



City of Tukwila
Finance Committee

- ◆ De'Sean Quinn, Chair
- ◆ Dennis Robertson
- ◆ Kate Kruller

<u>Distribution:</u>	
D. Quinn	Mayor Ekberg
D. Robertson	D. Cline
K. Kruller	C. O'Flaherty
V. Seal	L. Humphrey

AGENDA

WEDNESDAY, FEBRUARY 21, 2018 – 5:30 PM
HAZELNUT CONFERENCE ROOM
 (At east entrance of City Hall)

Item	Recommended Action	Page
1. PRESENTATION(S)		
2. BUSINESS AGENDA		
a. Update on priority-based budgeting. <i>Mia Navarro, Community Engagement Manager; and Vicky Carsen, Deputy Finance Director</i>	a. Forward to 2/26 C.O.W. for consensus.	Pg.1
b. Financial definitions. <i>Vicky Carsen, Deputy Finance Director</i>	b. Information only.	Pg.9
c. Financing the Public Safety Plan. <i>Rachel Bianchi, Communications and Government Relations Manager</i>	c. Information only.	Pg.17
d. Potential sale of City properties. <i>Derek Speck, Economic Development Administrator</i>	d. Forward to 2/26 C.O.W. and 3/5 Regular Mtg.	Pg.53
3. ANNOUNCEMENTS		
4. MISCELLANEOUS		

Next Scheduled Meeting: *Tuesday, March 6, 2018*



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INFORMATIONAL MEMORANDUM

TO: **Finance Council Committee**
CC: **Mayor Ekberg**

FROM: **Peggy McCarthy, Finance Director**

BY: **Vicky Carlsen, Deputy Finance Director**

DATE: **February 14, 2018**

SUBJECT: **Update on Progress in Implementing Priority-Based Budgeting and Next Steps Regarding Community Outreach and Engagement (Updated from September 6, 2017 meeting)**

ISSUE

As part of the City's 2017 work plan, staff reviewed the current budget process and recommended enhancements to the 2019-2020 process by adopting Priority-Based Budgeting. Priority-Based Budgeting will allow the City to meet its current biennial priority of "Ensuring organizational effectiveness and responsible fiscal stewardship," while also directly aligning with the Strategic Plan goal of maintaining "A high performing and effective organization."

BACKGROUND

A City budget serves several functions. The central goal of the budget process is to help Council make informed decisions about what services should be funded, and how to promote stakeholder participation in the process. A good budget process:

- Incorporates a long-term perspective,
- Establishes links to broad organizational goals,
- Focuses budget decisions on results and outcomes,
- Involves and promotes effective communication with all stakeholders, and
- Provides incentives to management and staff.

Based on GFOA's "Best Budgeting" practices, a budget is a policy document, a communications device, a financial plan, and an operations guide. The City receives the GFOA budget award every two years for this document, representing the City's ongoing commitment to conforming to these guidelines. To keep current with these best practices, it is important for the City's budget process to evolve over time. In planning for the next biennium, staff and Council reviewed the various budgeting methods available and chose to move forward with Priority-Based Budgeting.

Priority-Based Budgeting

Priority-Based Budgeting helps us answer the following five questions:

1. *What are we in business to do?* These are the high-level and over-arching reasons the City exists in the eyes of our community.
2. *What exactly do we do?* This is a comprehensive listing of all programs offered by the City along with the associated costs and staff count.
3. *How do we prioritize programs?* Programs are scored against established attributes to determine degree of relevance. Attributes could include the following:
 - a. Level of mandate to provide program
 - b. Reliance on City to provide program
 - c. Cost recovery of program

- d. Change in demand for program
 - e. Size of population served
 - f. Community support for program
4. *How do we know if we are successful?* Performance measures can be used to determine if we are going in the right direction.
 5. *How do we ask better questions that lead to better decisions about what we do and why we do it?* Resources can be allocated based on the prioritization of programs.

The following elements of Priority-Based Budgeting can be utilized to help answer these questions:

- Community Involvement - In order to determine the answer to *'what are we in business to do?'*, it is imperative to get community members involved in the budgeting process. Public participation can help government be more accountable and responsive and can improve the perception of the value the public receives from government. The Government Finance Officers Association (GFOA) recommends that governments incorporate public participation efforts in planning, budgeting, and performance management results processes. Although the City has consistently provided opportunities for public input through public hearings and budget workshops, there are always ways to improve accessibility.
- Program Budgeting - Program budgeting answers the question *'what exactly do we do?'*. Program-based budgeting is a tool where all budgetary information is organized around the City's programs and services, instead of by department and division. The result is a budget that shows costs of the program, revenues generated by the program, and how the program ties to citywide goals.

Departments and divisions typically include several individual programs. Budgeting by programs increases transparency and accountability within departments by breaking down budgets into smaller, easy to understand units. Programs are also easier to manage and help hold staff accountable.

Rather than incrementally increasing or decreasing the budget each cycle, program budgeting requires that the entire budget is reviewed during each budget process. When economic downturns force difficult budget decisions, it's easier to trim the budget when you know how programs stack up against the priorities of the City. Conversely, when new revenue sources are identified, policy can ensure that the additional revenue sources are applied to priorities.

- Prioritizing Programs and Aligning Programs to Strategic Goals and priorities - This next step in the process helps answer the questions, *'how do we prioritize programs?'* and *'how do we ask better questions that lead to better decisions about what we do and why we do it?'*. Once programs are identified and budgets are allocated to programs, each program is then evaluated against established attributes. These attributes can include whether the program is mandated, or how much of the population is served by the program. The higher the program scores on the rating scale for each attribute, the higher the priority to the City and the community. Once the programs are scored, then each program is linked to strategic goals and priorities to demonstrate how much the City invests in each.
- Performance Measures - Measuring performance provides a quantifiable way to recognize successes and identify areas needing improvement, and allows policy makers, managers, and residents to evaluate the quality and effectiveness of government services. In other

words, it answers the question *'how do we know if we are successful?'* Performance measures quantitatively evaluate the return from resources spent on programs and services. Generating information about program results and outcomes and should be an integral part of any budget process. Performance measure data can bring rationality to planning and budget discussions by demonstrating how the use of resources over time have met strategic goals.

Benefits of Priority-Based Budgeting

By implementing Priority-Based Budgeting, the City can move toward a more transparent budget process with increased stakeholder participation.

Priority-based budgeting provides a comprehensive review of the entire City. Resources can be reallocated to make positive change without laying off staff and without making significant changes to programs and services the City offers. Staff time is reallocated from low priority programs to high priority program staffing needs before additional staffing is considered.

Center for Priority-Based Budgeting

The Center for Priority-Based Budgeting is a leader in assisting organizations in implementing priority-based budgeting. The Center provides technical and advisory services and will tailor the scope of work to meet our specific needs. Due to the staff time necessary to lay the groundwork ensure a successful implementation we contract with the Center for specific services including informing the full Council on the benefits of priority-based budgeting, assisting departments in identifying programs, and improving community involvement in the budget process. Cost for services come from existing budget.

Timeline

Since these enhancements are long-term in nature, this transition will stretch over multiple budget cycles. The 2019-2020 Budget Process will have elements of our current budget process and Priority-Based Budgeting. We anticipate full implementation of Priority-Based Budgeting for the 2021-2022.

DISCUSSION

The purpose of this memo is to update Council on progress to date in implementing Priority-Based Budgeting, and the next steps in implementation, particularly regarding community outreach and engagement.

Progress to Date

In October the City officially partnered with the Center for Priority-Based Budgeting to assist with the implementation of Priority-Based Budgeting. The Center is under contract through the end of June, at which time, the City should have completed the following steps:

- Identifying programs
- Allocating 2017 and 2018 budgets to programs
- Develop attributes in which to score programs
- Score programs and group them in tiers

Through the end of January, most departments have completed identifying programs for the general fund and capital project funds. Enterprise fund programs will be identified in the upcoming weeks.

Departments have begun allocating 2017 and 2018 budgets to programs with the goal of all budgets allocated to programs by mid-March. Also, during March, attributes to score programs

will be drafted with the intent of completing the scoring step by the end of April. Scoring in April will apply to the 2017-2018 budget using the existing strategic goals.

Once these steps have been completed, the backbone for priority-based budgeting will be in place, and utilized, for drafting the 2019-2020 budget.

Next Steps

In order to score programs against the City's strategic goals for the 2019-2020 budget, it is important to take the strategic plan back to the community to make sure it still reflects the community's priorities. In 2012, the City underwent an extensive community process to develop a strategic plan. (<http://www.tukwilawa.gov/departments/mayors-office/city-publications/>) The 2012 Plan identifies five goals:

1. A Community of Inviting Neighborhoods and Vibrant Business Districts
2. A Solid Foundation for All Tukwila Residents
3. A Diverse and Regionally Competitive Economy
4. A High-Performing and Effective Organization
5. A Positive Community Identity and Image

The City's Community Engagement Manager, Mia Navarro, is developing an outreach plan to check back with the community and with staff on the strategic goals and objectives, and present recommended changes to Council and City leadership. The outreach plan includes the following elements (more detail can be found in the attachment to this memo).

- At least one community workshop (Tentatively scheduled for 4/21/2018)
- A video in multiple languages introducing Priority-Based Budgeting and outlining the strategic plan for both the community and employees
- A survey in multiple languages for both the community and employees that asks:
 - What do you like about the plan? /What is important to you?
 - What would you change about the plan? /What's missing?
- Internal meetings, presentations, and workshops
- Presentations at existing community meetings (Road Show)
- Promotion on our print and digital media outlets, and partner media outlets such as the Tukwila School District
- Outreach to businesses

RECOMMENDATION

Staff recommend forwarding this discussion to the Committee of the Whole on February 26, 2018 to get full Council feedback and consensus on the proposed process for seeking community feedback on the strategic plan and updating the strategic plan.

ATTACHMENTS

City of Tukwila Strategic Plan and Priority Based Budgeting DRAFT Outreach and Engagement Plan



City of Tukwila Strategic Plan and Priority Based Budgeting DRAFT Outreach and Engagement Plan

OVERVIEW

The City of Tukwila is moving to a Priority Based Budgeting system, wherein we budget for programs and priorities, rather than by line items. Part of this process is to score programs against the City's priorities. In 2012, the City developed a strategic plan with a lot of community input. The City wants to make sure those goals and priorities are still accurate before scoring City programs against those goals and priorities.

PURPOSE & GOALS

The purpose and goals of the in-person and online activities are to:

- Introduce Priority Based Budgeting
 - Concept
 - Timeline for Implementation
- Review 2012 Strategic Plan
- Get feedback from the community on the strategic plan:
 - What do you like? What's important to you?
 - What is missing? What would you change?

AUDIENCES

- All Tukwila residents, including voters and non-voters, residents familiar with the project and those who are not
- Community organizations
- Tukwila businesses and their employees
- City of Tukwila employees and volunteers
- Tukwila City Council

ACTIVITIES

MEETING	In-Person Workshop
TARGET AUDIENCE	School District, students, families, residents, and businesses
DATE / TIME	Saturday, April 21, 10 am to 12 pm
VENUE	Foster High School or Sullivan Center. Food, child care, and translation/interpretation will be available.
VENUE CONTACT	(TBD)

ACTIVITY	Online Feedback – Video and Survey and multiple languages
TARGET AUDIENCE	All
DATE / TIME	24/7 March-April
VENUE	Online
VENUE CONTACT	N/A

ACTIVITY	Roadshow
TARGET AUDIENCE	All
DATE / TIME	March-April
VENUE	In-Person
VENUE CONTACT	(TBD)

ACTIVITY	Internal Engagement
TARGET AUDIENCE	City Staff
DATE / TIME	Feb/March/April
VENUE	Department Meetings (Intro) Mayor's Brown Bag Break Room feedback Workshop(s)
VENUE CONTACT	(TBD)

EVENT AND SURVEY PROMOTION

Big picture:

- **Beginning six weeks before the in-person workshop**—save-the-date notices will start about six weeks in advance of the in-person workshop.
- **Beginning four weeks before the in-person workshop**—targeted, thorough notifications will provide reminders about the in-person and online opportunities for feedback.
- **Follow-up post event**—This is perhaps the most critical part of this and any outreach and engagement project. We will identify report back points throughout the year after the survey and workshop to tell the community and employees, including but not limited to:
 - How the information will be/is being used
 - How/if Council and City leadership decided to change the strategic plan
 - Budget process timeline and hearings

The workshop, survey, and follow-up messaging will be promoted via:

- Postcard (mailing)
- Social Media Posts (Facebook, Twitter)
- City of Tukwila project website
- Email
- Posters/Flyers/Kid mail
- Press Release
- Hazelnut
- E-Hazelnut
- High School Youth
- Community Connectors
- TukTV
- Tukwila Reporter
- Internal
 - Yammer
 - Email
 - Postcard

ROAD SHOW LIST

PTA and other school groups
City of Tukwila Boards and Commissions
Foster High School Civics and Leadership Classes, Bulldog Academy
Friends of the Hill(?)
Rainbow Haven and Orchard Park Communities
Refugee women's Alliance
Duwamish and Southcenter Rotary Clubs
Tukwila Pool
TIBAC
Tukwila School District Providers Network
Tukwila Houses of Worship
Neighborhood Groups
Ethiopian Center of Seattle
Community Connectors



INFORMATIONAL MEMORANDUM

TO: **Finance Committee**
CC: **Mayor Ekberg**
FROM: **Peggy McCarthy, Finance Director**
BY: **Vicky Carlsen, Deputy Finance Director**
DATE: **February 6, 2018**
SUBJECT: **Financial Definitions**

Issue

At the January 17, 2018 Finance Committee, staff was asked to provide definitions of terms regularly used when discussing financial matters in the City.

Discussion

The following terms are used regularly during financial discussions.

Allocated Budget

The monthly budget for the current year is calculated by analyzing the spending pattern from the previous year and applying the same spending pattern to the current year. For example, if 10% of the budget was spent in January of the previous year, then it would be assumed that 10% of the current year budget would be spent in January of the current year.

Annual Budget

The annual budget is the original adopted budget plus any amendments adopted by Council.

Prorated Budget

The budget for the current year is simply divided by 12 and assumes that each month 12% of the budget would be spent.

Spend Patterns

How much a department or line item spends each month over the course of a year.

Variance

The difference between the allocated budget and actuals.

For additional information, the Glossary of Terms found at the back of the Biennial Budget document has been included as an attachment.

Recommendation

For information only.

Attachments

Glossary of Terms – 2017-2018 Biennial Budget document.

GLOSSARY OF TERMS

ACCOUNT. A classification established for the purpose of recording revenues and expenditures.

ACCOUNTING SYSTEM. The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ANNUAL BUDGET. A budget applicable to a single fiscal year.

APPROPRIATED BUDGET. The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

BALANCED BUDGET. A budget with revenues equal to expenditures. Total Revenues are equal to or greater than Total Expenses.

BARS. Budgeting, Accounting & Reporting System. Refers to the accounting rules established by the Washington State Auditor's Office, including a prescribed chart of accounts.

BASIS OF ACCOUNTING. A term used in reference to when revenues, expenditures, expenses and transfers-and the related assets and liabilities-are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the accrual method for proprietary funds or modified accrual method for governmental funds.

BENEFITS. Costs paid by the City on behalf of its employees. Examples include: medical and dental insurance, retirement, deferred compensation, life insurance and worker's compensation.

BIENNIAL BUDGET. A budget applicable to a two-year period.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year.

BUDGET AMENDMENT. The method used to make revisions to the adopted budget. Adjustments are made through an ordinance approved by the City Council.

BUDGET CALENDAR. The schedule of events that need to occur and the date or period of time for each to occur in the preparation, review and adoption of a budget.

BUDGET DOCUMENT. The instrument used to present a comprehensive financial program to the appropriating governing body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the past years' actual revenues, expenditures and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue and borrowing measures necessary to put the budget into effect.

BUDGET MESSAGE. A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government's actual financial experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL ASSETS. Long term assets such as land, improvements to land, easements, buildings and related improvements, vehicles, machinery and equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *See also Fixed Assets.*

CAPITAL EXPENDITURES. Expenditures of current financial resources for constructing or purchasing capital assets. Under the modified accrual basis of accounting these acquired assets appear as expenditures in the fund statements, however under the current reporting model these acquired assets are recognized as assets in the basic financial statements.

CAPITAL IMPROVEMENT PROGRAM. A program for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or other capital needs. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the resources estimated to be available to finance the projected expenditures.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities.

CAPITALIZATION THRESHOLD. Dollar value at which a government elects to capitalize tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The City's capitalization threshold is established at a cost of \$5,000.00, or greater.

CONTINGENCY FUND. An account set aside for emergencies or other unanticipated needs not otherwise included as part of the budget.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DELINQUENT TAXES. Taxes remaining unpaid on and after the date to which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes until abated, canceled, paid or converted into tax liens.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

FISCAL YEAR. A 12 -month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

FIXED ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include buildings, equipment, improvements other than buildings and land. *See also Capital Assets.*

FULL-TIME EQUIVALENT (FTE). An employment indicator that translates the total number of hours worked in a year by all employees, including part-time workers, to an equivalent number of work years. For example, one FTE equals 2,080 hours and .75 FTE equals 1,560 hours.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, and related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between assets and liabilities reported in a governmental fund. Fund balances are either designated to a particular purpose or undesignated as to the remaining un-appropriated balance of the fund after accounting for the designated funds.

GENERAL FUND. The fund used to account for all financial resources, except those required to be accounted for in another fund.

GENERAL LONG TERM DEBT. Long term debt expected to be repaid from governmental funds.

GENERAL OBLIGATION BONDS. Bonds that are secured by the local government's full faith and credit to use legally available resources, including tax revenues to repay bond holders.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). Uniform minimum standards and guidelines for financial accounting and reporting. The primary authoritative body on the application of GAAP to state and local governments is the Government Accounting Standards Board.

GOVERNMENTAL FUNDS. Funds generally used to account for tax supported activities. There are five different types of governmental funds, of which the city uses four of these. The general fund, is the main operating fund of the city. The special revenue funds, are used to account for proceeds from specific sources to be used for legally restricted purposes, but normally not for major capital projects. The debt service funds, which are for the accumulation of resources to pay principle and interest on the City's general long term debt. The capital project funds, which are used for the acquisition or construction of major capital facilities.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted

amounts would be a violation of law. The legal level of budgetary control is at the fund level.

LEVEL OF BUDGETARY CONTROL. One of the three possible levels of budgetary control and authority to which organizations, programs, activities and functions may be subject. These levels of budgetary control are (a) appropriated budget, (b) legally authorized non-appropriated budget process or (c) non-budgeted financial activities, which are not subject to the appropriated budget and the appropriation process or to any legally authorized non-appropriated budget review and approval process, but still are relevant for sound financial management and oversight.

LEVY. (1) (Verb) To impose taxes, special assessments or service charges for the support of government activities. (2) (Noun) The total amount of taxes, special assessments or service charges imposed by a government.

MODIFIED ACCRUAL BASIS. The basis of accounting associated with the governmental fund-type measurement focus. Under it, revenues and other financial resources are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred except for inventories of materials and supplies that may be considered expenditures either when purchased or when used. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

OBJECT DESCRIPTION. The classification of expenditures on the basis of categories called line-items or objects-of-expenditure (e.g., 10-Salaries & Wages, 20-Personnel Benefits, 40-Other Services & Charges, 60-Capital Outlay, etc.) and within each category more detailed line-items (e.g., salaries, travel, telephone expense, etc.).

OPERATING BUDGET. Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even when not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government.

OPERATING TRANSFERS. All interfund transfers other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended).

PROGRAM BUDGET. A budget wherein expenditures are based primarily on programs of work and secondarily on character and object class.

PROPRIETARY FUND TYPES. Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position.

REVENUES. (1) Increases in the net current assets of a governmental fund type from other than expenditure refunds and residual equity transfers. Also, general long-term debt proceeds and operating transfers in are classified as "other financing sources" rather than as revenues. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual

equity transfers. Also, operating transfers in are classified separately from revenues.

SPECIAL ASSESSMENTS. A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. GAAP only require the use of special revenue funds when legally mandated.

TAXES. Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges (e.g., sewer service charges).

TAX LEVY ORDINANCE. An ordinance through which taxes are levied.

TAX RATE. The amount of tax stated in terms of a unit of the tax base (e.g., specified amount per \$1,000 of assessed valuation of taxable property).

TAX RATE LIMIT. The maximum rate at which a government may levy a tax. The limit may apply to taxes raised for a particular purpose or to taxes imposed for all purposes, and may apply to a single government or to a class of governments operating in a particular area. Overall tax-rate limits usually restrict levies for all purposes and of all governments, state and local, having jurisdiction in a given area.



INFORMATIONAL MEMORANDUM

TO: Finance Committee

FROM: Rachel Bianchi

CC: Mayor Ekberg

DATE: February 12, 2018

SUBJECT: Financing the Public Safety Plan (*Updated from February 6 Meeting*)

NOTE: Because this topic is building on previous Committee meetings, the original memo has been updated in underline font below. This intent is to continue to preserve the information from one meeting to the next given that each discussion will build upon the previous.

ISSUE

Due to market conditions and cost escalation, the City has a significant gap in the Public Safety Plan budget. The Finance Committee has been tasked with reviewing options and identifying potential recommendations for the full Council to consider later this spring. The Justice Center will also finish Schematic Design this spring and will provide for better understanding of the costs associated with that project. Merging these timelines will provide the necessary information for the City Council to provide direction on the next steps on the Public Safety Plan.

BACKGROUND

Process:

Due to the gravity and complexity of this issue, staff worked with the Committee Chair to identify the following schedule for covering the various information associated with tackling the funding gap:

February 6, 2018 Finance Committee:

- Project costs as known
- Overview of voter-approved bonds
- Debt capacity and term
- Fire Impact Fees
- Land sales and other one-time funds
- REET 1

February 21, 2018 Finance Committee:

- New revenue options

March 6, 2018 Finance Committee:

- General fund and operations
- CIP prioritization

March 20, 2018 Finance Committee:

- Review project schedule

Staff proposes that the Committee review the information presented and provide direction to staff at each meeting as to which options are of interest to the council. Staff will then use the intervening time to build an iterative financial model that can be reviewed and added to at subsequent meetings. For instance, if the Committee is interested in dedicating land sales to filling the gap, this would be a tool we would build into the model and bring back to show you the

implications as to how that tool – along with others agreed to by the committee – would work together to fill the gap. By the end of this process, the goal is to have a collaboratively built model to inform the full Council and any final decisions.

Staff has provided its recommendations after each tool to inform the Council of its position.

Project costs as known:

Before we discuss tools for filling the gap, it is important that everyone has the same understanding of the current known project costs.

Below are the current budget estimates for the Public Safety Plan projects. Fire Station 51 has completed the schematic design phase, allowing for more certainty on the estimates associated with the fire stations. However, the estimate for the Justice Center is carrying many significant costs, such as budget allotted for site preparation and the Public Works facility estimate is the most extreme, assuming none of the buildings on the current site could be reused. The Justice Center will be done with Schematic Design in May and at that point there will be more certainty on the budget estimate. The Public Works facility will not hit that stage until toward the end of this year.

Public Safety Plan Project Cost Estimates as of January, 2018 (in millions)

Project	Initial Budget	Updated	Gap
Fire Station 51	\$11,446	\$12,509	\$1,063
Fire Station 52	\$5,657	\$17,652	\$11,995 ¹
Fire Station 53	\$7,329	\$14,753	\$7,424
Justice Center	\$28,629	\$68,536	\$39,907
Public Works Facility	\$29,493	\$63,270	\$33,777
Total Gap for Projects			\$94,166
Utility Fund Gap Obligation for PW			(\$16,888)
Total Unfunded Gap			\$77,278

The cash flow spreadsheet for the projects, on the current schedule, is attached.

Voter-Approved Bonds:

The voters approved a \$77.4 million bond measure in November 2016. In December 2016, \$36.7 million, of these bonds were issued. Based on the cash flow analysis provided by SOJ in December 2017, the remainder of the bond authorization, or \$40.6 million, will be needed in 2018 and 2019 to fund property purchases and construction costs. The recommendation is to issue the bonds in the fall of 2018 so the debt service can be included with the 2019 property tax assessments.

Debt Capacity and LTGO Bonding:

In order to address the Public Safety Plan funding gap, it is likely that the City would need to issue additional bonds, this time councilmanic ones.

¹ The headquarters station was moved from Fire Station 51 to Fire Station 52 during the siting phase, technically flipping the budgets for Stations 51 and 52, hence the relatively small gap for 51 and huge one for 52.

State law limits the amount of debt the City can carry. For councilmanic/limited tax general obligation (LTGO) debt, the City is limited to 1.5% of taxable assessed valuation. Total debt (including voted and non-voted debt) is limited to 2.5% of assessed valuation. As of December 31, 2017, the City had capacity for an additional \$59 million in councilmanic debt. This number will increase as assessed valuation goes up and existing debt is paid off, providing the City additional capacity in the out years.

Bonds are normally issued for a 20-year term. However, debt payments can be spread over the useful life of the underlying asset. In the case of structures such as the Justice Center and the Fire Stations, the debt payback period could be increased to 30 years since the life of the structures will be 30 or more years. A longer payback period translates into lower annual debt service payments, albeit over a longer period of time.

Staff recommendation: Use LTGO bonds to cover the Public Safety Plan gap in a manner that allows for some cushion in the event of an economic downturn; leverage the fact that some existing debt drops off in 2020 and 2024 freeing up additional capacity to pay back the bonds.

Fire Impact Fees:

Fire impact fees are charged on residential and commercial development to pay for the impact of growth on fire facilities. Fire impact fees, on average, have yielded \$120K over the past 9 years, excluding the \$500K fire impact fee deposit received in 2017 through the Tukwila South Development Agreement. The City has not increased its fire impacts fees in more than a decade, and there is additional capacity in these fees to support the new fire stations. The update of the fire and park impact fees is scheduled to be presented to the Finance Committee in March, 2018. Should the Council adopt the new impact fees, staff estimates that they would generate between \$200,000 and \$400,000 per year that could be used to pay off LTGO bonds. An additional \$1.5 million in fire impact fees exist today that will be dedicated to the fire station projects.

Staff recommendation: Dedicate current and future Fire Impact Fees to the Fire Stations.

Land Sales and other one-time funds:

The City owns a variety of land that could be sold with the proceeds being dedicated to the Public Safety Plan. Staff estimates there is approximately \$15 million in proceeds that could be available to fill the gap. Potential land sales include:

- Newporter site
- Tukwila Village Phases 1, 2 and 3
- Longacres site
- Old Fire Station 53 site
- Current Fire Station 51
- Current Fire Station 52
- Current Fire Station 54
- George Long Shops
- Minkler Shops

Additionally, the City currently has \$3 million in the 301 fund for parks acquisition from REET 1. The Council recently gave the authority for REET 1 to be used for the Public Safety Plan and this funding could be dedicated to the public safety plan in a one-time manner similar to the land sales.

Staff recommendation: Dedicate land sales identified above and the \$3 million in the 301 fund to the Public Safety Plan.

Ongoing REET 1:

The City also has the opportunity to dedicate REET 1 funding to the Public Safety Plan moving forward. Given historical REET 1 accruals, staff believes that approximately \$500,000 per year could be dedicated to the Public Safety Plan gap.

Staff recommendation: Dedicate ongoing REET 1 to the Public Safety Plan; funds above \$500,000 per year would go to parks acquisition.

Outcome of February 6, 2018 Finance Committee

After the February 6, 2018 Finance Committee, staff used the discussion to begin building the iterative model discussed on page one of this memo. There are two different versions of the model attached, one that shows 20-year councilmanic bonds and one that uses a 30-year span. Both include the full cost of debt service and annual payment necessary to repay the bonds. Also included in this phase of the model are identified land sales and one-time funds available to dedicate to the Public Safety Plan, as well as ongoing REET 1.

The new revenue options on the attachment are meant to be potential tools for Council to deliberate as it considers how to repay councilmanic bonds, should the Council choose to move forward with those tools. However, it is not the recommendation of staff that the entire bonds be paid back with new revenues, nor that each of these revenues should be used. As identified in the schedule above, the Committee will also be reviewing operational changes that could occur to find existing funds to dedicate to the Public Safety Plan projects. Additionally, the Committee will review the project's existing schedule to determine whether there should be some deviation.

New Revenue Options

Attached is a spreadsheet of new revenue options available to Council to make decisions regarding the Public Safety Plan funding gap. Staff recognizes that some options may not be palatable to the Council but has provided them in order to give a complete picture of the funding tools available. Where possible, we have provided context for neighboring jurisdictions' rates and specific information on amount available, mechanisms and types. Staff will discuss each option with the Committee in detail at the February 21, 2018 Finance Committee meeting.

Outstanding Questions from the February 6, 2018 Finance Committee

The Committee asked for the following information and/or clarification to assist in making decisions on filling the Public Safety Plan gap:

- Provide the debt chart that Vicky Carlsen has previously shared in order to get a better understanding of the long-term implications of existing and any future councilmanic debt. See attached.
- Provide information of what the implications are of 20-year vs. 30-year councilmanic bonds. See two attached versions of the model.
- Report by year on what has been paid to the City for Fire Impact fees since they were implemented. See attached document.

-
- Provide an estimate of what the Public Safety Plan would pay in impact fees. Because the City is in the middle of updating its impact fees, we cannot calculate this information at this time. Staff will do this once impact fees are updated, scheduled in the first quarter of 2018.
 - Indicate whether an automatic escalator can be included in the impact fees update coming before Council shortly. An escalator has been included in the impact fees legislation coming before Council.
 - Provide information on Parks' REET 1 expenditures. In 2018, Parks intends to spend REET 1 funds on the following:
 - Second Dog Park
 - TCC Lobby Improvements
 - Trail Repairs
 - Fort Dent Overlay
 - TCC Seismic Evaluation
 - What is the recommendation for when the Committee brings the full recommendations to Council? Staff recommends that the Finance Committee initiates the meeting with the full Council in early May so that there are multiple opportunities to have this discussion and deliberations.

RECOMMENDATION

Staff is seeking committee interest in the various tools presented today. At the next Committee meeting there will be a full discussion of the various potential new revenue tools the Committee may want to employ to fill the funding gap. Subsequent to that meeting, the Committee will also discuss any potential general fund obligations that could be used for the gap. This direction will allow staff to build a model based on the Council's priorities and Administration recommendations. Finally, a discussion on the project schedule and potential cost implications of accelerating/delaying projects, can be placed into the model to understand the cash flow and facility ramifications.

ATTACHMENT

Public Safety Plan Cash Flow
DRAFT Iterative Model, 20-year version
DRAFT Iterative Model, 30-year version
New Revenue Matrix
Adopted Debt Chart
Adopted Debt Chart Graph
Existing Debt Chart
Existing Debt Chart Graph
Fire Impact Fees Revenues



**City of Tukwila - Facilities Plan
Conceptual Cash Flow Plan
YOY \$ (in thousands)**

based on Budget updates through January 30, 2018

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$35,555	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Acquisition	\$14,269	\$ 36	\$ 1,346	\$ 12,387	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs	\$17,090	\$ 85	\$ 449	\$ 854	\$ 854	\$ 1,196	\$ 854	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709	\$ 1,709
TOTAL	\$66,913	\$ 85	\$ 2,201	\$13,241	\$ 854	\$ 1,596	\$ 854	\$ 7,753	\$ 9,531	\$ 1,809	\$ 5,976	\$ 7,753	\$ 9,531	\$ 9,887	\$ 8,109	\$ 4,553	\$ 833	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$8,005	\$ -	\$ -	\$ -	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 1,201	\$ 1,601	\$ 2,001	\$ 1,761	\$ 1,121	\$ 240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Acquisition	\$0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs	\$4,503	\$ 23	\$ 185	\$ 225	\$ 360	\$ 540	\$ 540	\$ 540	\$ 540	\$ 540	\$ 540	\$ 540	\$ 540	\$ 450	\$ 378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$12,508	\$ 23	\$ 185	\$ 225	\$ 360	\$ 620	\$ 360	\$ 2,542	\$ 2,302	\$ 1,741	\$ 2,141	\$ 2,542	\$ 2,302	\$ 1,571	\$ 618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs	\$6,355	\$ 32	\$ 238	\$ 127	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 508	\$ 508	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635
TOTAL	\$17,652	\$ 32	\$ 238	\$ 127	\$ 318	\$ 318	\$ 318	\$ 318	\$ 318	\$ 508	\$ 508	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635	\$ 635

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Acquisition	\$854	\$ 0	\$ 854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs	\$5,004	\$ 25	\$ 98	\$ 100	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 400	\$ 400	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
TOTAL	\$14,753	\$ 25	\$ 99	\$ 100	\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 400	\$ 400	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$31,568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Acquisition	\$16,277	\$ 24	\$ 34	\$ 69	\$ 34	\$16,116	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs	\$15,548	\$ 279	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 933	\$ 1,555	\$ 1,555	\$ 1,554	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,042	\$ 857	
TOTAL	\$63,393	\$ 303	\$ 812	\$ 846	\$ 812	\$16,893	\$ 812	\$ 812	\$ 812	\$ 777	\$ 777	\$ 933	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 2,502	\$ 6,408	\$ 4,014	

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$19,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Site Acquisition	\$16,277	\$ 24	\$ 34	\$ 69	\$ 34	\$16,116	\$ 34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Soft Costs	\$9,418	\$ 279	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 777	\$ 942	\$ 1,555	\$ 1,555	\$ 1,554	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,555	\$ 1,555	\$ 631	\$ 408	
TOTAL	\$44,817	\$ 303	\$ 505	\$ 540	\$ 505	\$16,587	\$ 505	\$ 505	\$ 505	\$ 471	\$ 471	\$ 565	\$ 2,854	\$ 2,854	\$ 2,854	\$ 2,854	\$ 2,854	\$ 2,854	\$ 2,854	\$ 2,854	\$ 2,543	\$ 2,321	\$ 1,912	

Category	YOY \$ (x\$1K)	2016				2017				2018				2019				2020				2021		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Construction Costs	\$156,644	\$ 165	\$ 1,310	\$ 3,967	\$14,233	\$ 2,288	\$19,372	\$ 2,288	\$19,372	\$ 4,930	\$ 9,497	\$11,996	\$16,226	\$21,452	\$19,729	\$15,504	\$ 9,360	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296
Site Acquisition	\$175,220	\$ 165	\$ 1,310	\$ 4,273	\$14,539	\$ 2,594	\$19,678	\$ 2,594	\$19,678	\$ 5,236	\$ 9,803	\$12,364	\$15,874	\$23,932	\$22,208	\$18,606	\$12,462	\$ 8,161	\$ 8,161	\$ 8,161	\$ 8,161	\$ 8,161	\$ 8,161	\$ 8,161
TOTAL PROJECT COSTS (LOW-HIGH)		\$ 165	\$ 1,310	\$ 3,967	\$14,233	\$ 2,288	\$19,372	\$ 2,288	\$19,372	\$ 4,930	\$ 9,497	\$11,996	\$16,226	\$21,452	\$19,729	\$15,504	\$ 9,360	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296	\$ 4,296

PUBLIC SAFETY PLAN - FINANCIAL PLAN - 20 Year LTGO Amortization

	B	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
	TOTAL																		
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032		
8	Revenues:																		
9	UTGO bond proceeds, Voted	36,709,954		40,675,046															
10	LTGO bond proceeds, Councilmanic			20,000,000	66,000,000														
11	Fire Impact fees & deposit - Segale		500,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	350,000	300,000
12	Fire Impact fees - other		1,017,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
13	F301, Lnd & Prk Acq contribution			3,000,000	3,000,000	2,000,000	5,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
14	Property/land sales			5,038,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
15	REET 1			500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
17	Investment earnings	9,562	277,998	200,000	100,000	40,000													
19	Additional capacity from maturing, existing debt				810,000	810,000	810,000	810,000	1,360,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000
23	Revenue Total	36,719,516	1,794,998	70,013,046	1,200,000	71,010,000	6,910,000	1,910,000	2,460,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,060,000	2,710,000
24																			
25	Project Expenditures																		
26	Justice Center	123,833	398,261	21,581,872	30,155,657	16,276,721													
27	FS 51	59,853	222,146	1,982,035	8,429,736	1,815,230													
28	FS 52	8,256	158,993	1,000,590	3,551,391	12,698,348	234,422												
29	FS 54		132,413	1,950,103	2,728,590	9,765,775	176,119												
30	Apparatus & equip	14,447	420,921	1,629,428	2,589,580	362,385	1,672,191	507,480	2,597,023	384,755	271,667	806,277	2,709,784	3,512,566	518,538	1,597,411	2,865,957		
31	Shops	-	265,858	19,386,684	7,199,389	28,316,967	8,101,668												
35	Project Expenditures Total	206,389	1,598,591	47,530,712	54,654,343	69,235,425	9,845,787	507,480	2,597,023	384,755	271,667	806,277	2,709,784	3,512,566	518,538	1,597,411	2,865,957		
37	Debt Service																		
38	Debt service LTGO			800,000	800,000	3,440,000	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960
39	Utility Fds pay rent = 50% of dbt svc			(400,000)	(400,000)	(1,300,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)
40	GF Debt Service Total	-	-	400,000	400,000	2,140,000	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960
41	Expense Total	206,389	1,598,591	47,930,712	55,054,343	71,375,425	11,985,787	4,837,440	6,926,982	4,714,715	4,601,627	5,136,237	7,039,744	7,842,525	4,848,497	5,927,371	7,195,916		
42																			
48	Annual Surplus (Shortfall)	36,513,127	196,407	22,082,334	(53,854,343)	(365,425)	(8,035,787)	(2,927,440)	(4,466,982)	(1,704,715)	(1,591,627)	(2,126,237)	(4,029,744)	(4,832,525)	(1,838,497)	(2,867,371)	(4,485,916)		
49	Beginning Carryover (Shortfall)	-	36,513,127	36,709,534	58,791,868	4,937,525	(3,463,687)	(2,555,838)	(5,483,278)	(9,950,260)	(11,654,975)	(13,246,602)	(15,372,839)	(19,402,583)	(24,235,108)	(26,073,605)	(28,940,976)		
50	Ending Carryover (Shortfall)	36,513,127	36,709,534	58,791,868	4,937,525	4,572,099	(3,463,687)	(5,483,278)	(9,950,260)	(11,654,975)	(13,246,602)	(15,372,839)	(19,402,583)	(24,235,108)	(26,073,605)	(28,940,976)	(33,426,892)		

PUBLIC SAFETY PLAN - FINANCIAL PLAN - 20 Year LTGO Amortization

	B	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	
1	2033	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	
8	Revenues:																			
9	UTGO bond proceeds, Voted																			
10	LTGO bond proceeds, Councilmanic																			
11	Fire Impact fees & deposit - Segale	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
12	Fire Impact fees - other																			
13	F301, Lnd & Prk Acq contribution																			
14	Property/land sales	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
15	REET 1																			
17	Investment earnings																			
	Additional capacity from maturing,																			
19	existing debt	1,910,000	1,910,000	2,170,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000
23	Revenue Total	2,710,000	2,710,000	2,970,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000
24																				
25	Project Expenditures																			
26	Justice Center																			
27	FS 51																			
28	FS 52																			
29	FS 54																			
30	Apparatus & equip	888,681	3,667,573	243,009	609,751	168,749	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Shops																			
35	Project Expenditures Total	888,681	3,667,573	243,009	609,751	168,749	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	Debt Service																			
38	Debt service LTGO	6,929,960	6,929,960	6,929,960	6,929,960	6,929,960	5,213,560	5,213,560	-	-	-	-	-	-	-	-	-	-	-	-
39	Utility Fds pay rent = 50% of dbt svc	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(2,600,000)	(1,750,000)	(1,750,000)	-	-	-	-	-	-	-	-	-	-	-	-
40	GF Debt Service Total	4,329,960	4,329,960	4,329,960	4,329,960	4,329,960	3,463,560	3,463,560	-	-	-	-	-	-	-	-	-	-	-	-
41	Expense Total	5,218,640	7,997,533	4,572,969	4,939,711	4,498,709	3,463,560	3,463,560	-	-	-	-	-	-	-	-	-	-	-	-
42																				
48	Annual Surplus (Shortfall)	(2,508,640)	(5,287,533)	(1,602,969)	(1,579,711)	(1,138,709)	(103,560)	(103,560)	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000
49	Beginning Carryover (Shortfall)	(33,426,892)	(35,935,533)	(41,223,066)	(42,826,034)	(44,405,745)	(45,544,454)	(45,648,013)	(45,751,573)	(42,391,573)	(39,031,573)	(35,671,573)	(32,311,573)	(28,951,573)	(25,591,573)	(22,231,573)	(18,871,573)	(15,511,573)	(12,151,573)	(8,791,573)
50	Ending Carryover (Shortfall)	(35,935,533)	(41,223,066)	(42,826,034)	(44,405,745)	(45,544,454)	(45,648,013)	(45,751,573)	(42,391,573)	(39,031,573)	(35,671,573)	(32,311,573)	(28,951,573)	(25,591,573)	(22,231,573)	(18,871,573)	(15,511,573)	(12,151,573)	(8,791,573)	(8,791,573)

PUBLIC SAFETY PLAN - FINANCIAL ANALYSIS TO CLOSE THE GAP

Line Item Descriptions and Comments

A	B	C
1	<u>Line Item</u>	<u>Description</u>
8	Revenues:	
9	UTGO bond proceeds, Voted	Bond measure passed in November 2016 for \$77,385,000. Based on need, assumes the remainder of the voted debt is issued in 2018.
10	LTGO bond proceeds, Councilmanic	2018 \$20,000,000 issuance was approved by Council in 2017; 2020 issuance is within debt capacity if City's assessed valuation grows by 4.5% from 2018 to 2020 and the bonds are issued at a premium (premium does not count towards debt capacity). The assumed interest rate is 4%. No debt issuance costs have been included in the analysis.
11	Fire Impact fees & deposit - Segale	The Tukwila South development agreement provides for \$1,750,000 in a non refundable deposit and \$3,000,000 in advance payment of Tukwila South generated impact fees.
12	Fire Impact fees - other	Represents fire impact fees earned on development other than in the Tukwila South area. The annual average fee shown in the model assumes an increase in the fee per unit of development and an increase in development. The annual average fee collected over the 9 year period since inception is \$120,000.
13	F301, Lnd & Prk Acq contribution	This fund contains over \$3,000,000 of accumulated REET 1 revenue that can be transferred and devoted to the PSP.
14	Property/land sales	See the detailed list of properties and estimated proceeds.
15	REET 1	In 2017, the City Council resolved to dedicate REET 1 revenue to the Pubic Safety Plan. The annual average REET collection is based on average actual collections over the past 10 years of \$494,000.
17	Investment earnings	Investment earnings for 2016 and 2017 are actuals; the remaining years are estimates.
19	Additional capacity from maturing, existing debt	Beginning in 2021, certain existing debt issuances will be paid off. The funds required to pay the annual debt service on these debt issuances are now available for other uses.
23	Revenue Total	Total revenue for each year and for the 35 year period diplayed in the model.
25	Project Expenditures	Project expenditures for the facilities match with the February 6, 2018 information presented to Council.
30	Apparatus & equip	Expenditures are from the most recently updated apparatus and equipment schedule.
35	Project Expenditures Total	Total estimated project expenditures, including Fire apparatus and equipment, as of February 6, 2018.
37	Debt Service	Debt service on the LTGO debt issued. Assumes a 20 year pay back period , a 4% per annum interest rate, interest only payments during construction, and 50% of debt service paid by the utility funds as rent for the portion of the facility used for these activities.
38	Debt service LTGO	Pay back of amount borrowed plus interest. See the debt service worksheet for break down of principal and interest.
39	Utility Fds pay rent = 50% of dbt svc	Assumes utilities will pay a facility lease in an amount equal to 50% of the debt service.
41	Expense Total	Project expenditures plus General Fund portion of debt service
48	Annual Surplus (Shortfall)	Revenue less expenditures for each year.
49	Beginning Carryover (Shortfall)	Carryover from prior year.
50	Ending Carryover (Shortfall)	Beginning cash balance, or carryover from prior, year plus annual activity [revenue less expenditures].
52		
53	Key to Highlighted Cells on Financing Plan Recap	
54		Revenue
55		Project expense
56		Debt service expense
57		Total expense
58		Funding Gap, Cash Surplus or (Shortfall)

PUBLIC SAFETY PLAN - FINANCIAL PLAN - 30 Year LTGO Amortization

	B	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	
		TOTAL	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
1																				
8	Revenues:	77,385,000	36,709,954		40,675,046															
9	UTGO bond proceeds, Voted				66,000,000															
10	LTGO bond proceeds, Councilmanic	86,000,000		20,000,000																
11	Fire Impact fees & deposit - Segale	4,750,000		500,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	350,000		300,000
12	Fire Impact fees - other	10,917,000		1,017,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000		300,000
13	F301, Lnd & Prk Acq contribution	3,000,000			3,000,000															
14	Property/land sales	15,038,000		5,038,000	3,000,000	500,000	500,000	2,000,000	5,000,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000		500,000
15	REET 1	16,500,000	9,562	277,998	500,000	100,000	100,000	40,000												
17	Investment earnings	727,560			200,000															
	Additional capacity from maturing, existing debt	64,270,000			810,000	810,000	810,000	810,000	810,000	810,000	1,360,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000	1,910,000
23	Revenue Total	278,587,560	36,719,516	1,794,998	70,013,046	1,200,000	71,010,000	3,950,000	6,910,000	1,910,000	2,460,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000	3,010,000
24																				
25	Project Expenditures	68,536,343	123,833	398,261	21,581,872	30,155,657	16,276,721	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Justice Center		59,853	222,146	1,982,035	8,429,736	1,815,230	-	-	-	-	-	-	-	-	-	-	-	-	-
27	FS 51		8,256	158,993	1,000,590	3,551,391	12,698,348	234,422												
28	FS 52				1,950,103	2,728,590	9,765,775	176,119												
29	FS 54		14,447	420,921	1,629,428	2,589,580	362,385	1,333,578	1,672,191	507,480	2,597,023	384,755	271,667	806,277	2,709,784	3,512,566	518,538	1,597,411	2,865,957	
30	Apparatus & equip	29,371,751		265,858	19,386,684	7,199,389	28,316,967	8,101,668												
31	Shops	63,270,566																		
35	Project Expenditures Total	206,092,659	206,389	1,598,591	47,530,712	54,654,343	69,235,425	9,845,787	1,672,191	507,480	2,597,023	384,755	271,667	806,277	2,709,784	3,512,566	518,538	1,597,411	2,865,957	
37	Debt Service	151,919,016			800,000	800,000	3,440,000	3,440,000	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204
38	Debt service LTGO				800,000	800,000	3,440,000	3,440,000	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	
39	Utility Fds pay rent = 50% of dbt svc	(56,700,000)			(400,000)	(400,000)	(1,300,000)	(1,300,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	
40	GF Debt Service Total	95,219,016			400,000	400,000	2,140,000	2,140,000	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	
41	Expense Total	301,311,675	206,389	1,598,591	47,930,712	55,054,343	71,375,425	11,985,787	4,934,395	3,769,684	5,859,227	3,646,959	3,533,871	4,068,481	5,971,988	6,774,769	3,780,742	4,859,615	6,128,161	
42																				
48	Annual Surplus (Shortfall)	(22,724,115)	36,513,127	196,407	22,082,334	(53,854,343)	(365,425)	(8,035,787)	1,975,605	(1,859,684)	(3,399,227)	(636,959)	(523,871)	(1,058,481)	(2,961,988)	(3,764,769)	(770,742)	(1,799,615)	(3,418,161)	
49	Beginning Carryover (Shortfall)			36,513,127	36,709,534	58,791,868	4,937,525	4,572,099	(3,463,687)	(1,488,082)	(3,347,766)	(6,746,993)	(7,383,952)	(7,907,823)	(8,966,305)	(11,928,293)	(15,693,063)	(16,463,804)	(18,263,419)	
50	Ending Carryover (Shortfall)	(22,724,115)	36,513,127	36,709,534	58,791,868	4,937,525	4,572,099	(3,463,687)	(1,488,082)	(3,347,766)	(6,746,993)	(7,383,952)	(7,907,823)	(8,966,305)	(11,928,293)	(15,693,063)	(16,463,804)	(18,263,419)	(21,681,580)	

PUBLIC SAFETY PLAN - FINANCIAL PLAN - 30 Year LTGO Amortization

	B	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	
1																			
8	Revenues:																		
9	UTGO bond proceeds, Voted																		
10	LTGO bond proceeds, Councilmanic																		
11	Fire Impact fees & deposit - Segale	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
12	Fire Impact fees - other																		
13	F301, Lnd & Prk Acq contribution																		
14	Property/land sales	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
15	REET 1																		
17	Investment earnings																		
	Additional capacity from maturing,																		
19	existing debt	1,910,000	1,910,000	2,170,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000	2,560,000
23	Revenue Total	2,710,000	2,710,000	2,970,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000	3,360,000
24																			
25	Project Expenditures																		
26	Justice Center																		
27	FS 51																		
28	FS 52																		
29	FS 54																		
30	Apparatus & equip	888,681	3,667,573	243,009	609,751	168,749	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Shops																		
35	Project Expenditures Total	888,681	3,667,573	243,009	609,751	168,749	-	-	-	-	-	-	-	-	-	-	-	-	-
37	Debt Service																		
38	Debt service LTGO	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204	5,212,204
39	Utility Fds pay rent = 50% of dbt svc	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)	(1,950,000)
40	GF Debt Service Total	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204
41	Expense Total	4,150,885	6,929,777	3,505,213	3,871,955	3,430,953	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204	3,262,204
42																			
48	Annual Surplus (Shortfall)	(1,440,885)	(4,219,777)	(535,213)	(511,955)	(70,953)	97,796	97,796	97,796	97,796	97,796	97,796	97,796	97,796	97,796	97,796	97,796	97,796	97,796
49	Beginning Carryover (Shortfall)	(21,681,580)	(23,122,465)	(27,342,242)	(27,877,455)	(28,389,410)	(28,460,363)	(28,264,771)	(28,166,975)	(28,069,179)	(27,971,383)	(27,873,586)	(27,775,790)	(27,677,994)	(27,580,198)	(27,482,402)	(26,783,259)	(26,084,115)	(26,084,115)
50	Ending Carryover (Shortfall)	(23,122,465)	(27,342,242)	(27,877,455)	(28,389,410)	(28,460,363)	(28,362,567)	(28,264,771)	(28,166,975)	(28,069,179)	(27,971,383)	(27,873,586)	(27,775,790)	(27,677,994)	(27,580,198)	(27,482,402)	(26,783,259)	(26,084,115)	(22,724,115)

PUBLIC SAFETY PLAN - FINANCIAL ANALYSIS TO CLOSE THE GAP

Line Item Descriptions and Comments

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41	Expense Total	Project expenditures plus General Fund portion of debt service
48	Annual Surplus (Shortfall)	Revenue less expenditures for each year.
49	Beginning Carryover (Shortfall)	Carryover from prior year.
50	Ending Carryover (Shortfall)	Beginning cash balance, or carryover from prior, year plus annual activity [revenue less expenditures].
52		
53	Key to Highlighted Cells on Financing Plan Recap	
54		Revenue
55		Project expense
56		Debt service expense
57		Total expense
58		Funding Gap, Cash Surplus or (Shortfall)

February 21, 2018 New Revenue Matrix Attachment – Page 1

Revenue Vehicle		Amount Available	Mechanism	Type and payee	Estimated Average Cost	Other Cities' and Rates	Restrictions	Notes
1	Levy Lid Lift	\$6,100,000	Voter approved @ 50%	Property tax – property owners	Levy lid lift to the cap would add \$299 in annual property taxes for a \$300,000 home.	<ul style="list-style-type: none"> Auburn current rate is 2.03239 Bellevue current rate is 1.02655 Burien current rate is 1.23516 Federal Way current rate is 1.06161 Kent current rate is 1.62704 Renton rate is 1.15364 Seattle rate is 2.36209 SeaTac rate is 2.75273 Note: as of 2/12/18 no information available as to what cities have lid lifts in place.	Restriction lies in ballot title and cannot exceed maximum rate.	Tukwila's current regular levy rate is \$2.46285 per 1,000; the cap is \$3.45818. Excess levy rate for voted debt is \$0.45579 for a total levy rate of \$2.91864
2	Voter Approved Bond	\$25 million (after remaining voted debt issued, if issued in 2018)	Voter approved @ 60% plus validation	Property tax – property owners	Bonding to the cap would add \$409 in annual property taxes for a \$300,000 home.	<ul style="list-style-type: none"> Kent attempted general obligation bonds to fund a criminal justice and training facility for \$34M which failed in 2014. Seattle's rate of 2.62352 also includes a general obligation bond increase of 0.13040 that funds libraries (voter approved in August of 2012) and the waterfront seawall (voter approved in November of 2012). This rate may include other bonds. 	Restriction lies in ballot title and cannot exceed a percentage of total AV in the City.	Bonds largely used for capital projects.
3	B&O Tax	\$4,000,000 annually	Councilmanic	Tax on gross receipts – businesses	Unable to calculate because cost dependent on a businesses' gross receipts.	<ul style="list-style-type: none"> Bellevue levies 0.001496 on all four sectors Burien levies 0.001 on all four sectors Kent levies 0.00046 on manufacturing and retail and 0.00152 services and wholesale Renton levies 0.00085 on manufacturing, services and retail with a rate of 0.0005 on retail. Threshold is \$500,000 per year. Seattle levies 0.00222 on manufacturing, retail and wholesale and 0.00427 on services. All are above the 0.002 councilmanic due to voter approval 	.2% available to cities. Could exceed .2% if voter approved	B&O tax can be sized to exempt small businesses via an employee or gross receipts threshold. Can also be targeted for specific industries and vary by industry type.
4	Transportation Benefit District	\$3,900,000 annually	Voter approved @ 50%	Sales tax – largely out of town visitors	Dependent on purchases.	<ul style="list-style-type: none"> Seattle 0.001 sales tax approved by voters 11/14 dedicated to increased Metro service in the city. 	Must be dedicated for transportation	.2% sales tax available to cities.

* Analysis of other cities' revenues and rates was restricted to Auburn, Bellevue, Burien, Federal Way, Kent, Renton, SeaTac and Seattle from 2011 - present. If a city is not listed, then the issue does not apply.

February 21, 2018 New Revenue Matrix Attachment – Page 2

REVENUE OPTIONS ABOVE \$500,000 Other Cities' and Rates						
Revenue Vehicle	Amount Available	Mechanism	Type and payee	Estimated Average Cost	Restrictions	Notes
5 Transportation Benefit District Car Tab	\$ 500,000	Councilmanic	Car tab – car owners and fleets	\$20 per vehicle if councilmanic; up to \$100 per vehicle if full capacity allowed by voters	<ul style="list-style-type: none"> Seattle: \$20 car tab; additional \$60 fee approved by voters 11/14, dedicated to increased Metro service in the city. Burien \$10 car tab; \$30 fee failed at ballot Des Moines \$40 car tab 	<p>-related projects.</p> <p>Must be dedicated for transportation -related projects.</p> <p><i>Jurisdictions with a \$20 car tab can go to \$40 councilmanicly if the fee was in place for two years. Two years later, the jurisdiction can go to \$60 councilmanicly. Tukwila remains constrained to the \$20.</i></p>

* Analysis of other cities' revenues and rates was restricted to Auburn, Bellevue, Burien, Federal Way, Kent, Renton, SeaTac and Seattle from 2011 - present. If a city is not listed, then the issue does not apply.

February 21, 2018 New Revenue Matrix Attachment – Page 3

REVENUE OPTIONS ABOVE \$500,000 Other Cities' and Rates						
Revenue Vehicle	Amount Available	Mechanism	Type and payee	Estimated Average Cost	Restrictions	Notes
7 Local Improvement District	Depends on project	Councilmanic and petition	Assessment – properties around the specific project	Cost completely dependent on project and number of property owners	Dedicated to the specific LID project.	Could be used for a variety of capital infrastructure projects if nearby property owners are supportive.

* Analysis of other cities' revenues and rates was restricted to Auburn, Bellevue, Burien, Federal Way, Kent, Renton, SeaTac and Seattle from 2011 - present. If a city is not listed, then the issue does not apply.

February 21, 2018 New Revenue Matrix Attachment – Page 4

Revenue Vehicle		Amount Available	Mechanism	Type and payee	Estimated Average Cost	REVENUE OPTIONS ABOVE \$500,000 Other Cities' and Rates		Restrictions	Notes
8	Reexamining existing taxes and fees	Unknown	Councilmanic	Varies	Varies	<ul style="list-style-type: none"> • Auburn: <ul style="list-style-type: none"> ○ Admissions tax: 5% • Bellevue: <ul style="list-style-type: none"> ○ Admissions tax: 3% • Burien: <ul style="list-style-type: none"> ○ Admissions tax: 5% ○ Parking tax: \$3.00 per parking transaction • Kent: <ul style="list-style-type: none"> ○ Admissions tax: 5% • Renton: <ul style="list-style-type: none"> ○ Business Licenses: Beginning in 2018, the business license fee is a flat \$150 per business • SeaTac: <ul style="list-style-type: none"> ○ Parking tax: \$3.09 per parking transaction. Beginning in 2018, the flat fee of \$3.00 is adjusted for inflation. • Seattle: <ul style="list-style-type: none"> ○ Admissions tax: 5% ○ Commercial parking tax: 12.5% ○ No RGRL but square footage tax 	No restrictions with the exception of Impact Fees which must be dedicated to what they are for – i.e. fire, traffic, parks.	Includes: <ul style="list-style-type: none"> • Admissions tax • Parking tax • RGRL • Fire, Traffic and Park Impact fees 	

* Analysis of other cities' revenues and rates was restricted to Auburn, Bellevue, Burien, Federal Way, Kent, Renton, SeaTac and Seattle from 2011 - present. If a city is not listed, then the issue does not apply.

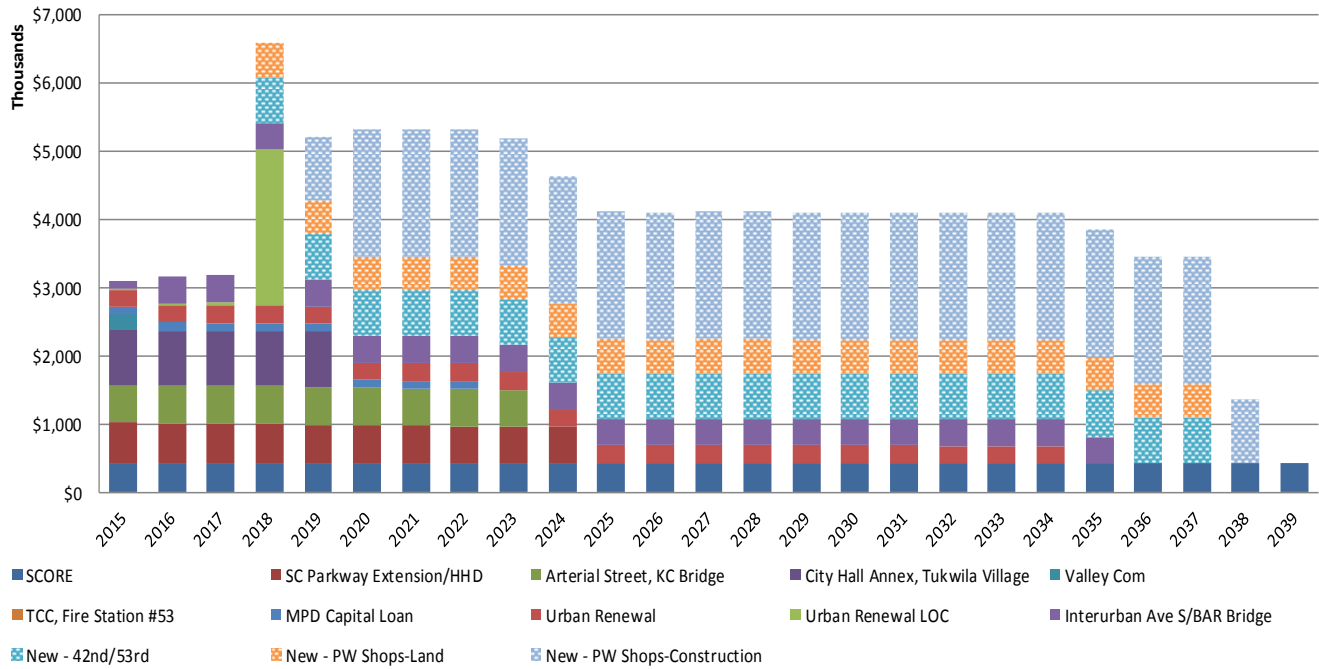
February 21, 2018 New Revenue Matrix Attachment – Page 5

Revenue Vehicle		Amount Available	Mechanism	Type and payee	Estimated Average Cost	REVENUE OPTIONS ABOVE \$500,000 Other Cities' and Rates										Restrictions	Notes
9	Utility Tax - external enterprises	\$600,000 per 1% increase	Councilmanic up to 6%; Voter approval required to exceed 6%	Utility tax – gas, electric, telephone, cable, solid waste	Additional 1% = approx. \$30-\$50 per household depending on usage and consumption.	Utility	Abn	Bvue	Burn	Kent	Rent	STac	Sea	Tuk	The City is currently at 6%. Must be voter approved to go higher.	Limit in RCW 35.21.870 of 6% is on electricity, telephone, natural gas or steam energy. No vote is needed to raise the rate above 6% for other utilities such as water, sewer, stormwater and cable television. Agencies serving Tukwila residents.	
						Electric.	6.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%			6.0%
10	Utility Tax - internal enterprises	\$200,000 per 1%,	Councilmanic	Utility tax – Water/sewer ~ 60% of Tukwila property owners; surface water 100% of Tukwila parcels	= Approx \$20 per household depending on consumption; commercial based on water consumption	Utility	Abn	Bvue	Burn	Kent	Rent	STac	Sea	Tuk	The City is currently at 6%. Must be voter approved to go higher.		
						Cable	6.0%	4.8%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%			6.0%
11	Utility Tax - Water & sewer districts	\$60,000 per 1% of tax	Councilmanic	Utility tax – everyone on Tukwila utilities	Cost dependent on whether extending tax to non-City utilities or negotiating a franchise fee.	Utility	Abn	Bvue	Burn	Kent	Rent	STac	Sea	Tuk	The City is currently at 6%. Must be voter approved to go higher.	Opportunity to extend current utility tax to other agencies serving Tukwila residents.	
						Water	7.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%			6.0%
12	Utility franchise fee		Negotiated	Seattle City Light		Utility	Abn	Bvue	Burn	Kent	Rent	STac	Sea	Tuk			
						Storm	7.0%	5.0%	6.0%	6.0%	6.8%	5.0%	6.0%	6.0%			6.0%

* Analysis of other cities' revenues and rates was restricted to Auburn, Bellevue, Burien, Federal Way, Kent, Renton, SeaTac and Seattle from 2011 - present. If a city is not listed, then the issue does not apply.

This chart represents the general obligation debt service of the City. It includes debt being repaid with general fund revenue as well as debt that is being repaid from other sources. The City receives funds from the Tukwila Metropolitan Park District to repay the MPD capital loan, funds to repay the urban renewal LOC (line of credit) are proceeds from land sales. Since 2015, SCORE bonds have been paid directly by SCORE jail.

City of Tukwila General Obligation Bond Debt Service

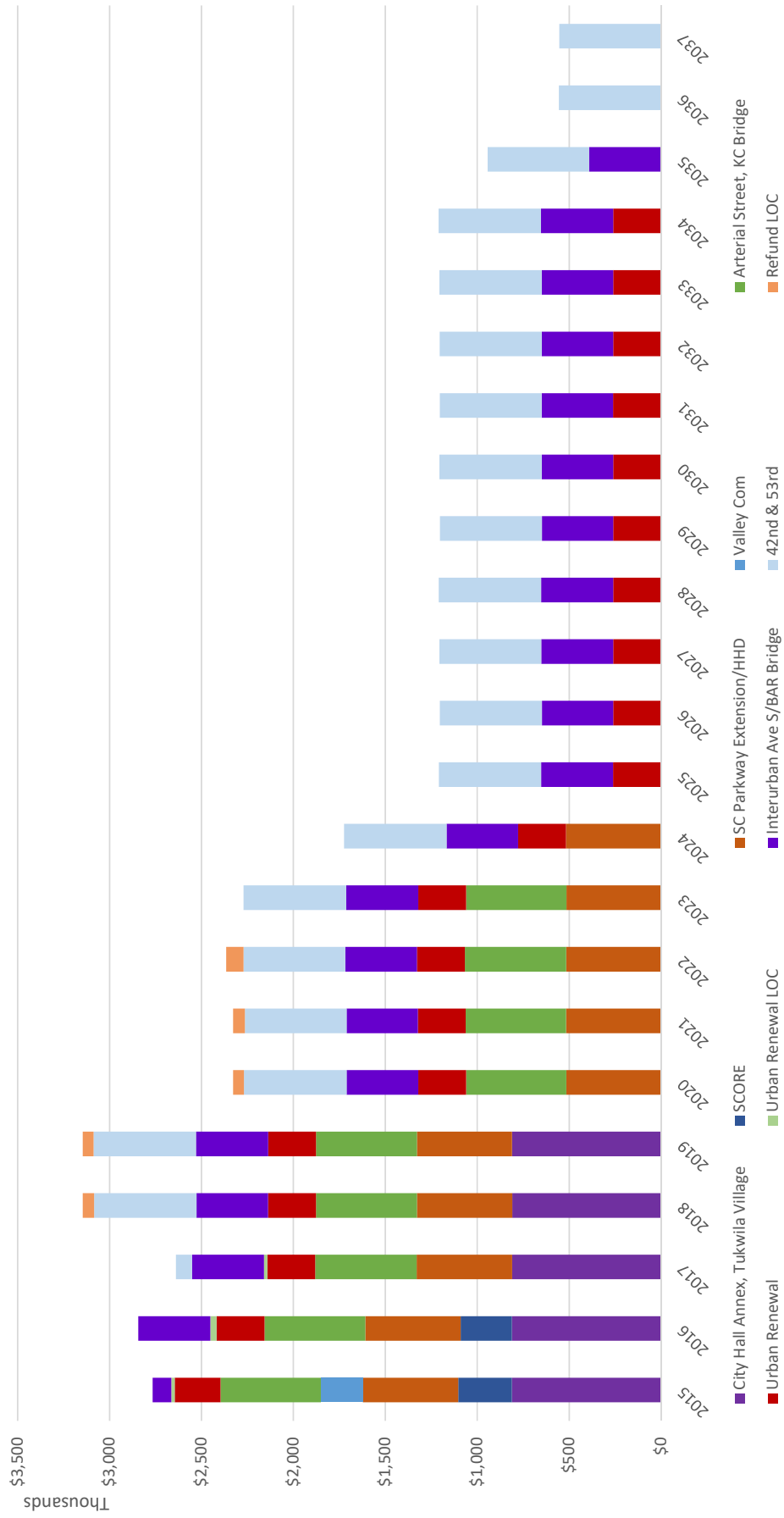


PW Shops Debt: 1/2 paid by general fund, 1/2 paid by utility funds

SCHEDULE OF PRIOR AND EXISTING GENERAL FUND OBLIGATION FOR LTGO

Section 1	Section 4																		Section 5								
Existing General Fund Obligation	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10	Column 11	Column 12	Column 13	Column 14	Column 15	Column 16	Column 17	Column 18	Column 19	Column 20	Column 21	Column 22	Column 23	Column 24	Column 25	Column 26	
	Fund 201 LTGO Bonds	Fund 205 Special Assessment Bonds	Fund 207 LTGO Bonds, 1999	Fund 208 LTGO Bonds, 2000	Fund 209 LTGO Bonds, 2003	Fund 210 LTGO Refunding, 2003	Fund 211 LTGO Refunding, 2008	Fund 212 LTGO Bonds, 2009	Fund 214 LTGO 2010 Original Issue	Fund 216 LTGO Refunding, 2010	Fund 217 LTGO Refunding, 2011	Fund 218 LTGO, 2013 LOC	Fund 200 LTGO, 2014 LOC	Fund 200 LTGO, 2014 Original Issue	Fund 200 LTGO, 2015 Original Issue	Fund 209 LTGO, 2017 Original Issue	Fund 200 LTGO, 2017R	Total Existing GO Debt	SC Parkway Extension/H HD	MPD	SCORE	Fund Balance	Land Sale	Refunded Debt	Total Funding available to offset General Fund Obligations	Net Impact to General Fund	
	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Prior-Year Debt	Urban Renewal - Refund Line-of Credit	Subtotal = Columns 1-17	Subsidy	Reimbursed by MPD	Paid by SCORE	Fund 209	Motel Sites	New Debt Issue to Pay LOC	Subtotal = Columns 19-24	Net Total = Column 18 less Column 25	
2000	512,385	26,875	834,343	-	-	-	-	-	-	-	-	-	-	-	-	-	1,373,603	-	-	-	-	-	-	-	-	1,373,603	
2001	516,100	-	833,623	245,882	-	-	-	-	-	-	-	-	-	-	-	-	1,595,604	-	-	-	-	-	-	-	-	1,595,604	
2002	513,973	-	834,223	250,595	-	-	-	-	-	-	-	-	-	-	-	-	1,598,790	-	-	-	-	-	-	-	-	1,598,790	
2003	516,173	-	834,148	250,963	49,871	-	-	-	-	-	-	-	-	-	-	-	1,651,155	-	-	-	-	-	-	-	-	1,651,155	
2004	-	-	832,873	250,067	272,026	489,676	-	-	-	-	-	-	-	-	-	-	1,844,642	-	-	-	-	-	-	-	-	1,844,642	
2005	-	-	830,535	250,812	272,026	489,900	-	-	-	-	-	-	-	-	-	-	1,843,273	-	-	-	-	-	-	-	-	1,843,273	
2006	-	-	832,105	250,877	272,026	488,900	-	-	-	-	-	-	-	-	-	-	1,841,908	-	-	-	-	-	-	-	-	1,841,908	
2007	-	-	832,305	250,839	272,026	488,500	-	-	-	-	-	-	-	-	-	-	1,843,670	-	-	-	-	-	-	-	-	1,843,670	
2008	-	-	831,305	250,479	272,026	489,500	-	-	-	-	-	-	-	-	-	-	1,843,310	-	-	-	-	-	-	-	-	1,843,310	
2009	-	-	488,948	190,104	533,323	489,900	324,800	-	-	-	-	-	-	-	-	-	2,027,075	-	-	-	-	-	-	-	-	2,027,075	
2010	-	-	-	193,200	585,949	489,700	816,000	199,222	586,225	230,186	171,790	-	-	-	-	-	2,514,257	-	-	-	-	-	-	-	-	2,514,257	
2011	-	-	-	-	584,881	488,900	815,400	586,225	584,425	171,790	-	-	-	-	-	-	2,847,196	-	-	-	-	-	-	-	-	-	2,847,196
2012	-	-	-	-	718,375	487,500	809,000	584,425	584,425	232,910	166,964	-	-	-	-	-	3,090,965	-	-	-	-	-	-	-	-	-	3,090,965
2013	-	-	-	-	3,379,788	490,500	737,000	584,075	204,880	204,880	167,975	113,130	-	-	-	-	6,107,504	-	-	-	-	-	-	-	-	-	6,107,504
2014	-	-	-	-	-	488,250	812,000	429,815	583,425	229,280	547,675	113,130	-	-	-	-	3,203,574	-	-	-	-	-	-	-	-	-	3,203,574
2015	-	-	-	-	-	-	811,300	432,885	585,650	228,800	548,675	113,130	249,404	102,107	-	-	3,087,218	-	-	-	-	-	-	-	-	-	3,087,218
2016	-	-	-	-	-	-	811,100	427,960	585,450	-	548,675	113,130	260,918	392,575	-	-	3,173,281	-	-	-	-	-	-	-	-	-	3,173,281
	\$ 2,058,631	\$ 26,875	\$ 7,984,406	\$ 2,383,818	\$ 7,212,318	\$ 5,379,226	\$ 5,936,600	\$ 1,812,608	\$ 3,708,469	\$ 1,297,846	\$ 1,977,114	\$ 452,520	\$ 510,322	\$ 494,682	\$ 494,682	\$ -	\$ 41,287,026	\$ 422,533	\$ (452,520)	\$ (290,000)	\$ (3,100,000)	\$ -	\$ -	\$ -	\$ (4,285,053)	\$ 37,021,972	
2017	-	-	-	-	-	-	-	427,461	581,190	-	552,300	113,130	260,175	390,975	87,448	-	5,517,222	-	-	-	-	-	-	-	-	5,517,222	
2018	-	-	-	-	-	-	809,100	428,288	575,152	549,250	548,700	260,775	260,775	389,225	556,850	61,970	6,193,740	-	-	-	-	-	-	-	-	6,193,740	
2019	-	-	-	-	-	-	810,900	427,973	567,307	548,700	548,700	260,455	260,455	392,325	557,700	59,176	3,737,666	-	-	-	-	-	-	-	-	3,737,666	
2020	-	-	-	-	-	-	-	427,869	588,182	545,300	545,300	260,290	260,290	390,125	558,250	59,176	2,912,322	-	-	-	-	-	-	-	-	2,912,322	
2021	-	-	-	-	-	-	-	426,239	552,520	546,300	546,300	260,074	260,074	387,775	553,500	63,728	2,903,265	-	-	-	-	-	-	-	-	2,903,265	
2022	-	-	-	-	-	-	-	427,532	543,175	551,500	551,500	260,589	260,589	390,275	553,600	2,344,280	5,184,068	-	-	-	-	-	-	-	-	5,184,068	
2023	-	-	-	-	-	-	-	427,379	533,018	545,900	545,900	260,159	260,159	392,475	558,400	-	2,171,331	-	-	-	-	-	-	-	-	2,171,331	
2024	-	-	-	-	-	-	-	426,885	527,050	545,900	545,900	259,871	259,871	389,375	557,750	558,400	2,160,931	-	-	-	-	-	-	-	-	2,160,931	
2025	-	-	-	-	-	-	-	426,356	527,050	545,900	545,900	260,783	260,783	391,125	556,800	556,800	1,635,064	-	-	-	-	-	-	-	-	1,635,064	
2026	-	-	-	-	-	-	-	426,130	527,050	545,900	545,900	260,169	260,169	387,575	555,550	555,550	1,629,424	-	-	-	-	-	-	-	-	1,629,424	
2027	-	-	-	-	-	-	-	425,886	527,050	545,900	545,900	260,412	260,412	391,050	554,000	554,000	1,631,357	-	-	-	-	-	-	-	-	1,631,357	
2028	-	-	-	-	-	-	-	425,636	527,050	545,900	545,900	260,484	260,484	392,050	557,150	557,150	1,635,320	-	-	-	-	-	-	-	-	1,635,320	
2029	-	-	-	-	-	-	-	425,335	527,050	545,900	545,900	260,385	260,385	387,750	554,850	554,850	1,628,319	-	-	-	-	-	-	-	-	1,628,319	
2030	-	-	-	-	-	-	-	424,791	527,050	545,900	545,900	260,115	260,115	388,300	557,250	557,250	1,630,455	-	-	-	-	-	-	-	-	1,630,455	
2031	-	-	-	-	-	-	-	424,762	527,050	545,900	545,900	260,674	260,674	388,550	554,200	554,200	1,628,186	-	-	-	-	-	-	-	-	1,628,186	
2032	-	-	-	-	-	-	-	424,201	527,050	545,900	545,900	260,033	260,033	388,500	555,850	555,850	1,628,584	-	-	-	-	-	-	-	-	1,628,584	
2033	-	-	-	-	-	-	-	423,889	527,050	545,900	545,900	260,222	260,222	388,150	557,050	557,050	1,629,311	-	-	-	-	-	-	-	-	1,629,311	
2034	-	-	-	-	-	-	-	423,792	527,050	545,900	545,900	260,211	260,211	392,500	557,800	557,800	1,634,303	-	-	-	-	-	-	-	-	1,634,303	
2035	-	-	-	-	-	-	-	423,485	527,050	545,900	545,900	260,211	260,211	391,400	551,875	551,875	1,366,760	-	-	-	-	-	-	-	-	1,366,760	
2036	-	-	-	-	-	-	-	422,950	527,050	545,900	545,900	260,211	260,211	391,400	555,625	555,625	978,575	-	-	-	-	-	-	-	-	978,575	
2037	-	-	-	-	-	-	-	422,561	527,050	545,900	545,900	260,211	260,211	391,400	553,725	553,725	976,286	-	-	-	-	-	-	-	-	976,286	
2038	-	-	-	-	-	-	-	422,284	527,050	545,900	545,900	260,211	260,211	391,400	553,725	553,725	422,284	-	-	-	-	-	-	-	-	422,284	
2039	-	-	-	-	-	-	-	422,085	527,050	545,900	545,900	260,211	260,211	391,400	553,725	553,725	422,085	-	-	-	-	-	-	-	-	422,085	
Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,429,900	\$ 9,783,779	\$ 4,437,593	\$ -	\$ 3,839,250	\$ 678,765	\$ 4,685,872	\$ 7,409,500	\$ 11,205,223	\$ 11,205,223	\$ 2,588,330	\$ 49,352,856	\$ (301,908)	\$ (678,765)	\$ (9,783,779)	\$ -	\$ (2,250,000)	\$ (2,276,000)	\$ (15,290,452)	\$ 34,062,405	

Net General Fund Debt Service Obligation



Updated February 13, 2017

CITY OF TUKWILA
Fire Impact Fees Inception through 2017

Sum of NET	ACCT_NO	2009	2010	2011	2012	2013	2014	2015	2016	2017	Grand Total
ACCT_TITLE	FD										
FIRE IMPACT FEES	304	304.345.852.00.00 \$	13,342 \$	142,383 \$	157,654 \$	33,686 \$	139,714 \$	66,862 \$	46,406 \$	183,867 \$	285,075 \$



INFORMATIONAL MEMORANDUM

TO: **Finance Committee**

FROM: **Derek Speck, Economic Development Administrator**

CC: **Mayor Ekberg**

DATE: **February 14, 2018**

SUBJECT: **Potential Sale of City Properties**

ISSUE

City staff is seeking Council approval of a process to sell three parcels of land the City owns which are located at 3747 South 146th Street (former Traveler's Choice motel), 12026 42nd Avenue South (former Allentown fire station), and the Longacres Parcel (north of Longacres Way).

BACKGROUND

This item is coming to Council at this time for three reasons. First, as part of the City's plan to fund the new public safety facilities, the City may want to sell other City properties. Second, some of the businesses who are located on the future Justice Center site have asked to purchase City property in that neighborhood. Third, the owner of the parcel of land adjacent to the City's Longacres parcel is interested in selling and has asked the City to sell at this time since buyers may prefer to develop both parcels at the same time.

DISCUSSION

The purpose of this agenda item is to seek Council approval of the *process* to sell the three parcels of land described in this memo. Once the Council approves the process, staff would solicit proposals and negotiate deal terms. If staff and the buyers agree to deal terms, staff would return to Council for approval to execute purchase and sale agreements.

3747 South 146th Street:

This parcel was formerly the Traveler's Choice motel (assessor parcel number 004000-0911). The City purchased the site in 2014 to reduce crime and completed demolition of the motel in 2016. In 2017 the City began using the site as a laydown yard for the South 144th Street project which will be completed soon. The City does not currently have a long-term vision for the site. At some point in the future, the City could use it as an incentive to encourage the privately owned adjacent parcels to redevelop in coordination with the City's values and vision for Tukwila International Boulevard. Some of the business owners located on the future Justice Center site have expressed interest in purchasing the property.

The site is currently zoned Neighborhood Community Commercial (NCC) and is over 26,000 square feet, cleared, level, and served by utilities at the street. Staff estimates the property would sell for between \$500,000 and \$700,000.

Staff recommends the selection criteria be based on price. The City could include additional criteria such as how well the buyer's intended use fits the City's vision for Tukwila International Boulevard, whether the property would be developed in conjunction with the adjacent parcel on Tukwila International Boulevard, whether the buyer's intended use would support small businesses or dislocated businesses, or buyer/developer experience.

12026 42nd Avenue South:

This parcel was formerly used as a fire station in Allentown (assessor parcel number 334740-0300). The City acquired the site in 1989 from the King County Fire Protection District #1 through annexation and has used it for storage for most of the time since acquisition. The City does not currently have a long-term vision for the site. Occasionally over the past few years, the City has been approached by persons interested in converting the property to residential use.

The site is currently zoned Low Density Residential (LDR) and is over 21,000 square feet, level, and served by utilities. The buildings are in need of considerable maintenance. Staff estimates the property would sell for between \$200,000 and \$300,000.

Staff recommends the selection criteria be based on price.

Longacres Parcel:

This parcel is a 100 feet wide strip of vacant land (assessor parcel number 242304-9034). The City acquired a portion of the site in 1998 to construct a convention center. The City acquired the remainder of the site through land exchanges to support the relocation of the Union Pacific railroad tracks in order to facilitate quality development around the commuter rail station. The City is currently using the site to store public works materials and does not currently have a long-term vision for the site.

A key reason to sell the property at this time is the owners of the adjacent parcel (assessor parcel number 242304-9137) have received strong interest from potential buyers and would like to sell their parcel. Given the size, shapes, and locations of the two parcels, Staff believes it is in the City's interest if both parcels are developed together.

The site is currently zoned Low Density Residential (LDR) and is over 138,000 square feet (3.18 acres), vacant, level, and served by utilities at the street. Given its location adjacent to I-405, the commuter rail station, and the Southcenter District, the site is in a desirable location. However, the desirability is limited by the adjacent railroad tracks due to noise and vibration. Over the past few years, Staff has been approached by potential buyers and believes that market demand is strong at this time. Staff estimates the property would sell for between \$2,000,000 and \$3,000,000.

Staff recommends the primary selection criteria be based on price with additional consideration for how well the buyer's intended use fits the City's vision for the Southcenter District and its ability to generate additional tax revenue for the City relative to the cost of providing service. A key condition of the sale would be the buyer's ability to execute a purchase and sale agreement with the adjacent property owner. Another key condition would be that any multi-family residential development would require at least 50% of the units be sold or rented at market rates.

In terms of the selection process, staff would market the properties by publishing a Request for Proposals in key regional publications, notifying local brokers, and other interested parties. Staff would evaluate proposals and return to Council seeking authorization to execute purchase and sale agreements.

The marketing and selection process could be completed within a few months and purchase and sale agreements executed this summer. Depending on the buyer's need for due diligence and financing, escrow could close later this year.

FINANCIAL IMPACT

This item would have no financial or budget impact at this time. If the City sells the property, it would receive revenue.

RECOMMENDATION

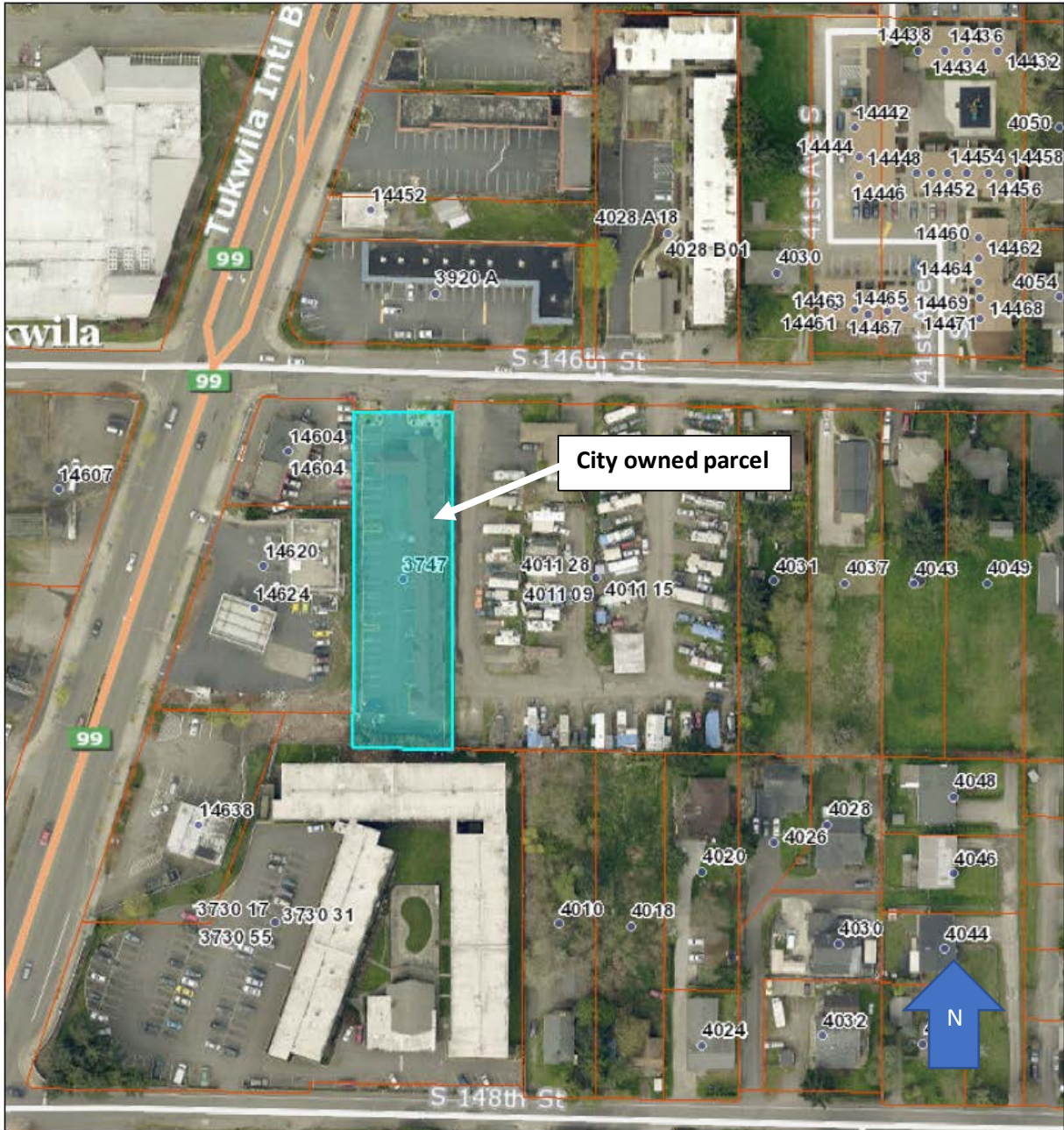
The Council is being asked to pass a motion approving the developer selection process as outlined in this memo and consider this item at the February 26, 2018 Committee of the Whole meeting and subsequent March 5, 2018 Regular Meeting.

ATTACHMENTS

- Map of 3747 South 146th Street
- Map of 12026 42nd Avenue South
- Map of the Longacres Parcel

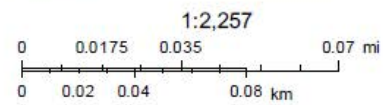
Attachment 1

3747 South 146th Street



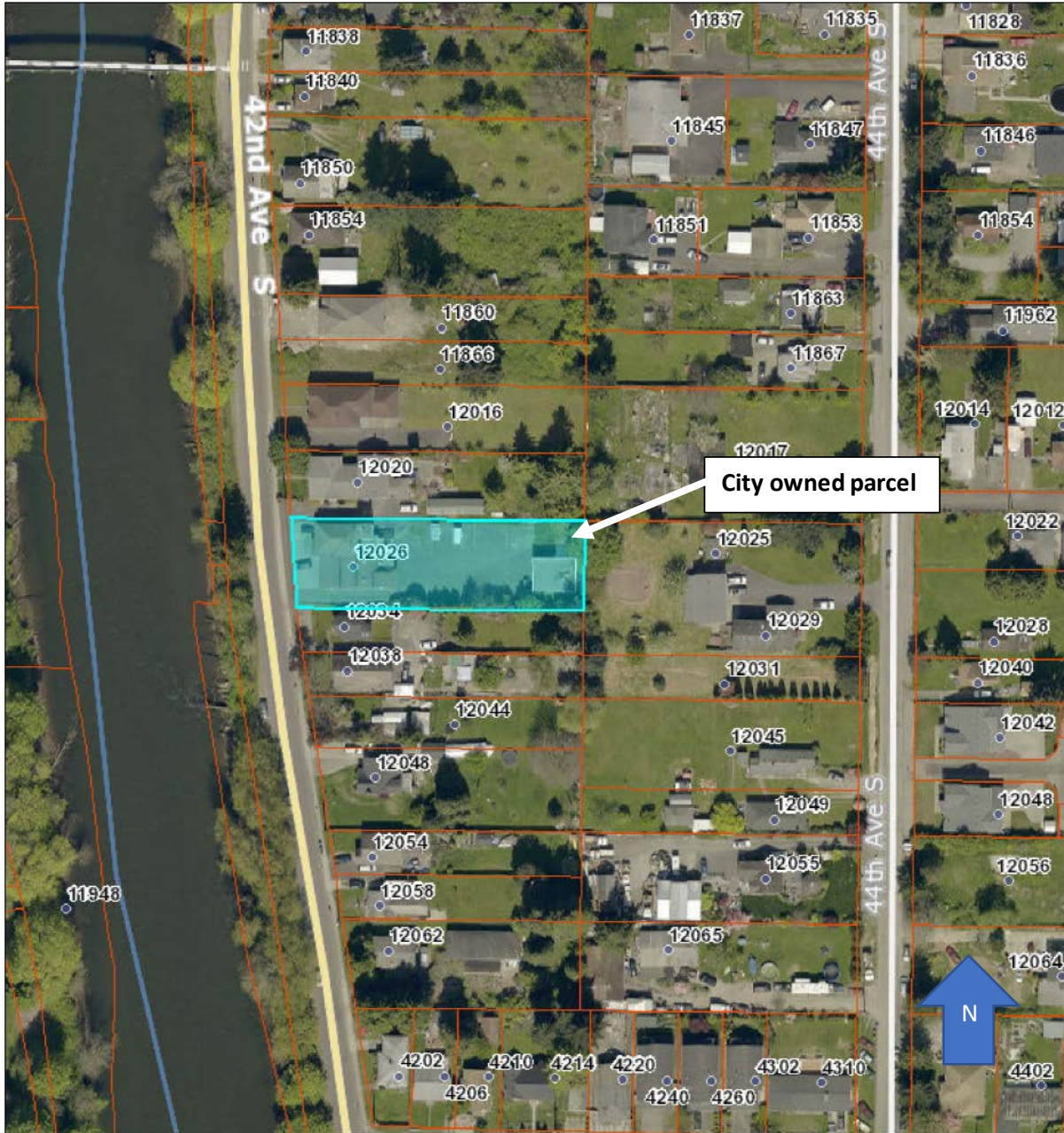
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- Addresses (Tukwila)
- Parcels



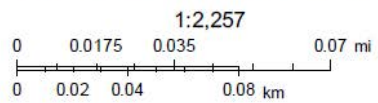
Attachment 2

12026 42nd Avenue South



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- Addresses (Tukwila)
- Parcels



Attachment 3

Longacres Parcel



2/13/2018, 3:19:57 PM

 Parcels

