

Finance Working Group Recommendation Update

Vancouver City Council
Workshop

August 1, 2005



Agenda



- ▶ Working Group Review
- ▶ Transportation Funding Structure
- ▶ Ordinance Preview
- ▶ Communications Plan
- ▶ Next Steps

Working Group Review



- ▶ **Purpose:** Provide City Council with options to balance funding with the cost of delivering services at desired levels of service over the next 10 years
 - ▶ Focus on Police, Fire and Transportation services
 - ▶ Identify preferred levels of service and related costs
 - ▶ Identify alternative approaches to fund services at the desired levels

Working Group Review



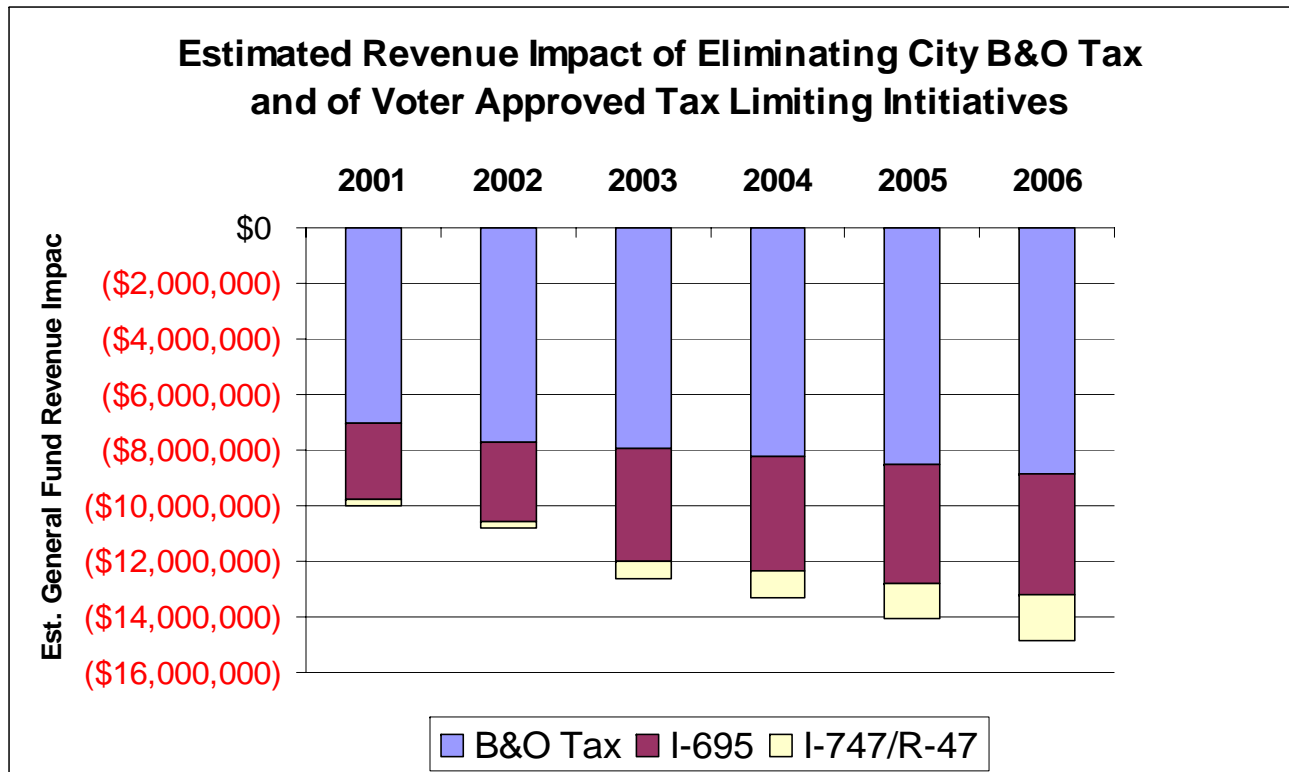
▶ Process

- ▶ 5 Members: 2 Council, 2 Business, 1 Neighborhood
- ▶ 11 meetings at ~2 hours each over last 6 months
- ▶ Reviewed overall City funding and service levels/performance of public safety and transportation services
- ▶ 3 Council Workshops including retreat session with Working Group members

Working Group Review



Potential Revenues Reduced



Working Group Review



Recent Deficits & Cuts to Used to Balance

- ▶ \$5.7 million deficit in 2003-2004 and \$1.8 million deficit in 2005-2006
 - ▶ \$3.8 million in cuts in administration
 - ▶ \$3.4 million in cuts to Parks, Recreation & Community Services (20%)
 - ▶ \$0.7 million in cuts to other low priority programs
 - ▶ More than 25 positions eliminated

Working Group Review



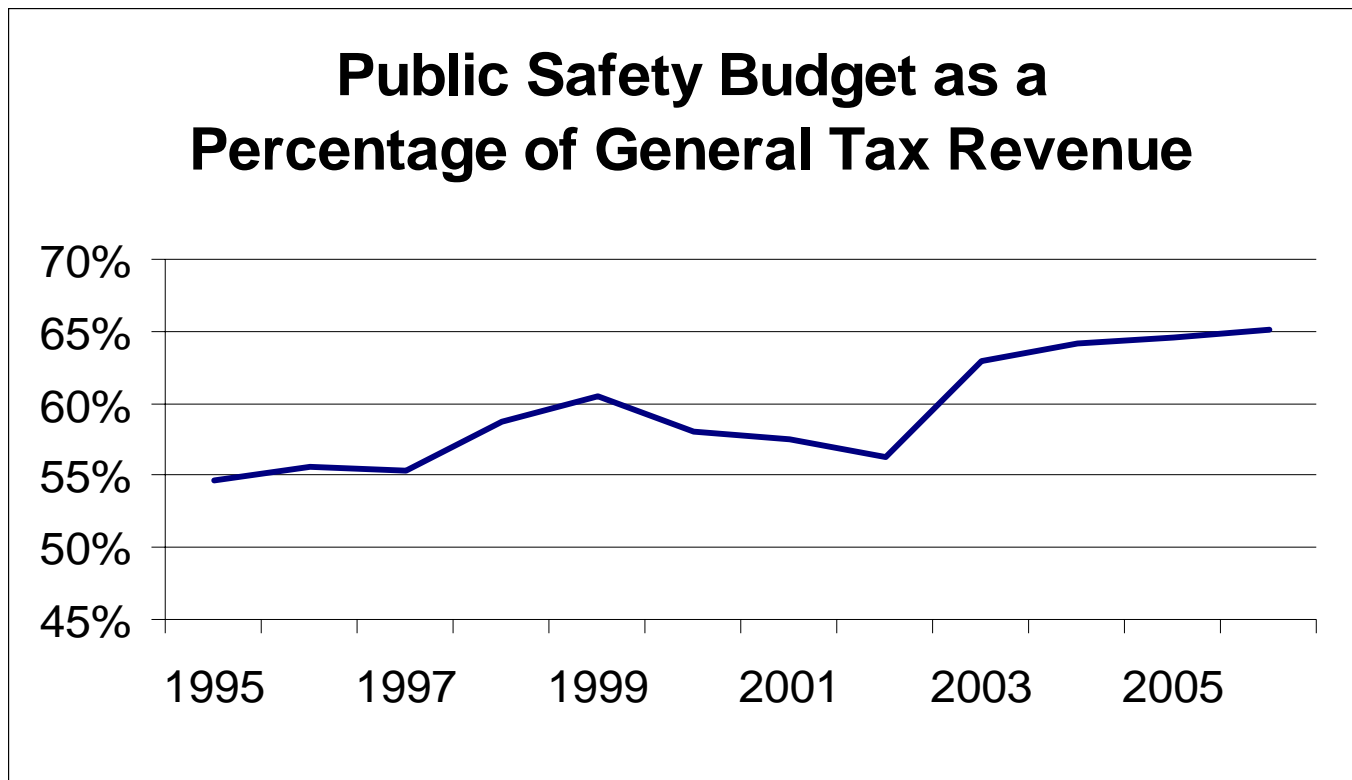
Funding for Public Safety Increased

- 19.5 new positions added in 2003-2004
- 15 new Police Officers and one new Medic Unit (9 FTE) funded in 2005-2006
- Funding from 2006 utility tax increases
 - New tax on Stormwater utility
 - Water/sewer/stormwater tax increased 1.5%
 - Increased garbage franchise fee
 - Electricity and Natural Gas taxes increased for large businesses

Working Group Review



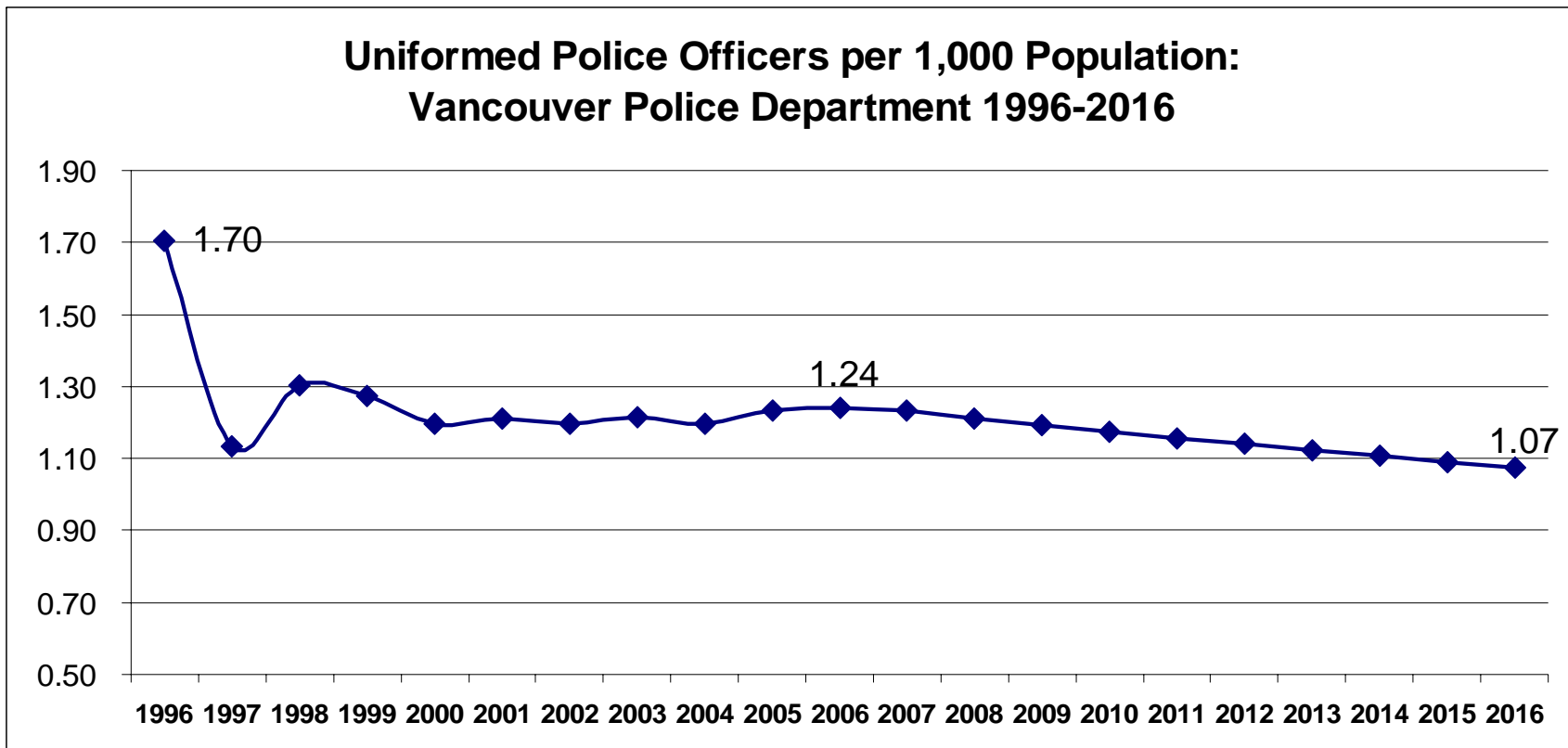
Funding for Public Safety Increased



Working Group Review



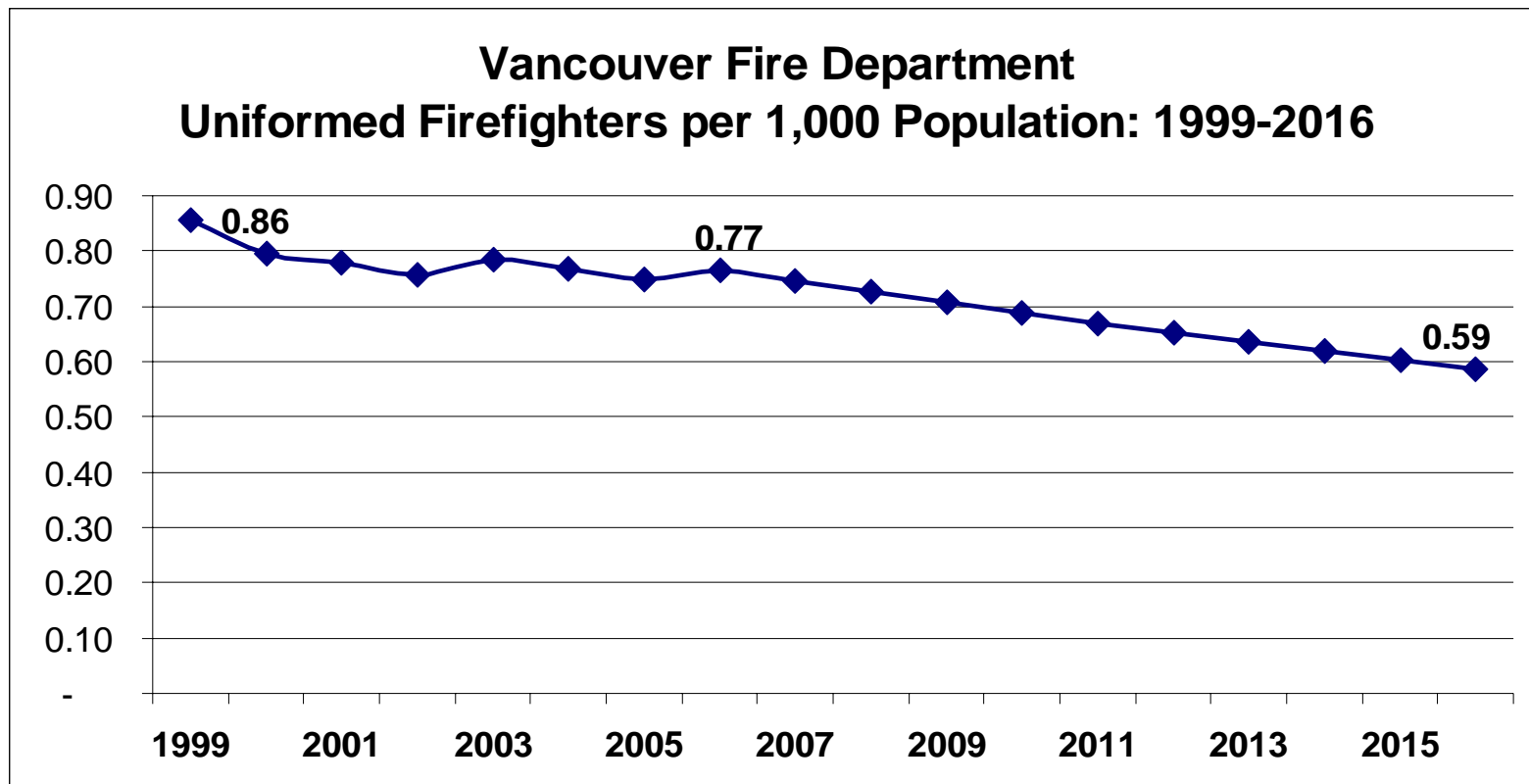
Police Resources/Service Levels



Working Group Review



Fire Resources/Service Levels



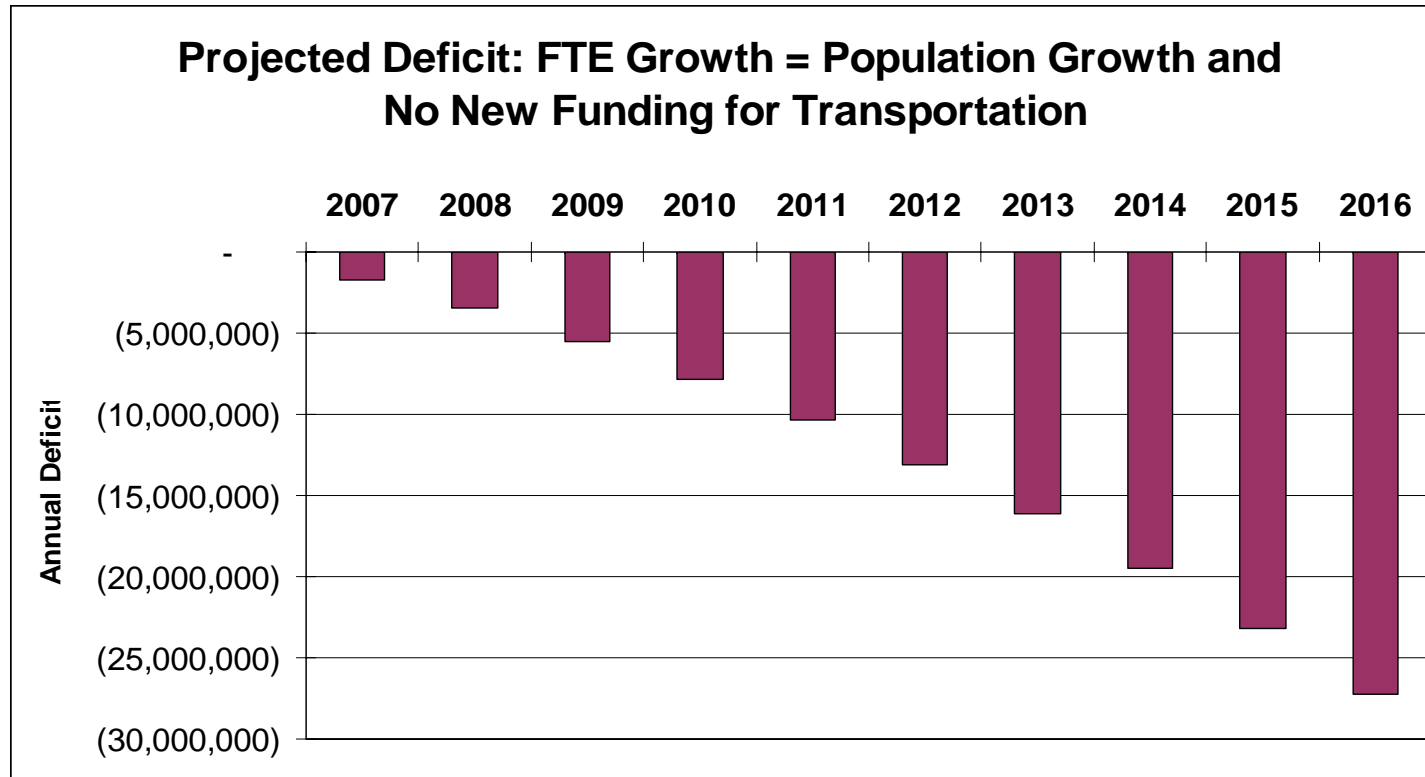
August 1, 2005

Finance Working Group Recommendation
Update

Working Group Review



Deficit Assuming Current Staffing Ratios





Working Group Review

Transportation Resources/Service Levels

Program Areas	Funding Scenarios			
	Current Funding Trend	\$1 - 4 M	\$5 - 9 M	\$10 - 19 M
Safety and Livability				
<i>Neighborhood Traffic Safety</i>	◡	◡	◡	●
<i>Arterial Traffic Safety</i>		○	◡	●
<i>ADA Upgrades, Sidewalks and Paths</i>			◡	●
New Capacity				
<i>New Capacity Projects</i>			◡	◡
<i>Urban Upgrade Projects</i>	○	○	◡	◡
<i>Regional Project Participation</i>				◡
System Preservation				
<i>Pavement Overlay Program</i>	◡	●	●	●
<i>Pavement Reconstruction Program</i>		◡	◡	●
<i>Traffic Signals Program</i>		○	◡	●
<i>Street Maintenance / Operations</i>	◡	◡	◡	●

KEY

- less than 1/4 funded
- ◡ 1/4 - 3/4 funded
- 3/4 to fully funded

Working Group Review



Service/Resource Recommendations

- ▶ Police Department staffing for uniformed officers should increase at the same pace as population
- ▶ Fire Department should add one Medic Unit in each of the next two biennium
 - ▶ City to explore a regional approach to funding Fire & EMS over the next five years

Working Group Review



Service/Resource Recommendations

- ▶ An additional \$8-\$9 million per year in new funding should be provided for Transportation for (in priority order) maintenance and preservation, new capacity and safety and livability improvements
- ▶ New State shared gas tax ~\$700,000 per year for transportation



Working Group Review

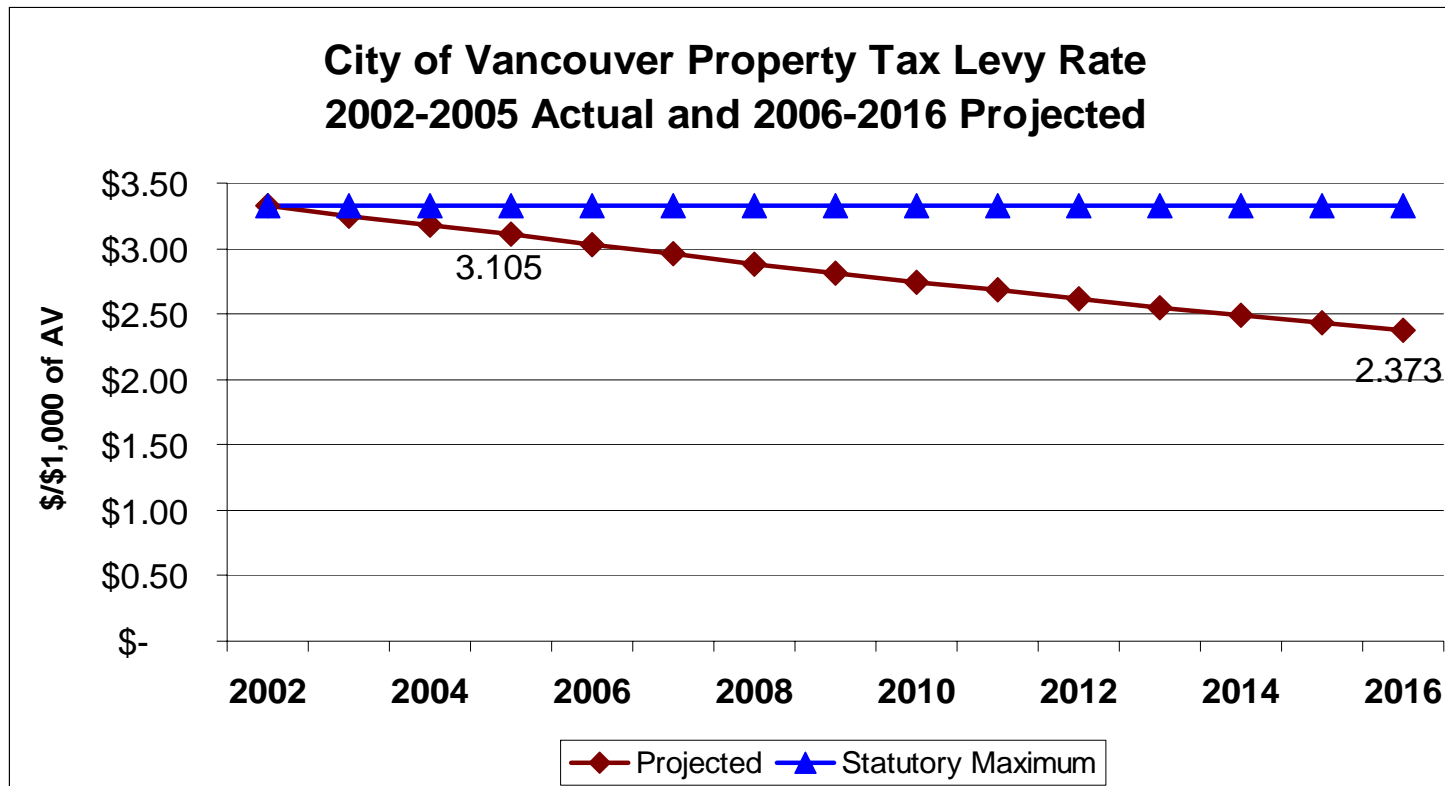
Preferred Funding Options

- ▶ Property tax levy lid lift vote
 - ▶ Votes in 2006 and 2012
 - ▶ 50% voter approval required
 - ▶ Up to \$3.325 per \$1,000 assessed value
 - ▶ Est. \$4.3 million in 2007 & \$6.5 million in 2013
 - ▶ Funds the estimated costs for new Public Safety staffing and current staffing levels (not ratios) for other core services

Working Group Review



Preferred Funding Options



Working Group Review



Preferred Funding Options

- ▶ Increase sales tax 2/10% in 2005
 - ▶ To full 1.0% local option
 - ▶ \$0.20 on \$100 purchase
 - ▶ \$4.2 million in 2006
 - ▶ Dedicated to Transportation



Working Group Review

Preferred Funding Options

- ▶ Impose an annual business license fee surcharge to generate ~\$3 million/yr.
 - ▶ Dedicated to transportation – new capacity
 - ▶ Proposed annual surcharge amount to vary with size of business
 - ▶ 1-5 employees = \$175
 - ▶ 6-50 employees = \$875
 - ▶ 50+ employees = \$2,500

Working Group Review



Preferred Funding Options: Impact

- ▶ Typical household (homeowner)
 - ▶ Property tax: \$79/year or \$6.58/month
 - ▶ Sales tax: \$43/year or \$3.58/month
- ▶ Typical business (4 employees)
 - ▶ \$175 per year or \$14.58 per month

Working Group Review



Other Recommendations

- ▶ Cost control & efficiency: technology, best practices and wage/benefit costs
- ▶ Align revenues with uses if able
- ▶ Economic development
 - ▶ Continue "Open for Business" philosophy
 - ▶ "Strategic" economic development plan
- ▶ More involvement/accountability

Working Group Review



Accountability

- ▶ Council-focused accountability with involvement from existing groups: e.g., Chief's Advisory Council, NTSA
- ▶ Annual report to Council & the public
 - ▶ How funds were used
 - ▶ Performance metrics for each area
- ▶ More in depth evaluation prior to second levy lid lift vote



Transportation Funding

Allocation Overview

<u>Program Category</u>	<u>New Funding Target</u>	<u>% New Funding</u>	<u>% of Full Funding - All Sources</u>	<u>New Funding Emphasis</u>
New Capacity	\$ 5,500,000	65%	60%	Economic development, congestion mitigation, grant leverage
System Preservation & Maintenance	\$ 2,750,000	32%	75%	Pavement condition: preservation/reconstruction/cost avoidance, signal timing, maintenance of new roads
Safety & Livability	\$ 250,000	3%	36%	School safety: crossings, sidewalks, bike paths; arterial safety projects
	\$ 8,500,000	100%		

Transportation Funding



Allocation Overview

<i>Program Areas</i>	Current Funding Trend	Proposed Funding
Safety and Livability		
<i>Neighborhood Traffic Safety</i>	☐	●
<i>Arterial Traffic Safety</i>		○
<i>ADA Upgrades, Sidewalks and Paths</i>		☐
New Capacity		
<i>New Capacity Projects</i>	○	●
<i>Urban Upgrade Projects</i>	○	☐
<i>Regional Project Participation</i>		
System Preservation & Maintenance		
<i>Pavement Overlay Program</i>	☐	●
<i>Pavement Reconstruction Program</i>		☐
<i>Traffic Signals Program</i>		☐
<i>Street Maintenance/Operations</i>	☐	●

KEY

- less than 1/4 funded
- ☐ 1/4 - 3/4 funded
- 3/4 to fully funded

Transportation Funding



General Programming Strategy

- Combination of specific projects and response to critical needs/demand
- General category allocations per Working Group recommendations
- Input from stakeholders during project development/allocation process
- Council approval of projects/funding

Transportation Funding



General Programming Strategy

- ▶ New Capacity
 - ▶ Specific projects targeting economic development and congestion – most from current plans
 - ▶ Input from key stakeholders on prioritized project list
 - ▶ Council approval of specific projects
 - ▶ Longer project pipeline: 1-3 years

Transportation Funding



General Programming Strategy

- ▶ System Preservation & Maintenance
 - ▶ Pavement preservation projects based on pavement condition and coordination with other capital projects
 - ▶ Signal timing/technology/capital investments to improve traffic flow
 - ▶ Funding for maintenance of new roads

Transportation Funding



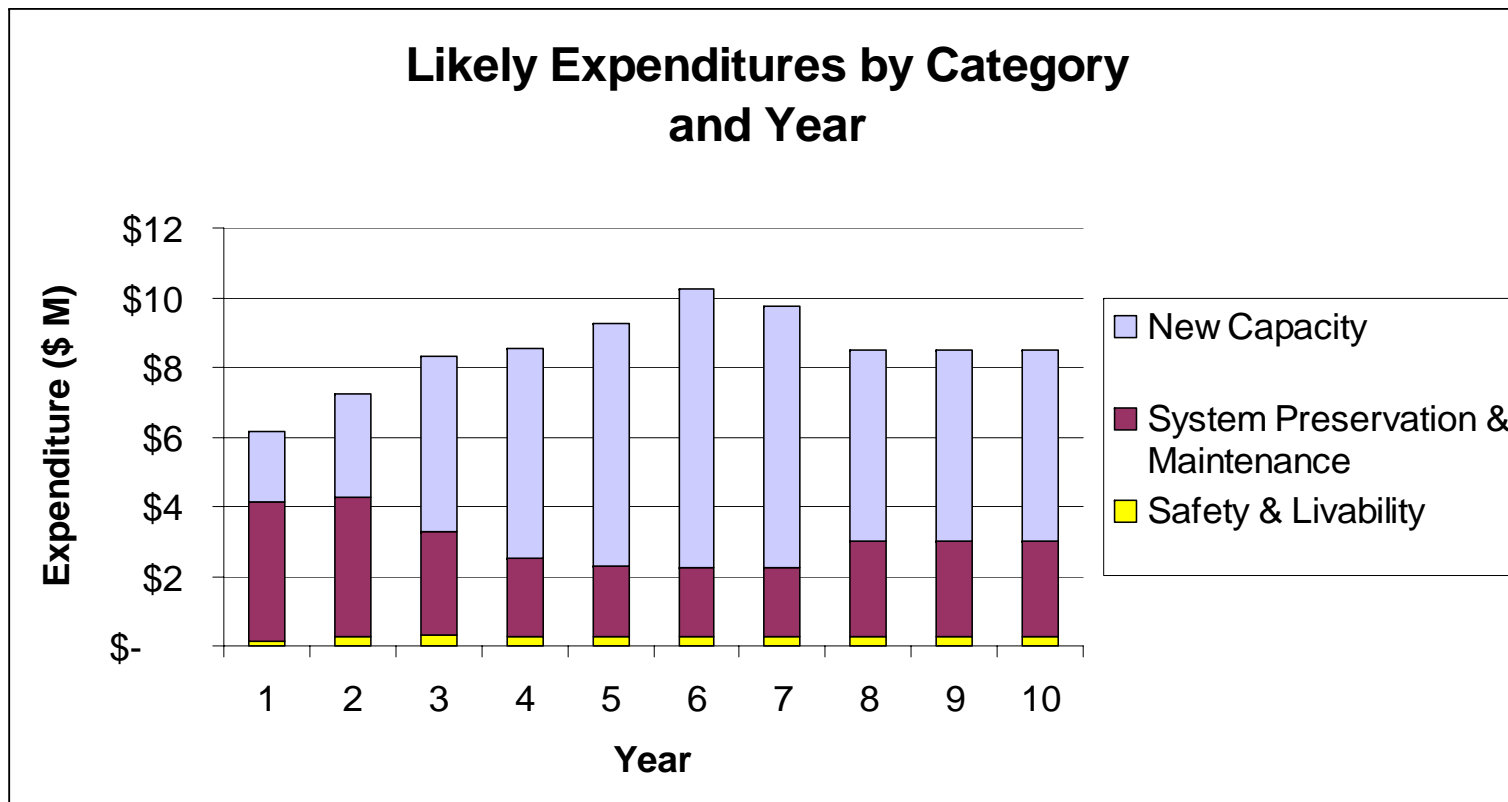
General Programming Strategy

- ▶ Safety & Livability
 - ▶ Focus on short term (annual cycle) response to specific needs
 - ▶ Project selection involving school districts and City's Traffic Safety Committee
 - ▶ Other allocations to address small/critical gaps and deficiencies in sidewalks or bike paths

Transportation Funding



Likely Expenditures by Category



Transportation Funding



Project Examples

- ▶ **New Capacity:** NE 18th St. and NE 138th Ave. upgrades
- ▶ **System Preservation & Maintenance:** Columbia St. and E. 29th St. pavement replacement
- ▶ **Safety & Livability:** SE 10th & Ellsworth Elementary and Lincoln Street & Franklin Elementary

Ordinance Preview



- ▶ Two ordinances being developed
 - ▶ Business License Fee Surcharge
 - ▶ 2/10% increase in local sales tax
- ▶ Effective date: January 1, 2006 for both
- ▶ First reading on August 8 with public hearing and action on August 15

Ordinance Preview



Business License Fee Surcharge

- ▶ In addition to existing fee (2006=\$125)
- ▶ To apply to all employees for businesses located in Vancouver
- ▶ To apply to only employees working in Vancouver for businesses located outside Vancouver – minimum of 1
- ▶ Current exemptions apply

Ordinance Preview



Sales Tax

- ▶ Net increase of .2% – overall rate in City to be 7.9%
- ▶ County to no longer collect .3% inside the City on the City's behalf – will come directly to the City
- ▶ Rate in ordinance to redirect .3% County portion plus add .2%

Communications Plan



- ▶ Communicating with the public and stakeholders about how the new funding will be used will be important
- ▶ Strong branding recommended for new transportation funding program
 - ▶ *"It Takes Cents"*
- ▶ Separate committee/campaign process for Levy Lid Lift vote in 2006

Next Steps



- ▶ First reading of ordinances on August 8
- ▶ Second reading and public hearing on August 15
- ▶ Effective date: January 1, 2006
- ▶ Levy Lid Lift vote: Fall 2006
- ▶ Initial transportation funding plan to be presented to Council in Fall 2005



Thank You



▶ Questions?