 2020 due to end of major construction projects within the City.

City Revenue Forecast - Operating



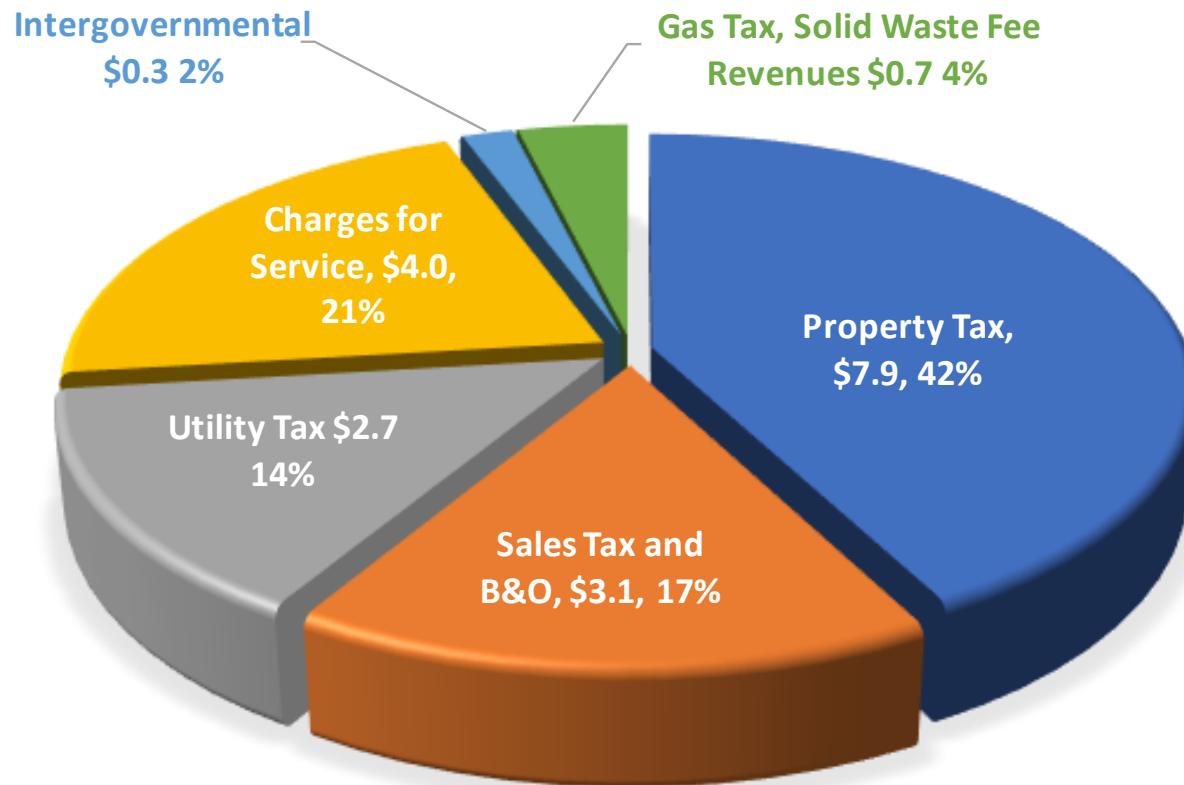
"Governmental Type" Operating Forecast 2014-2026
in Millions (\$)



Revenue Composition 2019 Actuals



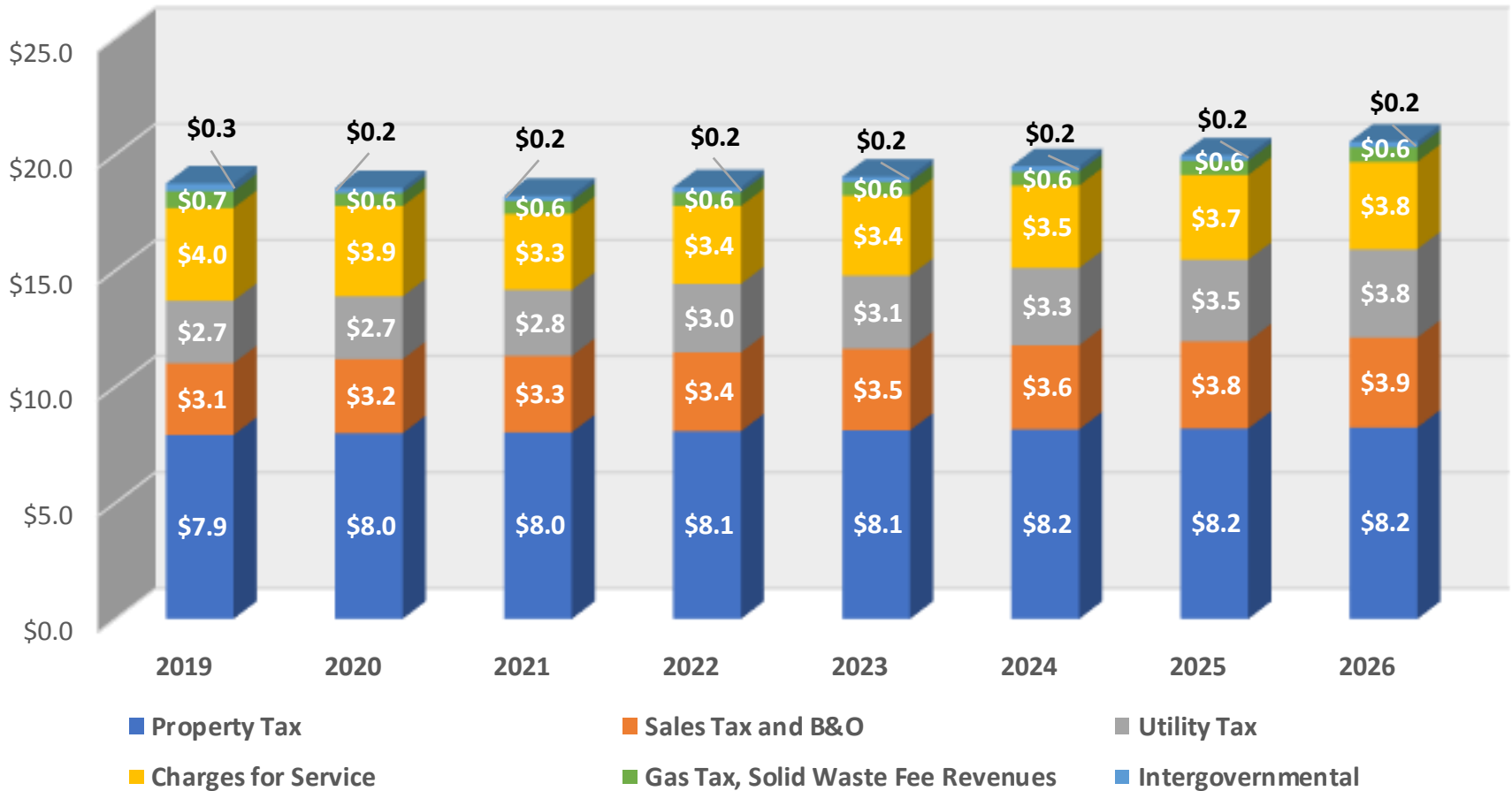
2019 GOVERNMENTAL OPERATING REVENUES
IN MILLIONS (\$)



Revenue Composition Chart 2019-2024



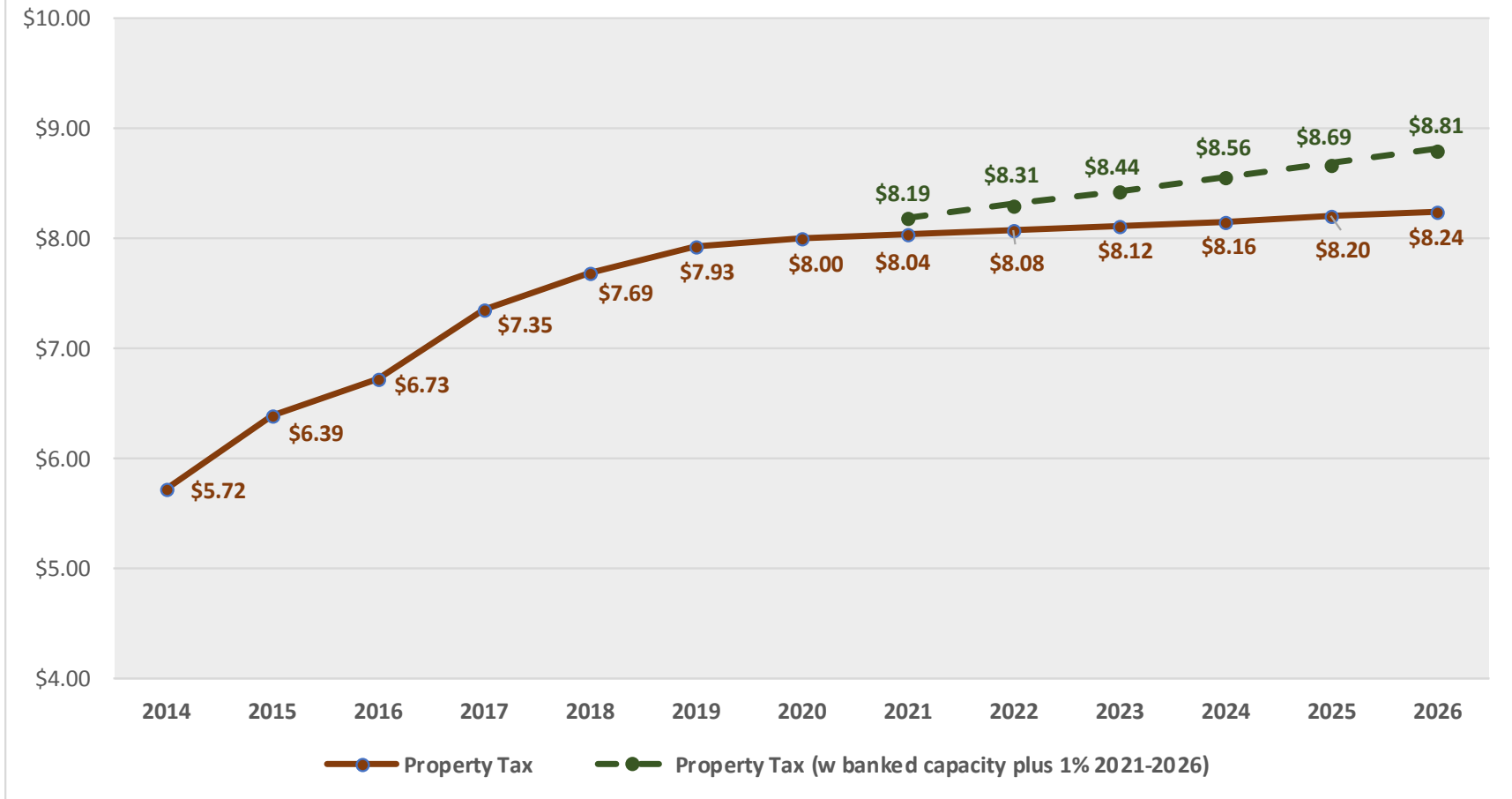
Governmental-Type Operating Revenues
in Millions (\$)



Property Tax Revenues



Property Tax Revenues 2014-2026
in Millions (\$)



Property Tax-Top 10 Taxpayers (2019)



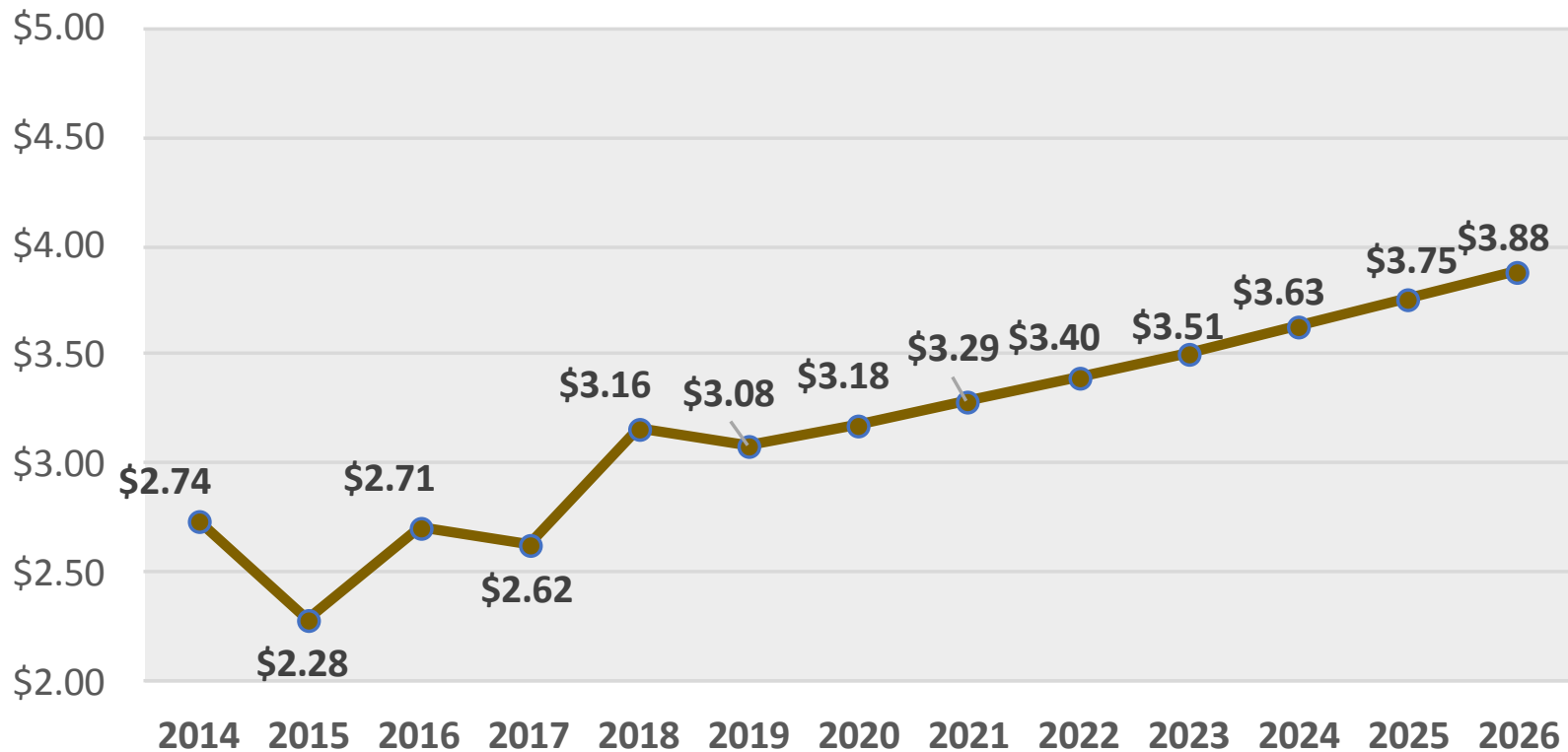
Name	
Chun Lai Hospitality LLC (Hampton Inn & Suites)	
G3 Partners LLC (Motion Water Sports)	
Kendall Lake Building (Baumann Family Investment)	
Motion Water Sports	
Nexus @ Snoqualmie Ridge (Zetec)	
OSI Systems, Inc. (SpaceLabs)	
Panos Properties LLC (Safeway)	
Salish Lodge & Spa	
Snoqualmie Ridge Golf Club	
Snoqualmie Ridge Town Center (Center Blvd. Properties)	
Estimated Property Tax Paid:	\$994,347
Percentage of total City Property Tax:	11.8%

Sales Tax & B&O Revenues



Sales Tax and B&O Revenue Forecast 2014-2026

in Millions (\$)



*This chart excludes one-time sales tax revenue; the chart also includes Public Safety Sales Tax.

Sales Tax-Top 10 Taxpayers



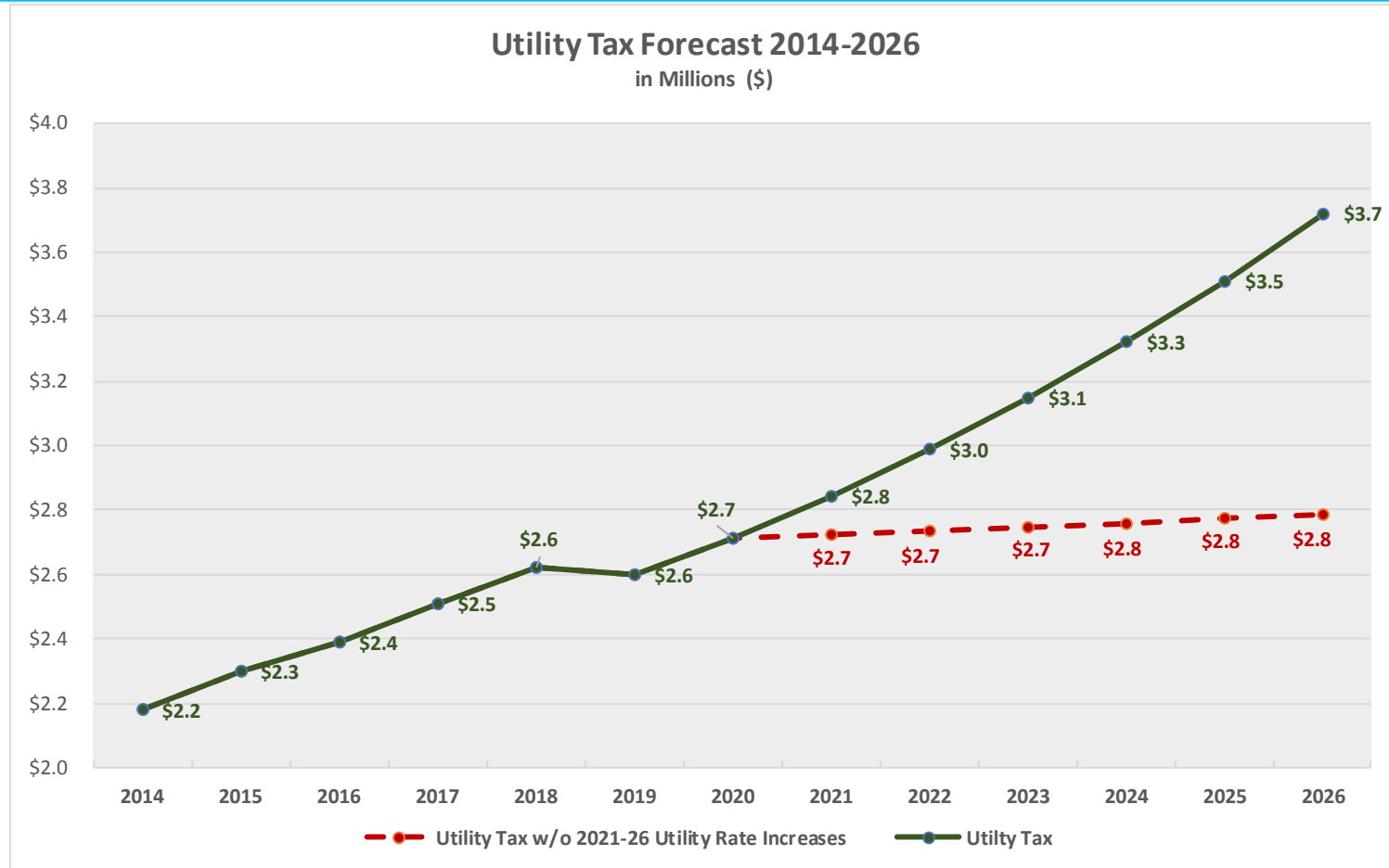
Name	
Amazon Services, LLC	
Entit Software LLC	
Heartland Construction, LLC	
Northway Construction, Inc.	
Prospect Construction, Inc.	
Safeway Inc.	
Salish Lodge, LLC	
Snoqualmie Ridge Golf Club	
Spee West Construction Co.	
State of Washington Department of Licensing	
Estimated Sales Tax Paid:	\$1,015,568
Percentage of total City Sales Tax:	35.5%

B&O Top 10 Taxpayers (2019)



Name	
Heartland Construction Inc.	
Honeywell International, Inc.	
Kardin System, Inc.	
MicroConnex Corp.	
Safeway, Inc.	
Salish Lodge & Spa	
SpaceLabs Healthcare	
Spee West Construction Co.	
Technical Glass Products, Inc.	
Zetec, Inc.	
Estimated B&O Tax Paid:	\$487,906
Percentage of total City B&O:	57.7%

Utility Tax Revenues

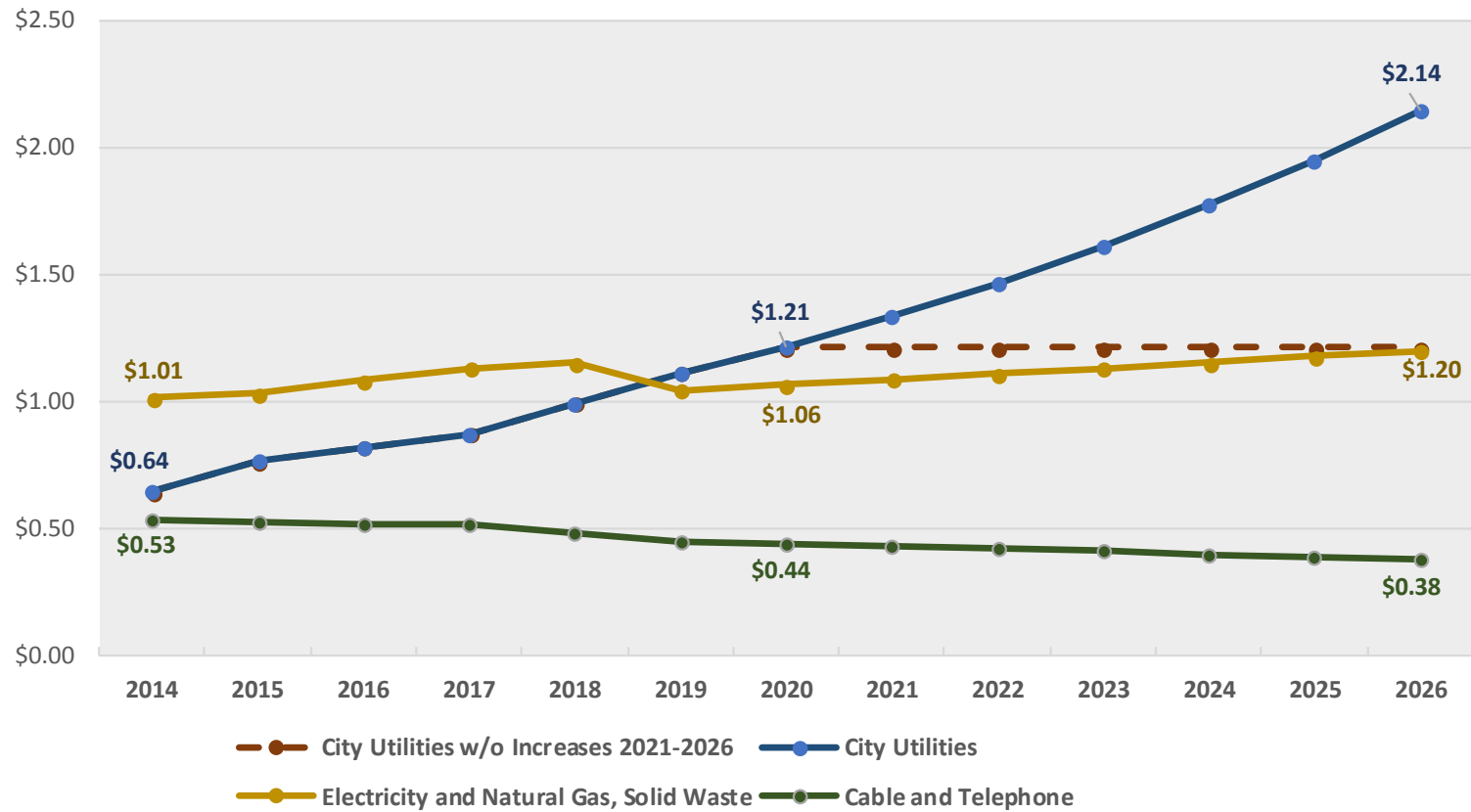


*Chart assumes an average of 10% increase of utility rates annually from 2021-2026.

Utility Tax Forecast by Category

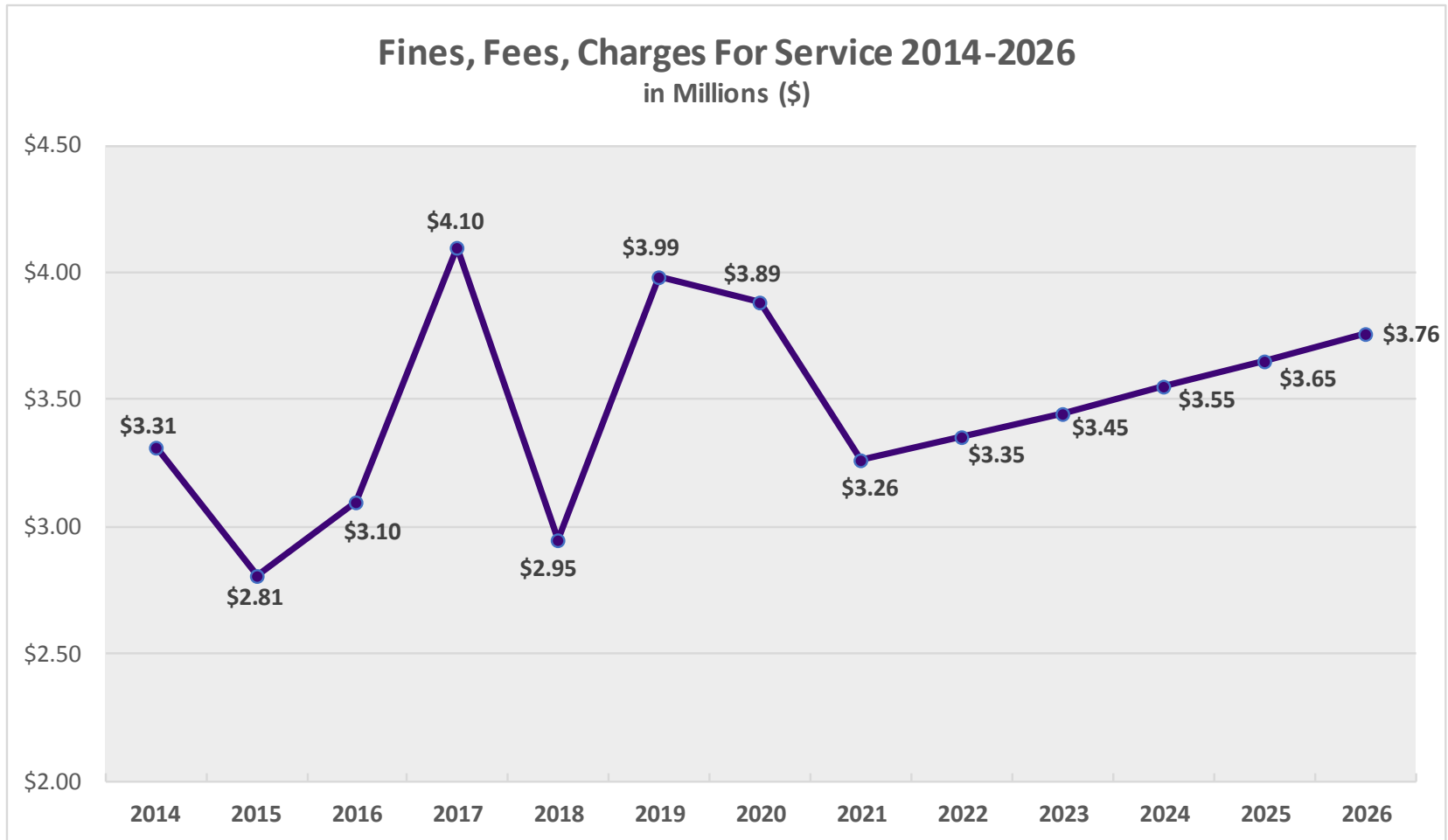


Utility Tax Revenues By Category 2014-2026
in Millions (\$)



*Chart assumes an average of 10% increase of utility rates annually from 2021-2026.

Fines, Fees, Charges for Service



*Includes Community Development fees, as well as fines and forfeitures, parks and recreation fees, and other service charges.

2014-2020 Grant Revenue Sources



Total Grants Received by Year 2014-2020

Government	2014 Actuals	2015 Actuals	2016 Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Budget
King County/Port of Seattle	\$90,060	\$78,004	\$4,500	\$114,925	\$316,329	\$131,258	\$88,224
State of Washington	1,373,723	2,027,264	1,606,001	622,769	456,844	213,983	2,064,260
United States	1,395,735	1,588,558	631,921	22,155	242,585	697,004	741,719
Total	\$2,859,518	\$3,693,826	\$2,242,421	\$759,849	\$1,015,759	\$1,042,245	\$2,894,203

Capital Revenue Sources



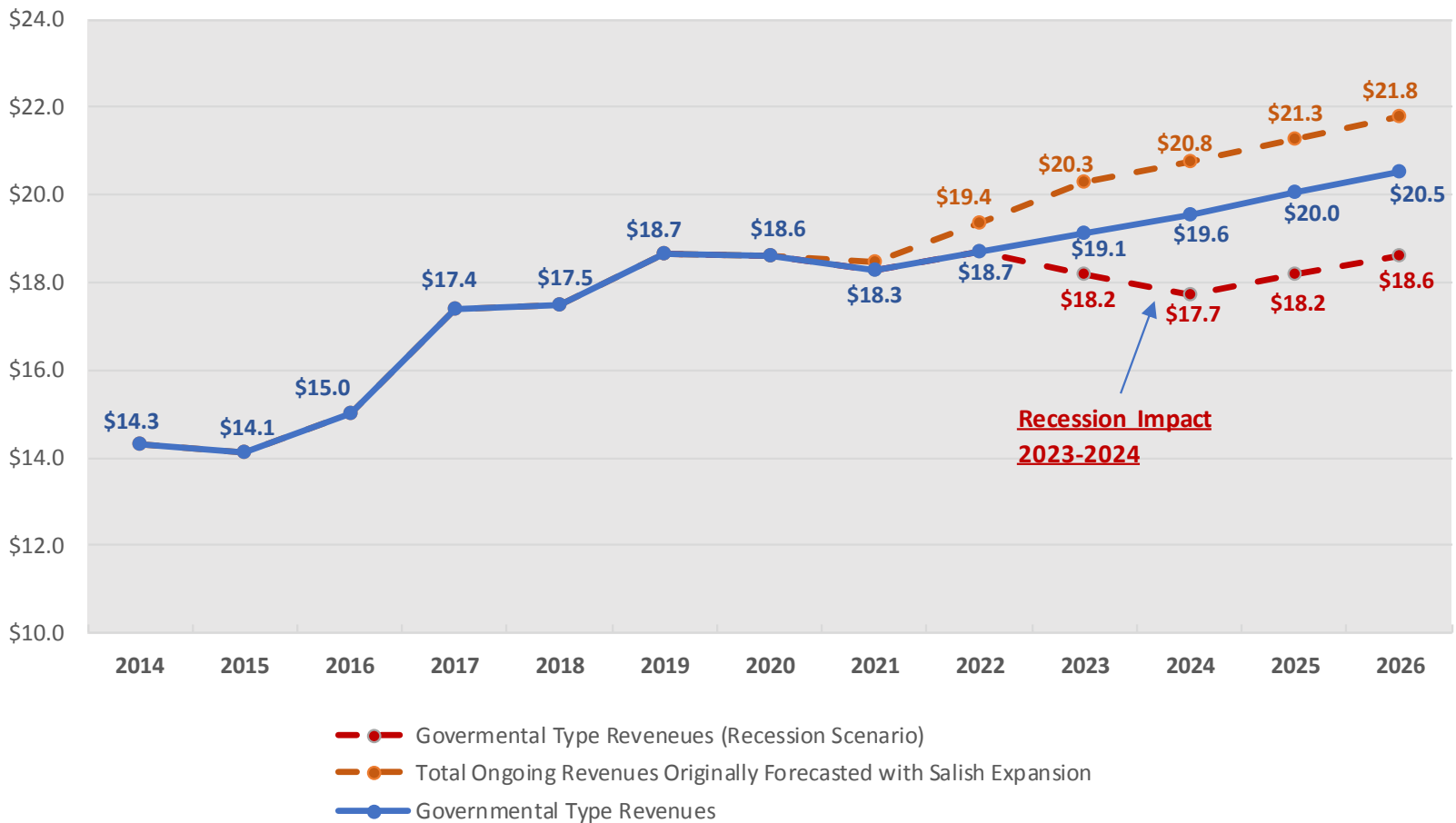
Non-Utilities Capital Revenue Sources 2019-2026 in Millions (\$)

Capital Revenue Sources	Actual 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026
One-Time Sales Tax	\$0.80	\$0.40	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Road-Gas Revenues (inc. TBD)	0.48	0.28	0.28	0.29	0.29	0.30	0.30	0.31
REET	1.70	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Utility Tax	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Property Tax - Excess Levy	0.25	0.25	0.25	0.22	0.00	0.00	0.00	0.00
King County Parks Levy	0.08	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Total Revenues (ex. Grants)	\$3.54	\$2.46	\$2.42	\$2.39	\$2.18	\$2.18	\$2.19	\$2.20

City Financial Forecast - Recession



Government-Type Operating Forecast w/Recession Scenario 2023
in millions (\$)

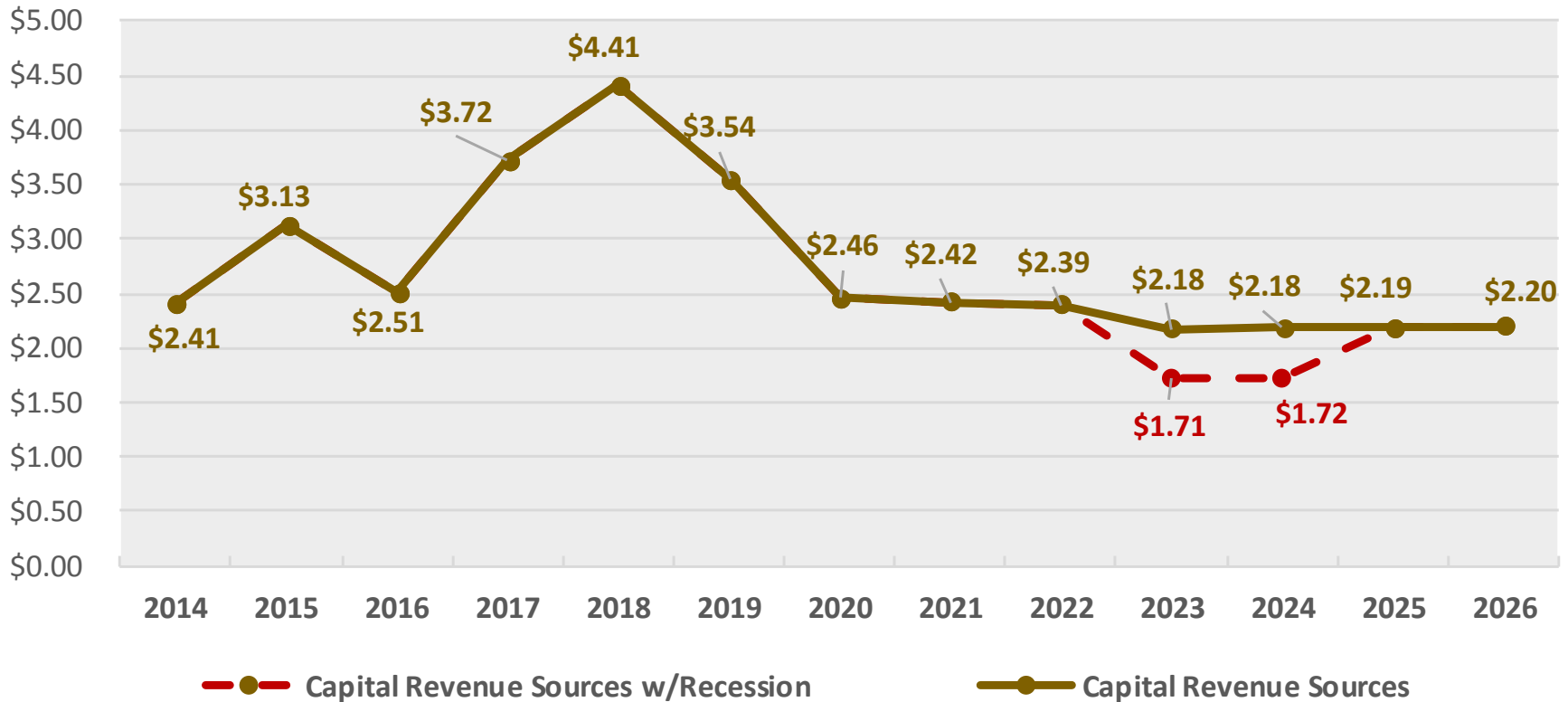


City Financial Forecast - Capital



Capital Revenue Sources 2014-2026

in millions (\$)



City Financial Forecast - Recession



- **U.S Economy has gone the longest period since World War II without a recession:**
 - Average recession would impact approximately 6 quarters of revenue growth to the City.
 - 2008 was an “abnormal” recession with “abnormally” stagnant growth for several years afterward.
 - Since Snoqualmie was less than half the population in 2008, recession forecast is a “best guess.”
 - City would experience an approximate loss of \$2.3M of revenue for operating and capital during an “average” recession.

Coronavirus-Possible Impacts to Revenues



- It is unclear how long the current outbreak will last and what the long-term impacts to the economy are.
- Current Interest rate cuts do impact City investments (=/- \$100K per year).
- Sectors that are being impacted are travel related: lodging conferences/meetings and restaurants are impacted locally.
- Online delivery services and purchases could increase.
- Business output and demand will decrease, impacting sales tax and b&o but length and amount of decrease is unknown.
- Telecommuting=less business travel, less eating out, less people spending money outside the home.

Fund Balance



City has three types of fund balances:

- **Restricted**-State and/or federal law restricts revenues for certain activities such as grants, or for transportation, etc.
 - Also includes enterprise funds such as utilities.
- **Committed or assigned**-Council policy and appropriations commits funds for certain uses. (ex. One-time sales tax, human services, art activities, etc.)
 - Also includes Council fund balance reserve policy.
- **Uncommitted or unassigned**-General government fund balance that is not appropriated, committed nor restricted for any use.



Questions?