



City of Tukwila
Finance Committee

- ◆ Thomas McLeod, Chair
- ◆ Verna Seal
- ◆ De'Sean Quinn

<u>Distribution:</u>	
T. McLeod	Mayor Ekberg
V. Seal	D. Cline
D. Quinn	R. Bianchi
K. Hougardy	C. O'Flaherty
D. Robertson	L. Humphrey
K. Kruller	
Z. Idan	

AGENDA

MONDAY, JANUARY 28, 2019 – 5:30 PM
HAZELNUT CONFERENCE ROOM
 (At east entrance of City Hall)

Item	Recommended Action	Page
1. PRESENTATION(S)		
2. BUSINESS AGENDA		
a. A resolution amending the business license fee schedule to highlight the \$2,000 exemption for outside contractors. <i>Vicky Carlsen, Deputy Finance Director</i>	a. Forward to 2/11 C.O.W. and 2/19 Regular Mtg.	Pg.1
b. An ordinance correcting General Fund amounts in the 2019-2020 Biennial Budget. <i>Vicky Carlsen, Deputy Finance Director</i>	b. Forward to 2/4 Regular Mtg.	Pg.7
c. November 2018 General Fund update. <i>Jeff Friend, Fiscal Manager</i>	c. Discussion only.	Pg.11
d. 2018 3rd Quarter sales tax and miscellaneous revenue report. <i>Aaron Williams, Fiscal Coordinator</i>	d. Discussion only.	Pg.15
e. Finance Committee 2019 Work Plan review. <i>Laurel Humphrey, Council Analyst</i>	e. Discussion only.	Pg.23
3. ANNOUNCEMENTS		
4. MISCELLANEOUS		

Next Scheduled Meeting: *Monday, February 11, 2019*



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INFORMATIONAL MEMORANDUM

TO: Finance Council Committee

FROM: Peggy McCarthy, Finance Director

BY: Vicky Carlsen, Deputy Finance Director

CC: Mayor Ekberg

DATE: January 23, 2019

SUBJECT: Update to Business License Fee Resolution

ISSUE

Approve update to Business License Fee Resolution.

BACKGROUND

At the October 15, 2018 Regular Meeting, Council approved Ordinance No. 2588 which adopted the "model ordinance" language required by the State. Included in this ordinance is language that exempts businesses operating within the City of Tukwila boundaries without a physical presence and with gross revenue less than \$2,000 from paying a business license fee.

At the November 19, 2018 Regular Meeting, Council approved Resolution No. 1952 that set the business license fees for 2019 and 2020. The resolution that was approved by Council included a business license fee of \$100 for contractors operating within the City of Tukwila boundaries without a physical presence.

The legislation was reviewed by the State prior to moving through the Committee and Council process.

DISCUSSION

The City is set to officially transition the business license function to the State effective March 28, 2019. Before the State will allow the transition to occur, we are required to update the fee resolution to include the exemption language for those businesses without a physical presence and where gross revenue does not exceed \$2,000.

The draft resolution, with changes tracked, now includes the required language.

RECOMMENDATION

Staff is asking that this resolution be considered at the February 11, 2019 Committee of the Whole and subsequent February 19, 2019 Regular Meeting.

ATTACHMENTS

Draft resolution with changes tracked.

DRAFT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, REPEALING RESOLUTION NO. 1952 AND ADOPTING A REVISED BUSINESS LICENSE FEE SCHEDULE TO CLARIFY LICENSING REQUIREMENTS FOR PERSONS OR BUSINESSES OPERATING WITHIN THE CITY BOUNDARIES WITHOUT A PHYSICAL PRESENCE.

WHEREAS, the City has analyzed current business license fees; and

WHEREAS, the State of Washington's streamlined sales tax mitigation payments are being phased out in 2019 and will cease in 2020, thereby reducing General Fund revenue by \$1.2 million annually; and

WHEREAS, sales tax revenue, due to destination-based sales tax distribution rules, has not grown at the same rate as expenditures; and

WHEREAS, the City is seeking to take a balanced approach to ensure that ongoing expenditures are paid for with ongoing revenue; and

WHEREAS, Resolution No. 1952, adopted on November 19, 2018, did not include language exempting those persons or businesses operating within the City boundaries without a physical presence, and with gross income in the City equal to or less than \$2,000, from the annual business license fee;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Repealer. Resolution No. 1952 is hereby repealed.

Section 2. Fee Schedule. For 2019 and 2020, Business License fees will be charged according to the following schedule:

(continued...)

ANNUAL BUSINESS LICENSE FEE SCHEDULE

Standard Business License fee:

FOR A 2019 BUSINESS LICENSE

\$45 per part-time employee*

plus

\$91 per full-time employee*

equals total Business License Fee**

* *Employee is defined at Tukwila Municipal Code Section 5.04.010(10), copied below.*

- A “part-time employee” is an employee working 29 or less hours per week.
- A “full-time employee” is an employee working 30 or more hours per week.

FOR A 2020 BUSINESS LICENSE

\$56 per part-time employee*

plus

\$112 per full-time employee*

equals total Business License Fee**

* *Employee is defined at Tukwila Municipal Code Section 5.04.010(10), copied below.*

- A “part-time employee” is an employee working 29 or less hours per week.
- A “full-time employee” is an employee working 30 or more hours per week.

**** The total Business License fee due will vary based on the combination of part-time and full-time employees employed by the business.**

For example, a business with one part-time employee (and no other employees) will pay a Business License Fee of \$45 for a 2019 license and \$56 for a 2020 license.

A business with one full-time employee (and no other employees) will pay a Business License Fee of \$91 for a 2019 license and \$112 for a 2020 license.

Minimum Business License fee:

For a 2019 Business License: \$45.00

For a 2020 Business License: \$56.00

Business License Fee for contractors operating within the City of Tukwila boundaries without a physical presence:

\$100.00 flat fee if gross income or gross proceeds of sales in the City is greater than \$2,000. If gross income or gross proceeds of sales in the City is \$2,000 or less, there is no fee to obtain a business license.

*Tukwila Municipal Code Section 5.04.010(10):

10. "Employee" means and includes each of the following persons who are not required by the City to have his/her/its own separate City of Tukwila business license:

a. Any person employed at any business who performs any part of their duties within the City of Tukwila or reports from a location within the City's corporate limits; and

b. Any person who is on the business's payroll, and includes all full-time, part-time, and temporary employees or workers; and

c. Owners, officers, managers, and partners; and

d. Any other person who performs work, services or labor at the business including, but not limited to, family members, regardless of whether they receive a wage from the business; and

e. Self-employed persons, sole proprietors, owners, officers, managers, and partners; and

f. Any other person who performs work, services or labor at the business, including an independent contractor who may be exempt from requirements to have a separate City of Tukwila business license.

Other annual license fees:	
Adult Cabaret establishment	\$500.00 + Business License Fee (per above)
Adult Cabaret entertainer	\$75.00 + Business License Fee (per above)
Adult Cabaret manager	\$75.00
Adult Entertainment Cabaret establishment	\$500.00 + Business License Fee (per above)
Adult Entertainment Cabaret entertainer	\$75.00 + Business License Fee (per above)
Adult Entertainment Cabaret manager	\$75.00
Amusement Center	\$500.00 + Business License Fee (per above)
Amusement device fee	\$50.00 per device + Business License Fee (per above)
Amusement device removal fee	\$50.00 per device
Amusement device storage fee	\$10.00 per device per day
Appeal Fee	\$250.00
Cabaret establishment	\$300.00 + Business License Fee (per above)

Penalty for late acquisition of business license (operating a business without a valid license)	<p>If received or postmarked within 0 to 30 days of operation = 5% of license fee</p> <p>If received or postmarked within 31 to 60 days of operation = 10% of license fee</p> <p>If received or postmarked within 61 to 90 days of operation = 15% of license fee</p> <p>If received or postmarked within 91 to 120 days of operation = 20% of license fee</p> <p>If received or postmarked at 121 days of operation or longer = maximum of 25% of license fee</p>
Penalty for late renewal of business license	<p>If received or postmarked Feb. 1 through Feb. 28 = 15% of license fee</p> <p>If received or postmarked March 1 through March 31 = 30% of license fee</p> <p>If received or postmarked April 1 or later = 45% of license fee</p>
Peddler/Solicitor	\$70.00
Reinstatement of license fee	\$50.00
Washington State Patrol WATCH background check	\$12.00

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2019.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Kathy Hougardy, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Resolution Number: _____

Rachel B. Turpin, City Attorney



INFORMATIONAL MEMORANDUM

TO: Finance Council Committee
FROM: Peggy McCarthy, Finance Director
BY: Vicky Carlsen, Deputy Finance Director
CC: Mayor Ekberg
DATE: January 23, 2019
SUBJECT: Correct math error in ordinance that adopted 2019-2020 biennial budget

ISSUE

The ordinance that adopted the 2019-2020 biennial budget contained a math error in the general fund. The general fund budget did not include Council's intent regarding the property tax or sales tax revenue budget.

BACKGROUND

At the work session with Council held on October 24, 2018 staff provided updated information on both property tax and sales tax revenue.

The City had received updated property tax information from King County indicating that the property tax revenue budget could be increased by \$250 thousand. Additionally, sales tax revenue in 2018 was exceeding budget by \$132 thousand and exceeded prior year revenue by \$1.26 million. Due to the increased sales tax collections, the budget for sales tax in 2019 was to be increased by \$650 thousand.

There was Council consensus to include these increases in the budget adoption ordinance. The ordinance to adopt the budget was approved by Council on December 3, 2018.

DISCUSSION

Due to a math error when drafting the budget ordinance, both the increase to property tax and sales tax revenue budgets were not included in the final ordinance presented to Council. This error impacted both 2019 and 2020 budgets and resulted in a general fund budget that was adopted \$1.8 million less than it should have been.

Table with 3 columns: Category, 2019, 2020. Rows: Property tax (\$250k), Sales tax (650k), Total (\$900k).

All other changes requested by Council were included in the budget ordinance. This ordinance is not amending the adopted budget, it corrects a math error. By correcting the math error, the budget will fully reflect Council's intent.

RECOMMENDATION

Staff is asking that this item be forwarded to the February 4, 2019 Regular Meeting for adoption.

ATTACHMENTS

Draft ordinance.

DRAFT

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, AMENDING ORDINANCE NO. 2597, WHICH ADOPTED THE CITY OF TUKWILA'S BIENNIAL BUDGET FOR THE 2019-2020 BIENNIUM, TO CORRECT A MATH ERROR IN THE AMOUNTS SHOWN FOR THE GENERAL FUND (FUND 000); PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on December 3, 2018, the City Council of the City of Tukwila adopted Ordinance No. 2597, which adopted the 2019-2020 biennial budget of the City of Tukwila; and

WHEREAS, a math error was discovered when reconciling the General Fund to the budget adoption ordinance; and

WHEREAS, a correction to the budget adoption ordinance was presented to the City Council in a timely manner for their review;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Ordinance Amended. Ordinance No. 2597 is hereby amended with the City Council's adoption of the corrected General Fund amounts for Expenditures and Revenues in the 2019-2020 Biennial Budget as shown below:

FUND		EXPENDITURES	REVENUES
000	General	\$143,908,876	\$143,908,876
		\$145,733,333	\$145,733,333

Section 2. Copies on File. A complete copy of the budget for 2019-2020, as adopted, together with a copy of this amending ordinance, shall be kept on file in the City Clerk's Office, and a copy shall be transmitted by the City Clerk to the Division of Municipal Corporations of the Office of the State Auditor and to the Association of Washington Cities.

Section 3. Corrections by City Clerk or Code Reviser. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 4. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 5. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City, and shall take effect and be in full force and effect five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2019.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Rachel B. Turpin, City Attorney

Filed with the City Clerk: _____
Passed by the City Council: _____
Published: _____
Effective Date: _____
Ordinance Number: _____



INFORMATIONAL MEMORANDUM

TO: Councilmembers

CC: Mayor Ekberg

FROM: Peggy McCarthy, Finance Director

BY: Jeff Friend, Fiscal Manager

DATE: January 23, 2019

SUBJECT: November 2018 Year-to-Date Financial Update

Summary

The purpose of the 2018 Financial Report is to summarize for the City Council the general state of Departmental expenditures and to highlight significant items or trends. The following provides a high-level summary of the Departmental financial performance. The November 2018 Year-To-Date report is based on financial data available as of January 14, 2019, for the period ending November 30, 2018. Additional details can be found within the attached financial report.

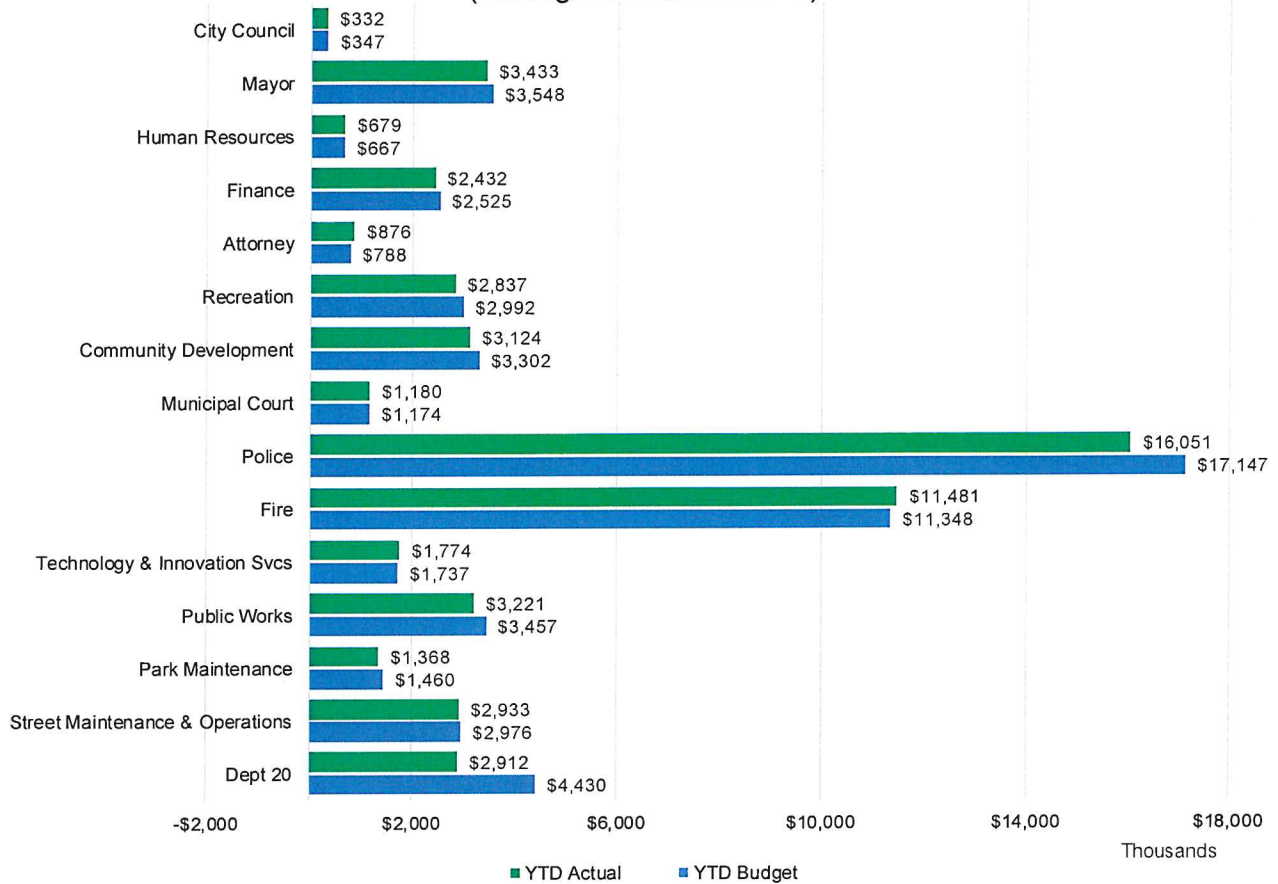
Allocated budgets through the reporting period are calculated by analyzing spend patterns in the previous and allocating the current year budget using the same spend pattern. If a line item had no expenditures in the prior year but a budget in the current year, the allocated budget for the current year would be zero.

Departmental Expenditures

General Fund expenditures totaled \$54.6 million as compared to the allocated budget of \$57.9 million, which is \$3.3 million below budget. Notable variances include:

- Compared to the Allocated Year-to-Date Budget Human Resources (\$12.5K), City Attorney (\$87.3K), Court (\$6.7K), Fire (\$133.5K), and Technology and Innovation Services (\$37.6K) are above budget. However, it is expected that when compared to the full Annual Budget at year-end these departments will finish near or below budgeted levels.
- Transfers from the General Fund are \$1.5 million under budget as a transfer was budgeted to be made from the General Fund to the fund for Bridges and Arterial Streets but was not needed.

Year to Date Department Expenditures Compared to Allocated Budget
(Through November 2018)



INFORMATIONAL MEMO

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GENERAL FUND

YTD AS OF NOVEMBER 30, 2018

CITY OF TUKWILA

GENERAL FUND EXPENDITURES

SUMMARY OF EXPENDITURES BY DEPARTMENT	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2018 ANNUAL	2018	2016	2017	2018	ACTUAL	%	% CHANGE	
		ALLOCATED				OVER/(UNDER) ALLOCATED		EXPENDED	2016/2017
01 City Council	430,319	346,981	300,236	303,321	332,218	(14,763)	77%	1%	10%
03 Mayor	4,143,651	3,548,332	3,314,118	3,280,400	3,432,961	(115,371)	83%	(1)%	5%
04 Human Resources	728,083	666,659	599,974	606,121	679,132	12,473	93%	1%	12%
05 Finance	2,733,016	2,524,802	1,996,461	2,216,261	2,431,687	(93,115)	89%	11%	10%
06 Attorney	983,185	788,187	448,916	533,536	875,527	87,340	89%	19%	64%
07 Recreation	3,282,244	2,991,810	2,706,186	2,806,638	2,836,720	(155,090)	86%	4%	1%
08 Community Development	3,671,160	3,301,814	2,873,377	2,939,434	3,124,488	(177,326)	85%	2%	6%
09 Municipal Court	1,295,812	1,173,779	1,051,435	1,119,459	1,180,474	6,695	91%	6%	5%
10 Police	18,726,049	17,146,876	16,218,758	16,006,954	16,050,798	(1,096,077)	86%	(1)%	0%
11 Fire	12,541,640	11,347,952	10,680,882	10,950,086	11,481,400	133,448	92%	3%	5%
12 Technology & Innovation Svcs	2,063,671	1,736,912	1,156,552	1,663,956	1,774,483	37,570	86%	44%	7%
13 Public Works	3,876,047	3,456,657	3,295,901	3,181,653	3,220,557	(236,100)	83%	(3)%	1%
15 Park Maintenance	1,572,214	1,460,207	1,303,977	1,264,005	1,367,820	(92,386)	87%	(3)%	8%
16 Street Maintenance & Operations	3,149,643	2,976,151	2,849,917	2,860,714	2,932,710	(43,441)	93%	0%	3%
Subtotal	59,196,734	53,467,117	48,796,690	49,732,540	51,720,974	(1,746,143)	87%	2%	4%
20 Dept 20	9,470,580	4,430,363	4,069,855	2,561,693	2,911,589	(1,518,774)	31%	(37)%	14%
Total Expenditures	68,667,314	57,897,480	52,866,545	52,294,233	54,632,563	(3,264,917)	80%	(1)%	4%

Percent of year completed 91.67%

INFORMATIONAL MEMO

GENERAL FUND

YTD AS OF DECEMBER 31, 2018

CITY OF TUKWILA

GENERAL FUND EXPENDITURES

SUMMARY OF SALARIES AND BENEFITS	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2018 ANNUAL	2018	2016	2017	2018	OVER/(UNDER)		% CHANGE	
		ALLOCATED				ALLOCATED	% EXPENDED	2016/2017	2017/2018
11 Salaries	28,076,720	25,568,690	24,121,186	24,729,977	25,196,003	(372,687)	90%	3%	2%
12 Extra Labor	754,693	699,993	591,664	619,902	645,443	(54,550)	86%	5%	4%
13 Overtime	1,672,035	1,571,788	1,387,993	1,419,938	1,364,439	(207,349)	82%	2%	(4)%
15 Holiday Pay	525,583	395,617	322,425	320,885	326,956	(68,662)	62%	(0)%	2%
21 FICA	1,843,684	1,691,954	1,553,909	1,605,967	1,629,899	(62,055)	88%	3%	1%
22 Pension-LEOFF 2	949,316	784,825	743,369	771,675	859,201	74,375	91%	4%	11%
23 Pension-PERS/PSERS	1,610,013	1,472,377	1,268,569	1,383,274	1,544,376	71,998	96%	9%	12%
24 Industrial Insurance	941,170	833,875	587,671	561,338	596,343	(237,532)	63%	(4)%	6%
25 Medical & Dental	6,397,364	5,869,442	5,121,435	5,134,273	5,026,672	(842,770)	79%	0%	(2)%
26 Unemployment	13,000	-	40,380	13,639	26,779	26,779	206%	(66)%	96%
28 Uniform/Clothing	10,774	3,364	3,011	2,401	3,378	14	31%	(20)%	41%
Total Salaries and Benefits	42,794,352	38,891,925	35,741,613	36,563,269	37,219,488	(1,672,437)	87%	2%	2%

Percent of year completed 91.67%

SUMMARY OF SUPPLIES, SERVICES, AND CAPITAL	BUDGET		ACTUAL			COMPARISON OF RESULTS			
	2018 ANNUAL	2018	2016	2017	2018	OVER/(UNDER)		% CHANGE	
		ALLOCATED				ALLOCATED	% EXPENDED	2016/2017	2017/2018
Transfers	9,470,580	4,430,363	4,069,855	2,561,693	2,911,589	(1,518,774)	31%	(37)%	14%
31 Supplies	1,188,804	1,077,181	1,120,277	1,001,610	933,792	(143,388)	79%	(11)%	(7)%
34 Items Purchased for resale	22,000	21,662	20,849	20,215	21,909	247	100%	(3)%	8%
35 Small Tools	97,318	63,338	84,695	84,146	88,102	24,764	91%	(1)%	5%
41 Professional Services	3,602,177	2,752,759	2,175,874	2,535,457	2,928,352	175,592	81%	17%	15%
42 Communication	436,370	389,556	351,662	360,277	388,215	(1,341)	89%	2%	8%
43 Travel	189,880	171,451	140,143	159,322	153,684	(17,766)	81%	14%	(4)%
44 Advertising	51,500	41,920	22,589	20,148	29,933	(11,987)	58%	(11)%	49%
45 Rentals and Leases	2,313,870	2,234,850	2,397,745	2,104,166	2,120,418	(114,432)	92%	(12)%	1%
46 Insurance	976,992	975,434	810,799	887,617	974,066	(1,368)	100%	9%	10%
47 Public Utilities	1,928,305	1,810,448	1,742,261	1,794,024	1,864,889	54,441	97%	3%	4%
48 Repairs and Maintenance	807,488	641,088	575,515	487,981	504,505	(136,583)	62%	(15)%	3%
49 Miscellaneous	1,566,554	1,411,330	948,010	902,244	1,423,172	11,842	91%	(5)%	58%
51 Inter-Governmental	3,191,119	2,960,012	2,280,123	2,721,887	2,907,168	(52,845)	91%	19%	7%
53 Ext Taxes, Oper. Assess	5	1	12	918	91,293	91,291	1825858%	7383%	9843%
64 Machinery & Equipment	30,000	24,160	384,523	89,258	71,988	47,828	240%	(77)%	(19)%
Total Supplies, Services, and Capital	25,872,962	19,005,555	17,124,932	15,730,963	17,413,075	(1,592,480)	67%	(8)%	11%
Total Salaries, Supplies, Services, and Capital	68,667,314	57,897,480	52,866,545	52,294,233	54,632,563	(3,264,917)	80%	(1)%	4%

Percent of year completed 91.67%



INFORMATIONAL MEMORANDUM

TO: Finance Committee
 FROM: Peggy McCarthy, Finance Director
 BY: Aaron Williams, Fiscal Coordinator
 CC: Mayor Ekberg
 DATE: January 23, 2019
 SUBJECT: Sales Tax and Miscellaneous Revenue Report – 3rd Quarter 2018

Schedule I - Sales Tax in \$1,000's

----- YEAR OVER YEAR COMPARISON -----													
		2017 Actual			2018 Actual			YOY Change					
---- Month ----		Construc- tion	Other Industries	Total	Construc- tion	Other Industries	Total	Construction		Other Industries		Total	
Collect- ed	Rec'd							Amount	%	Amount	%	Amount	%
Jan	Mar	\$ 123	\$ 1,149	\$ 1,272	\$ 116	\$ 1,222	\$ 1,339	\$ (6)	-5%	\$ 73	6%	\$ 67	5%
Feb	Apr	83	1,123	1,206	128	1,211	1,338	45	54%	88	8%	132	11%
Mar	May	120	1,664	1,784	131	1,487	1,618	11	9%	(177)	-11%	(166)	-9%
Q-1 Totals		\$ 326	3,936	\$ 4,262	\$ 375	3,920	\$ 4,295	\$ 49	15%	(16)	0%	\$ 33	1%
Apr	Jun	92	1,316	1,408	122	1,349	1,471	31	33%	33	2%	64	5%
May	Jul	106	1,315	1,421	134	1,492	1,626	28	27%	177	13%	205	14%
Jun	Aug	119	1,387	1,506	139	1,682	1,821	20	17%	295	21%	315	21%
Q-2 Totals		\$ 317	4,018	\$ 4,335	\$ 395	4,524	\$ 4,919	\$ 79	25%	505	13%	\$ 584	13%
Jul	Sep	131	1,376	1,508	136	1,678	1,814	5	4%	302	22%	307	20%
Aug	Oct	126	1,345	1,471	124	1,682	1,805	(2)	-2%	337	25%	335	23%
Sep	Nov	140	1,473	1,613	163	1,619	1,782	23	16%	146	10%	169	10%
Q-3 Totals		\$ 397	4,194	\$ 4,591	\$ 423	4,979	\$ 5,402	\$ 26	7%	785	19%	\$ 811	18%
Oct	Dec	144	1,329	1,473			-						
Nov	Jan	110	1,424	1,534			-						
Dec	Feb	120	1,849	1,969			-						
Q-4 Totals		\$ 374	4,602	\$ 4,976	\$ -	-	\$ -	\$ -	0%	-	0%	\$ -	0%
Totals		\$ 1,414	16,750	\$ 18,164	\$ 1,194	13,423	\$ 14,616	\$ 154	11%	1,274	8%	\$ 1,428	8%

Third Quarter sales tax collections were \$811 thousand or 18% more than the same period in 2017. Of the \$811 thousand increase over the prior year, Construction related sales tax made up \$26 thousand while all other industries accounted for an increase of \$785 thousand.

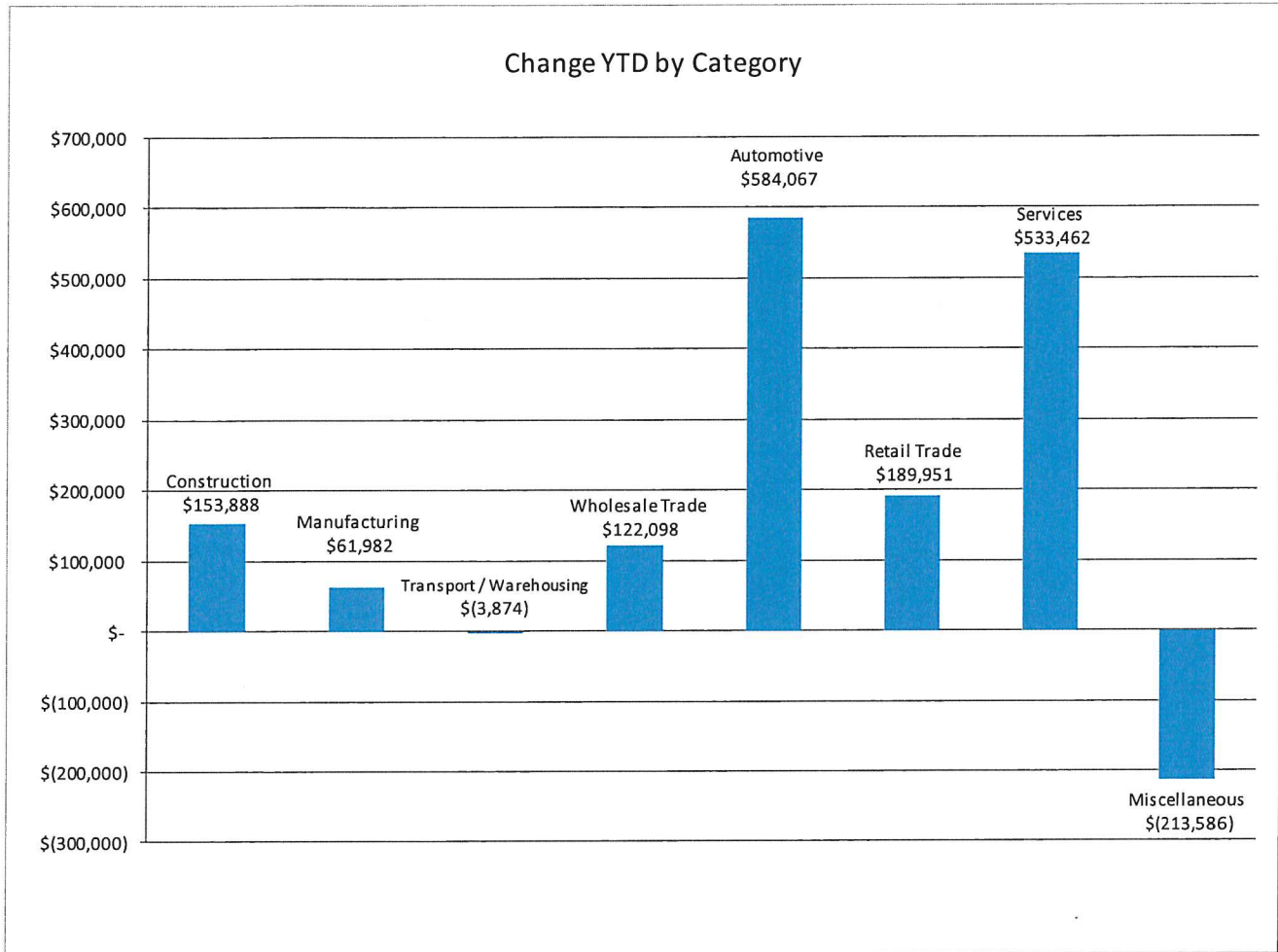
Year-to-Date through the third quarter 2018, sales tax collections are \$1.4 million or 8% more than the first three quarters of the prior year collections. If this trend continues through the fourth quarter, annual collections are expected to finish the year just over \$19.6 million.

Budget to Actual – Sales Tax in \$1,000's

		----- BUDGET TO ACTUAL -----			in \$1,000's	
		2017	2018		Variance	
-- Month --		Actual	Allocated	Actual		
Collected	Rec'd		Budget		Amt	%
Jan	Mar	\$ 1,272	\$ 1,396	\$ 1,339	(57)	-4%
Feb	Apr	1,206	\$ 1,323	\$ 1,338	15	1%
Mar	May	1,784	\$ 1,958	\$ 1,618	(340)	-17%
Q-1 Totals		\$ 4,262	\$ 4,677	\$ 4,295	\$ (382)	-8%
Apr	Jun	1,408	\$ 1,545	1,471	(74)	-5%
May	Jul	1,421	\$ 1,559	1,626	67	4%
Jun	Aug	1,506	\$ 1,653	1,821	168	10%
Q-2 Totals		\$ 4,335	\$ 4,757	\$ 4,919	\$ 162	3%
Jul	Sep	1,508	\$ 1,654	1,814	160	10%
Aug	Oct	1,471	\$ 1,614	1,805	192	12%
Sep	Nov	1,613	\$ 1,770	1,782	12	1%
Q-3 Totals		\$ 4,591	\$ 5,038	\$ 5,402	\$ 364	7%
Oct	Dec	1,473	\$ 1,617			
Nov	Jan	1,534	\$ 1,683			
Dec	Feb	1,969	\$ 2,161			
Q-4 Totals		\$ 4,976	\$ 5,461	\$ -	\$ -	0%
Totals		\$ 18,164	\$ 19,932	\$ 14,616	\$ 144	1%

Actual sales tax collected in the third quarter was \$364 thousand greater than anticipated, representing a 7% positive variance from budget. Overall year-to-date sales tax collection through the third quarter was \$144 thousand above budget, which is 1% positive variance from budget expectations.

Below is a graph of the year-to-date changes in sales tax collections by industry type year over year.



All industry categories show an increase in sales tax except for transportation/warehousing, which had a slight decline of \$3,874 when compared to the prior year. The miscellaneous category contains sales tax from periodic and one-time type transactions. Adjusting for the one-time transaction in the miscellaneous category, year-over-year sales tax through the 3rd quarter 2018 increased by \$1.64 million.

As the chart above shows, there are two categories that account for more than \$1 million of this year-over-year increase. Automotive sales tax is primarily being boosted by a bus manufacturer that, in the past 5 months, has contributed approximately \$638 thousand. Within the Services category multiple groups have contributed to this growth, indicating that the sector is growing as opposed to just one taxpayer/business.

Schedule II shows year-to-date sales tax collections from the top ten industry classifications.

Schedule II - YTD sales tax collections - top ten industry classifications

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
452	General Merchandise Stores	\$ 1,560,561	\$ 1,521,737	\$ 38,824	2.55%
722	Food Services, Drinking Places	\$ 1,491,886	\$ 1,388,565	\$ 103,321	7.44%
448	Clothing and Accessories	\$ 1,484,547	\$ 1,445,559	\$ 38,989	2.70%
441	Motor Vehicle and Parts Dealer	\$ 1,114,040	\$ 534,900	\$ 579,140	108.27%
423	Wholesale Trade, Durable Goods	\$ 839,292	\$ 729,926	\$ 109,366	14.98%
236	Construction of Buildings	\$ 758,597	\$ 606,447	\$ 152,150	25.09%
443	Electronics and Appliances	\$ 750,716	\$ 754,936	\$ (4,220)	-0.56%
444	Building Material and Garden	\$ 619,544	\$ 602,949	\$ 16,595	2.75%
453	Miscellaneous Store Retailers	\$ 572,837	\$ 515,893	\$ 56,944	11.04%
721	Accommodation	\$ 566,937	\$ 517,003	\$ 49,933	9.66%

The top ten industries remain relatively stable with 721-Accommodation replacing 517-Telecommunications in the last spot on the list. The group with the greatest gains this year is the 441-Motor Vehicles, which is more than double the prior year primarily driven sales from a bus manufacturer. The top three categories continue to be strong, posting positive growth compared to the prior year performances. These groups provide stability to the retail sales tax collection contributing more than 30% of all sales tax collections for the city.

Schedule III shows the year-to-date ten largest declines in sales tax collections by dollar difference by industry collected.

Schedule III - YTD ten largest declines (\$) in sales tax collections by industry class

Group	Name	YTD Current	YTD Prior	Dollar Diff.	% Diff.
999	Nonclassifiable Establishments	\$ 70,032	\$ 283,839	\$ (213,807)	-75.33%
454	Nonstore Retailers	\$ 120,574	\$ 184,336	\$ (63,762)	-34.59%
237	Heavy and Civil Construction	\$ 49,523	\$ 81,669	\$ (32,147)	-39.36%
621	Ambulatory Health Care Service	\$ 37,922	\$ 64,870	\$ (26,948)	-41.54%
488	Transportation Support	\$ 25,769	\$ 39,305	\$ (13,535)	-34.44%
446	Health and Personal Care Store	\$ 199,135	\$ 212,365	\$ (13,230)	-6.23%
323	Printing and Related Support	\$ 14,916	\$ 20,872	\$ (5,956)	-28.54%
515	Broadcasting (except Internet)	\$ 3,926	\$ 8,773	\$ (4,847)	-55.25%
443	Electronics and Appliances	\$ 750,716	\$ 754,936	\$ (4,220)	-0.56%
611	Educational Services	\$ 4,531	\$ 8,617	\$ (4,085)	-47.41%

The largest decline was in the *999-Nonclassifiable Establishments* industry category (also referred to as the miscellaneous category), which reflects a large art related transaction in the prior year. No trends were detected when analyzing these groups compared to prior periods.

SALES TAX SUMMARY
3rd Quarter 2018 (Received in March 2018 - November 2018)

NAICS	CONSTRUCTION	17 TOTAL	17 YTD	18 YTD	YTD % Diff	NAICS	AUTOMOTIVE	17 TOTAL	17 YTD	18 YTD	YTD % Diff
236	Construction of Buildings	844,136	606,447	758,597	25.1%	441	Motor Vehicle & Parts Dealer	709,541	534,900	1,114,040	108.3%
237	Heavy & Civil Construction	107,260	81,669	49,523	-39.4%	447	Gasoline Stations	91,039	68,920	73,847	7.1%
238	Specialty Trade Contractors	462,376	351,617	385,502	9.6%		TOTAL AUTOMOTIVE	\$ 800,581	\$ 603,820	\$ 1,187,887	
	TOTAL CONSTRUCTION	\$ 1,413,773	\$ 1,039,734	\$ 1,193,622			<i>Overall Automotive Change from Previous Year</i>			\$584,067	96.7%
	<i>Overall Construction Change from Previous Year</i>			\$ 153,888	14.8%						
NAICS	MANUFACTURING	17 TOTAL	17 YTD	18 YTD	YTD % Diff	NAICS	RETAIL TRADE	17 TOTAL	17 YTD	18 YTD	% Diff
311	Food Manufacturing	10,703	8,891	18,877	112.3%	442	Furniture & Home Furnishings	445,454	324,405	371,858	14.6%
312	Beverage & Tobacco Products	11,960	8,876	8,874	0.0%	443	Electronics & Appliances	1,168,189	754,936	750,716	-0.6%
313	Textile Mills	409	366	201	-45.1%	444	Building Material & Garden	805,251	602,949	619,544	2.8%
314	Textile Product Mills	14,792	10,154	10,100	-0.5%	445	Food & Beverage Stores	257,762	187,119	224,869	20.2%
315	Apparel Manufacturing	888	686	357	-48.0%	446	Health & Personal Care	298,682	212,365	199,135	-6.2%
316	Leather & Allied Products	88	53	32	-38.5%	448	Clothing & Accessories	2,066,870	1,445,559	1,484,547	2.7%
321	Wood Product Manufacturing	3,740	2,709	2,320	-14.3%	451	Sporting Goods, Hobby, Books	533,560	356,909	391,519	9.7%
322	Paper Manufacturing	24,646	18,257	18,826	3.1%	452	General Merchandise Stores	2,131,267	1,521,737	1,560,561	2.6%
323	Printing & Related Support	28,490	20,872	14,916	-28.5%	453	Miscellaneous Store Retailers	738,487	515,893	572,837	11.0%
324	Petroleum & Coal Products	41	19	73	280.2%	454	Nonstore Retailers	248,748	184,336	120,574	-34.6%
325	Chemical Manufacturing	-15,834	1,873	4,324	130.9%		TOTAL RETAIL TRADE	\$ 8,694,271	\$ 6,106,210	\$ 6,296,160	
326	Plastic & Rubber Products	3,955	3,157	4,641	47.0%		<i>Overall General Retail Change from Previous Year</i>			\$189,951	3.1%
327	Nonmetallic Mineral Products	5,081	3,446	2,954	-14.3%	NAICS	SERVICES	17 TOTAL	17 YTD	18 YTD	YTD % Diff
331	Primary Metal Manufacturing	1,803	1,213	919	-24.2%	51X	Information	820,832	580,066	680,664	17.3%
332	Fabricated Metal Mfg Products	8,752	5,931	7,999	34.9%	52X	Finance & Insurance	106,045	76,701	99,301	29.5%
333	Machinery Manufacturing	6,300	3,544	6,033	70.2%	53X	Real Estate, Rental, Leasing	623,983	454,951	486,448	6.9%
334	Computer & Electronic Products	10,531	7,877	19,771	151.0%	541	Professional, Scientific, Tech	547,039	412,456	528,657	28.2%
335	Electric Equipment, Appliances	3,949	2,960	11,734	296.5%	551	Company Management	9	0	1	0.0%
336	Transportation Equipment Mfg	29,297	19,543	41,940	114.6%	56X	Admin, Supp, Remed Svcs	170,046	121,094	237,409	96.1%
337	Furniture & Related Products	8,432	7,549	7,754	2.7%	611	Educational Services	10,355	8,617	4,531	-47.4%
339	Miscellaneous Manufacturing	19,765	12,107	19,417	60.4%	62X	Health Care Social Assistance	119,513	92,427	63,746	-31.0%
	TOTAL MANUFACTURING	\$ 177,788	\$ 140,081	\$ 202,063		71X	Arts & Entertainment	256,620	201,276	231,899	15.2%
	<i>Overall Manufacturing Change from Previous Year</i>			\$61,982	44.2%	72X	Accommodation & Food Svcs	2,536,470	1,905,568	2,058,823	8.0%
						81X	Other Services	270,882	197,986	192,910	-2.6%
NAICS	TRANSPORTATION & WAREHOUSING	17 TOTAL	17 YTD	18 YTD	YTD % Diff	92X	Public Administration	87,143	68,223	68,438	0.3%
481	Air Transportation	11	11	0	0.0%		TOTAL SERVICES	\$ 5,548,937	\$ 4,119,365	\$ 4,652,827	
482	Rail Transportation	169	97	51	-48.1%		<i>Overall Services Change from Previous Year</i>			\$533,462	13.0%
483	Water Transportation	86	61	1,617	2568.8%	NAICS	MISCELLANEOUS	17 TOTAL	17 YTD	18 YTD	YTD % Diff
484	Truck Transportation	1,852	1,380	1,282	-7.1%	000	Unknown	0	0	0	0.0%
485	Transit and Ground Passengers	395	151	452	200.0%	111-115	Agriculture, Forestry, Fishing	1,089	382	474	24.0%
487	Scenic and Sightseeing Tran	57	57	7,291	12613.5%	211-221	Mining & Utilities	547	351	479	36.6%
488	Transportation Support	47,071	39,305	25,769	-34.4%	999	Unclassifiable Establishments	296,439	283,839	70,032	-75.3%
491	Postal Services	816	673	782	16.2%		MISCELLANEOUS TOTAL	\$ 298,074	\$ 284,572	\$ 70,985	
492	Couriers & Messengers	1,600	1,413	1,563	10.6%		<i>Overall Miscellaneous Change from Previous Year</i>			(\$213,586)	-75.1%
493	Warehousing & Storage	1,878	1,332	1,799	35.1%	NAICS	WHOLESALE TRADE	17 TOTAL	17 YTD	18 YTD	YTD % Diff
	TOTAL TRANSP & WHSING	\$ 53,936	\$ 44,479	\$ 40,605		423	Whls Trade-Durable Goods	1,018,477	729,926	839,292	15.0%
	<i>Overall Transportation Change from Previous Year</i>			(\$3,874)	-8.7%	424	Whls Trade-Non-durable Goods	155,695	118,357	130,690	10.4%
						425	Wholesale Electronic Markets	2,696	1,883	2,282	21.2%
							WHOLESALE TRADE TOTAL	\$ 1,176,868	\$ 850,166	\$ 972,264	
							<i>Overall Wholesale Change from Previous Year</i>			\$122,098	14.4%
						NAICS	GRAND TOTALS	17 TOTAL	17 YTD	18 YTD	YTD % Diff
								\$18,164,227	\$13,188,426	\$14,616,413	
							<i>Grand Total Change from Previous Year</i>			\$1,427,987	10.83%
							<i>Grand Total Change from Previous Year - Without New Construction</i>			\$1,274,099	10.49%

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Schedule IV shows quarterly gambling tax performance year over year and for the current year compared to budget.

Schedule IV - Gambling Tax ^(a)

Quarter Earned	2017 Actual	(d) 2018 Actual	2018 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 977,003	\$ 988,421	\$ 995,831	\$ 11,418	1%	\$ (7,410)	-1%
Q2	983,322	841,104	1,002,272	(142,218)	-14%	(161,168)	-16%
Q3	951,991	985,439	970,337	33,448	4%	15,102	2%
Q4	958,503		976,974				
Totals	\$ 3,870,819	\$ 2,814,964	\$ 3,945,414	\$ (97,352)	-3%	\$ (153,476)	-4%

During the third quarter Gambling tax revenue was 4% above the same period of the prior year and 2% greater than budget expectations. The City has four casinos – the Riverside Inn, the Great American, the Fortune and the Macau. An analysis of the third quarter gambling taxes show that, after the decline in the second quarter, the gambling revenue has bounced back to expected levels in the third quarter. While still anticipated to come in under budget, the variance is primarily a result of second quarter underperformance. Gambling tax is budgeted to increase by 2% over 2017 actual revenue.

Schedule V shows quarterly admissions tax performance year over year and for the current year compared to budget.

Schedule V - Admissions Tax ^(b)

Quarter Earned	2017 Actual	(d) 2018 Actual	2018 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 166,003	\$ 206,037	\$ 176,211	\$ 40,034	24%	\$ 29,827	17%
Q2	157,574	249,096	167,263	91,522	58%	81,833	49%
Q3	177,422	281,591	188,331	104,169	59%	93,260	50%
Q4	171,641		182,195				
Totals	\$ 672,640	\$ 736,724	\$ 714,000	\$ 235,725	35%	\$ 204,919	29%

Admissions tax has continued to be strong through the third quarter of 2018. During the third quarter, the City recognized \$73 thousand of admission tax revenue for past due taxes from a business that had not paid taxes since opening in 2015. The business will remit the past due amounts in seven payments, Nov '18-May '19.

Schedule VI shows quarterly telecommunications utility tax performance year over year and for the current year compared to budget.

Schedule VI - Telecommunications Utility Tax ^(c)

Quarter Earned	2017 Actual	(d) 2018 Actual	2018 Allocated Budget	INCREASE (DECREASE)			
				YEAR OVER YEAR		BUDGET VARIANCE	
				Amount	%	Amount	%
Q1	\$ 323,708	\$ 292,954	\$ 319,585	\$ (30,754)	-10%	\$ (26,632)	-8%
Q2	312,456	279,555	308,476	(32,900)	-11%	(28,921)	-9%
Q3	388,433	266,244	383,486	(122,189)	-31%	(117,242)	-31%
Q4	316,497		312,466				
Totals	\$ 1,341,094	\$ 838,753	\$ 1,324,013	\$ (185,844)	-14%	\$ (172,794)	-13%

Third quarter telecommunications utility tax was \$122 thousand, or 31% less than the previous year and \$117 thousand less than budget. This large variance is partly driven by an \$80k payment received in 2017 for past due taxes. Excluding this prior year payment from the 2017 activity; third quarter 2018 activity was \$42k or 25% under the same period for the prior year. The 2018 revenue is budgeted at 1% less than 2017 actual revenue.

- (a) Gambling tax currently includes card games, punch boards, pull tabs, and amusement games.
- (b) Excludes golf course admissions tax.
- (c) Telecommunications Utility tax currently includes cellular, pager and telephone usage.
- (d) Actuals reflected in Schedules IV, V and VI are amounts *earned* for the quarter.



Tukwila City Council Finance Committee – 2019 Work Plan

	Description	Qtr	Dept	Action or Briefing	Status/Notes
1.	SCORE financial update	1	FIN	B	
2.	Longacres Parcel Sale	1	ED	A	
3.	Indirect cost allocation model	2	FIN	B	
4.	Gambling tax fee briefing	2	FIN	B	
5.	Surface Water billing transition to King County update	2	FIN	B	
6.	UTGO Bond Issuance	2-3	FIN	A	
7.	LTGO Bond Issuance	2-3	FIN	A	
8.	Priority Based Budgeting	2-4	All	A	Council requests starting in 4 th Qtr
9.	10-year Sustainability Model	3	FIN	B	
10.	Banking RFP and New Banking Contract	3	FIN	A	
11.	Healthcare broker RFP	3	HR	A	
12.	Fleet funding policy	3	FIN	B	
13.	Benefits Update	3	HR	B	
14.	Capital asset policy	3	FIN	B	
15.	Self-insured healthcare plan update – funds 502/503	4	FIN	B	
16.	Resolution cancelling uncollectible accounts	4	FIN	A	
17.	Resolution cancelling unclaimed property	4	FIN	A	
18.	Budget Amendments	4	FIN	A	
19.	Property Tax Legislation	4	FIN	A	
20.	Sales Tax Review	4	FIN	B	
21.	2021-2022 Biennial Budget Preparation	4	FIN	A	
22.	Business license fee increase and transition to State	1-4	FIN	B	
23.	Public Safety Plan Financial Framework	1-4	FIN	A	
24.	Terms for sale of Newporter site		ED	A	
25.	Sale of Traveler's Choice property				Dependant on negotiations
26.	Land sales: George Long, Minkler, Old Fire Stations				If applicable
27.	Compensation including non-rep analysis		HR		
	Standard Reports/Briefings	Frequency	Dept.		
	Revenue and Investment Reports	Quarterly	FIN		
	Financial Results	Annual/Quarterly	FIN		
	Department Budget to Actual Reports	Monthly	FIN		
	Committee work plan	2-4 x	Council		
	Technology & Innovation Services	Quarterly	TIS		
	Public Safety Bond Financial Oversight Committee Report(s)				

