

# Preliminary 2015-2020 Financial Forecast

---

**DuPont City Council Workshop**

October 14, 2014





# Agenda

---

- Forecast Development
- Key Forecast Assumptions
- Preliminary Forecast Results



# Forecast Development

---

## Scope and Objectives

- Forecast of General and Street Fund revenues and expenses over six years
- Incorporates variable assumptions to enable scenario testing
- A mid to long-term financial planning tool: ***Not meant to replace the budget development process***



# Forecast Development

---

## Historical Data Collection

- Historical data on revenues and expenses provided by the City
- Incorporates City 2014 & 2015 estimates
  - Some independent 2015 revenue estimates
- Other data collected to support the forecast including population, inflation, tax base, utility rate increases, etc.



# Forecast Development

---

## Level of Detail

- Revenues forecasted at the category and sub-category level
  - Ex: Utility Taxes and each utility tax
- Expenses forecasted at the department and major object level (salaries, benefits, etc.)



# Forecast Development

---

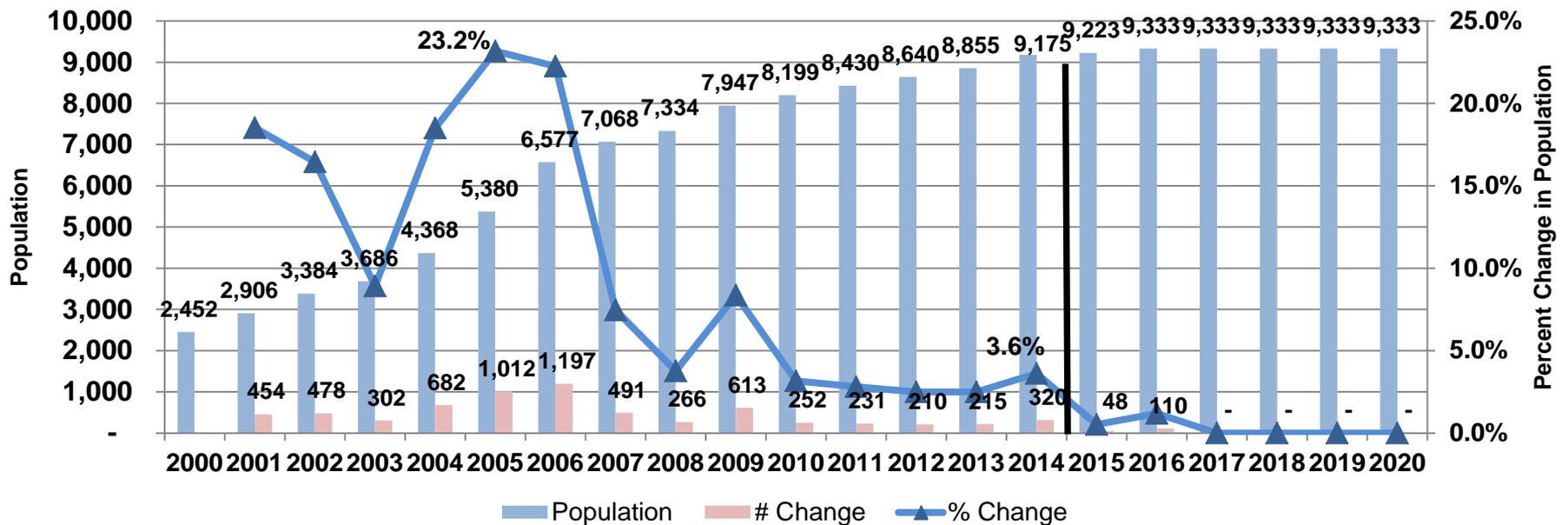
## Planning Tool

- Revenue assumptions can be changed at the macro (e.g., population) and micro (e.g. new construction) level
- Expense assumptions allow for changes in staffing and individual department expenses
- Includes metrics, charts and graphs

# Key Forecast Assumptions

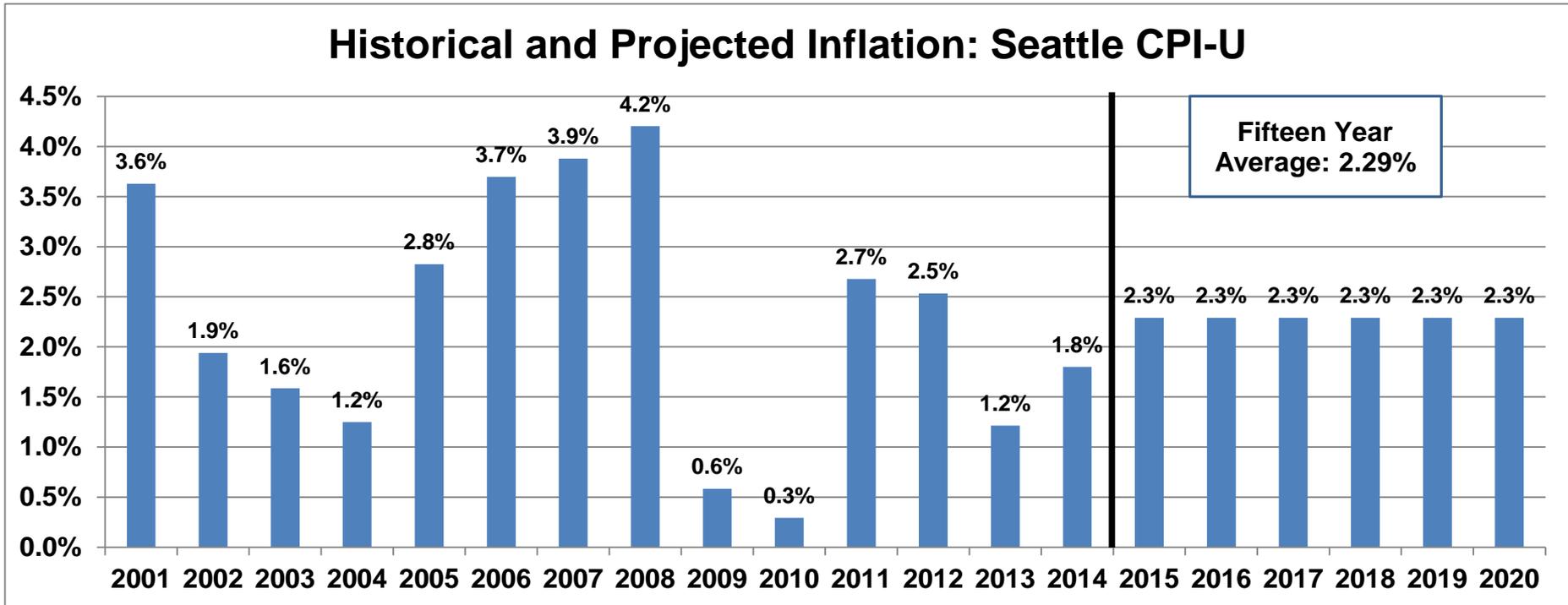
## Population Growth

**DuPont Population and Annual Increase in Population**



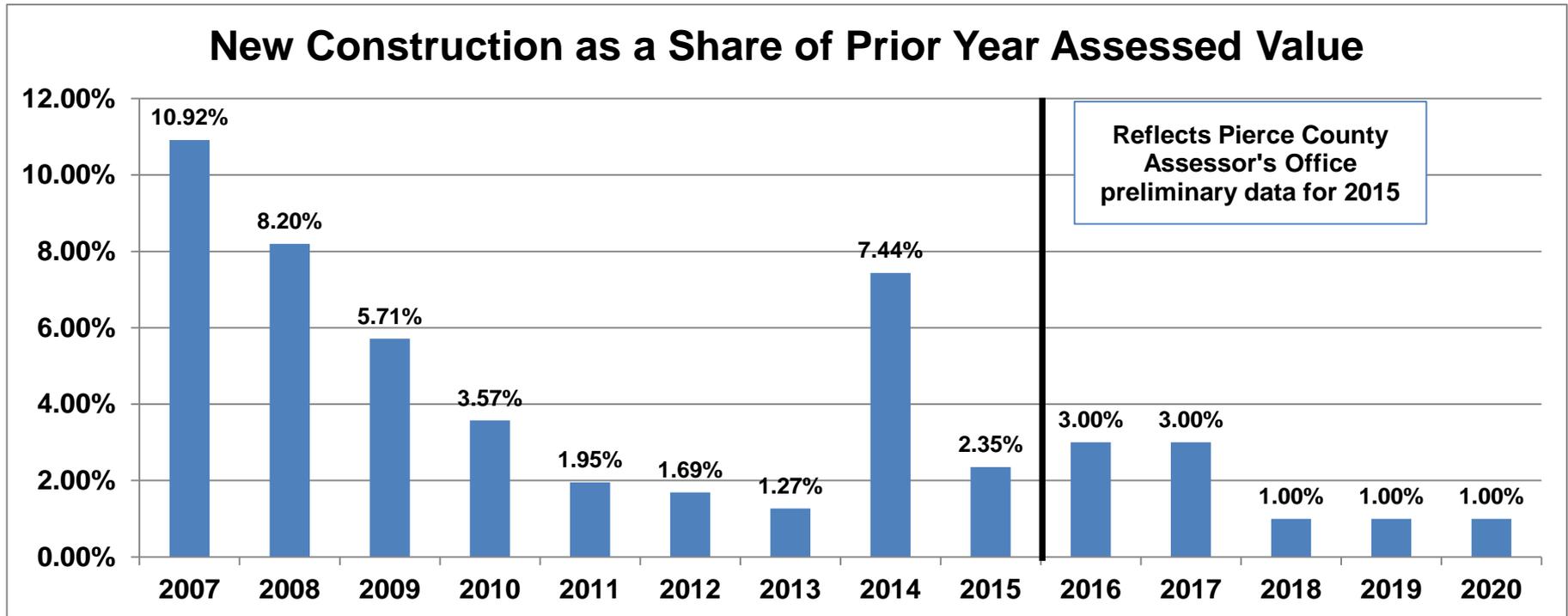
# Key Forecast Assumptions

## Inflation



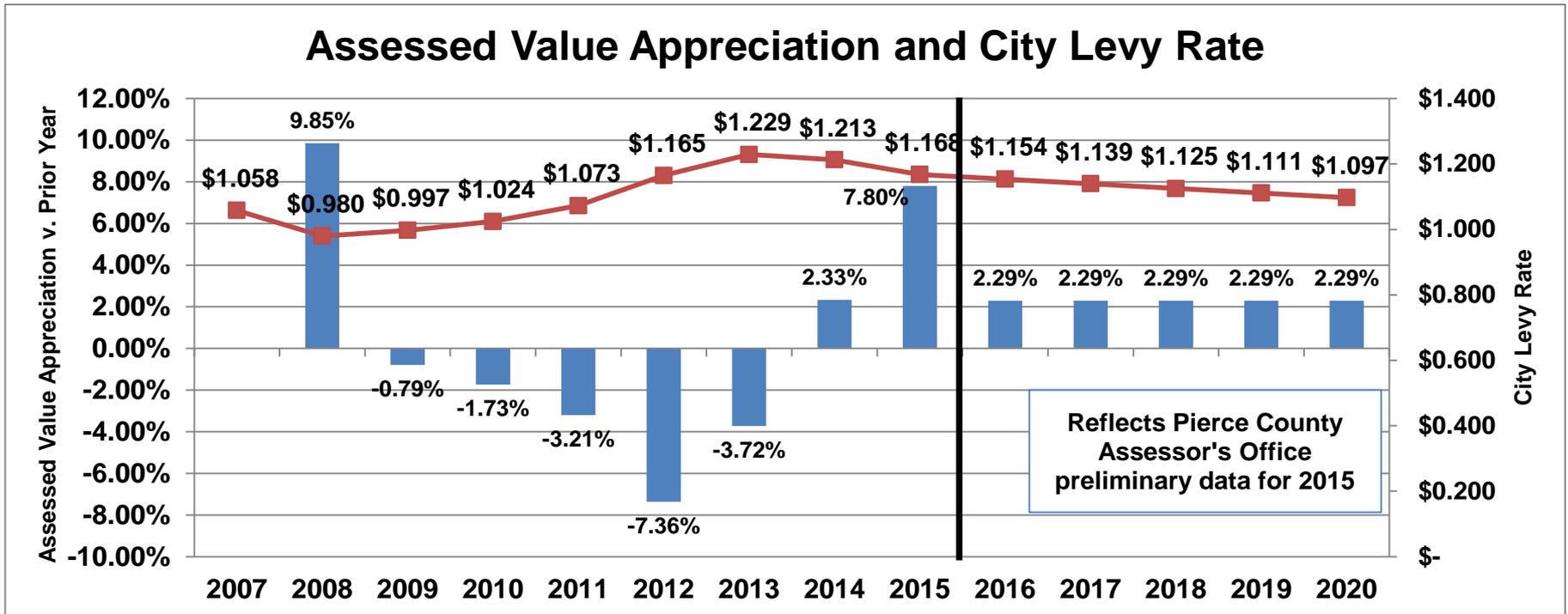
# Key Forecast Assumptions

## Property Tax – New Construction



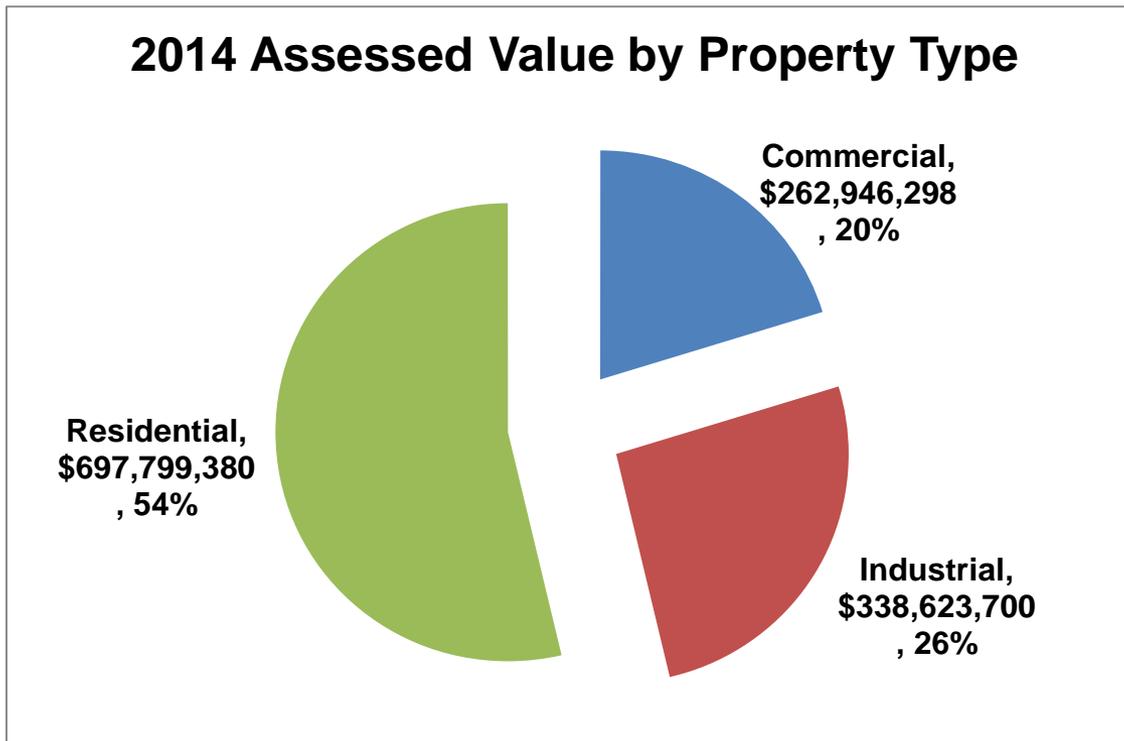
# Key Forecast Assumptions

## Property Tax – Levy Rate



# Key Forecast Assumptions

## Property Tax – AV by Property Type



- \$96.4 million increase in commercial/ industrial values
- \$3.4 million decrease in residential values



# Key Forecast Assumptions

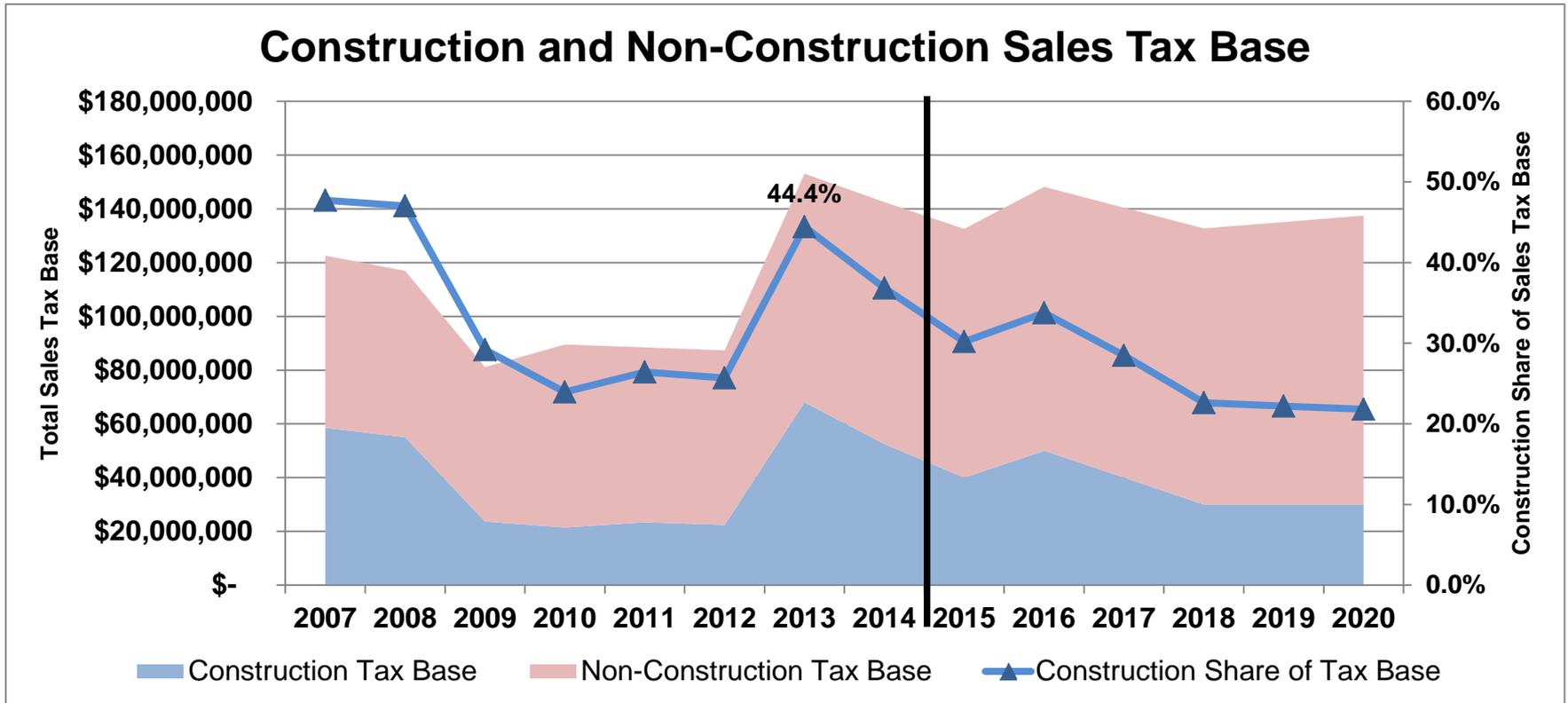
---

## Property Tax – Levy Increase

- 2015 new construction and total assessed value per preliminary information from Pierce County Assessor's Office
- Increase of 1% approved annually
- EMS Levy renewed at \$0.50/\$1,000 AV in 2017 for 2018 taxes

# Key Forecast Assumptions

## Sales Tax



# Key Forecast Assumptions

## Utility Tax

- Service rate changes per utilities
- Base increases with population and business growth

<b>Utility Service Rate Changes</b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Natural Gas	2.64%	2.29%	2.29%	2.29%	2.29%	2.29%
Telephone	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%
Electric	0.00%	2.29%	2.29%	2.29%	2.29%	2.29%
Water	13.00%	2.29%	2.29%	2.29%	2.29%	2.29%
Sewer	3.10%	2.81%	2.29%	2.29%	2.29%	2.29%
Stormwater	12.00%	2.29%	2.29%	2.29%	2.29%	2.29%
Garbage	2.29%	2.29%	2.29%	2.29%	2.29%	2.29%



# Key Forecast Assumptions

---

## Other Revenue Assumptions

- Business License fee revenue assumes 1% annual increase in businesses
- Square Footage fee revenue increased per projected development completion
  - Spread over 2015, 2016, and 2017
- Vehicle License fee revenue based on registered vehicles and population



# Key Forecast Assumptions

---

## Other Revenue Assumptions

- Development fees per Building Official estimates for 2014 and 2015
- Recreation fees set at 2015 estimate
  - Grows with population & inflation
- Most other revenues set at 2014 or 2015 estimates



# Key Forecast Assumptions

---

## Other Revenue Assumptions

- New garbage franchise fee in 2015 = \$45,000
- One time transfers from Glacier Settlement Reserve for street tree and sidewalk work
- One time payment from Amazon in 2015 to pay for one time expenses

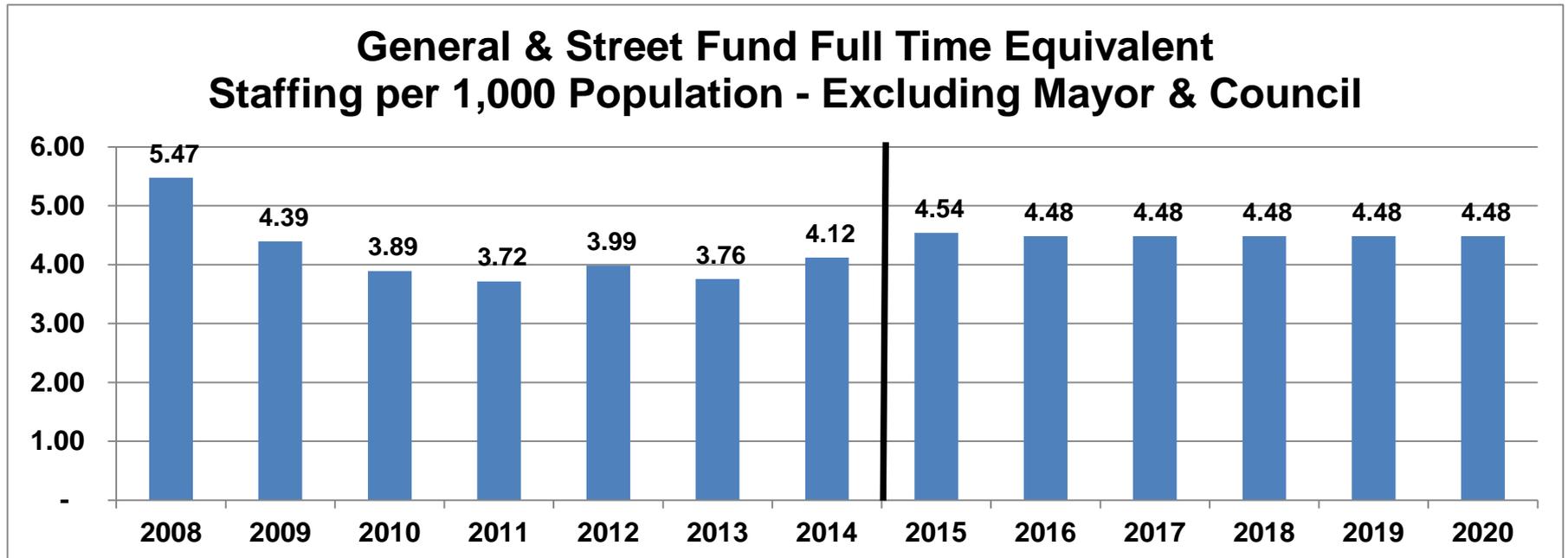
# Key Forecast Assumptions

## Staffing Levels

Full Time Equivalent Staffing	History							Projection					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mayor/Council	8.00	8.00	8.00	8.00	8.00	8.00	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Executive	0.70	0.70	0.70	0.75	0.75	0.75	1.00	2.00	2.00	2.00	2.00	2.00	2.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Human Resources	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	1.65	1.43	1.38	1.54	1.54	1.54	1.70	2.10	2.10	2.10	2.10	2.10	2.10
Police	11.00	11.50	10.50	11.00	11.00	10.88	12.00	13.00	13.00	13.00	13.00	13.00	13.00
Fire	12.50	7.97	9.47	9.00	12.00	9.88	11.63	11.50	11.50	11.50	11.50	11.50	11.50
Building & Planning	7.85	6.70	3.55	3.40	3.40	4.40	5.40	4.95	4.95	4.95	4.95	4.95	4.95
Parks	1.20	1.32	1.17	0.82	0.82	1.00	0.85	2.15	2.15	2.15	2.15	2.15	2.15
Facilities	1.05	1.03	0.93	0.73	0.73	0.82	0.72	0.82	0.82	0.82	0.82	0.82	0.82
Recreation & Com. Events	0.65	0.65	0.60	0.59	0.70	0.70	0.70	1.53	1.53	1.53	1.53	1.53	1.53
Street Fund	1.55	1.60	1.60	1.50	1.49	1.56	1.53	1.55	1.55	1.55	1.55	1.55	1.55
<b>Total</b>	<b>48.15</b>	<b>42.91</b>	<b>39.90</b>	<b>39.33</b>	<b>42.43</b>	<b>41.28</b>	<b>46.03</b>	<b>50.10</b>	<b>50.10</b>	<b>50.10</b>	<b>50.10</b>	<b>50.10</b>	<b>50.10</b>
<b>Excluding Mayor/Council</b>	<b>40.15</b>	<b>34.91</b>	<b>31.90</b>	<b>31.33</b>	<b>34.43</b>	<b>33.28</b>	<b>37.78</b>	<b>41.85</b>	<b>41.85</b>	<b>41.85</b>	<b>41.85</b>	<b>41.85</b>	<b>41.85</b>

# Key Forecast Assumptions

## Staffing Levels





# Key Forecast Assumptions

---

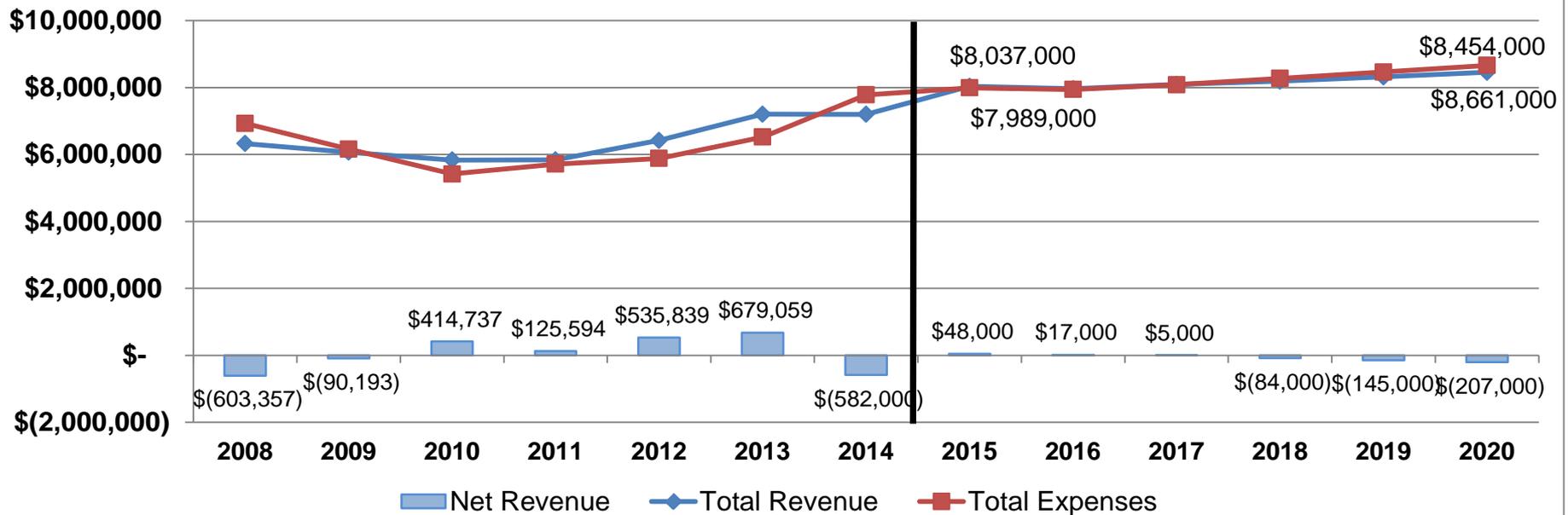
## Other Expense Assumptions

- 2015 expenses use preliminary budget
- Salaries increase with inflation
  - Includes expected increases in 2014-2015
- Benefits costs increase per estimated cost increases for each benefit type
- Other expenses increase with inflation
- General Fund supports Civic Ctr debt

# Preliminary Forecast Results

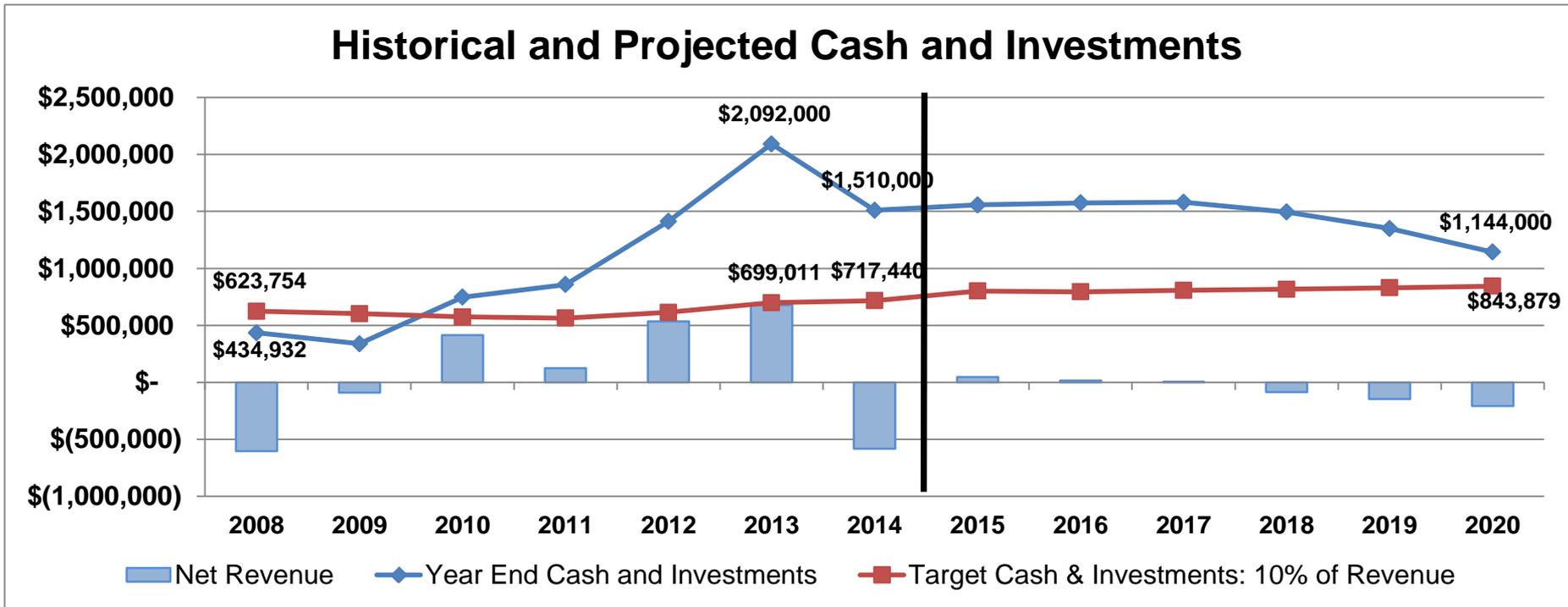
## Total Revenues and Expenses

**Historical and Projected Revenues, Expenses & Net Revenue**



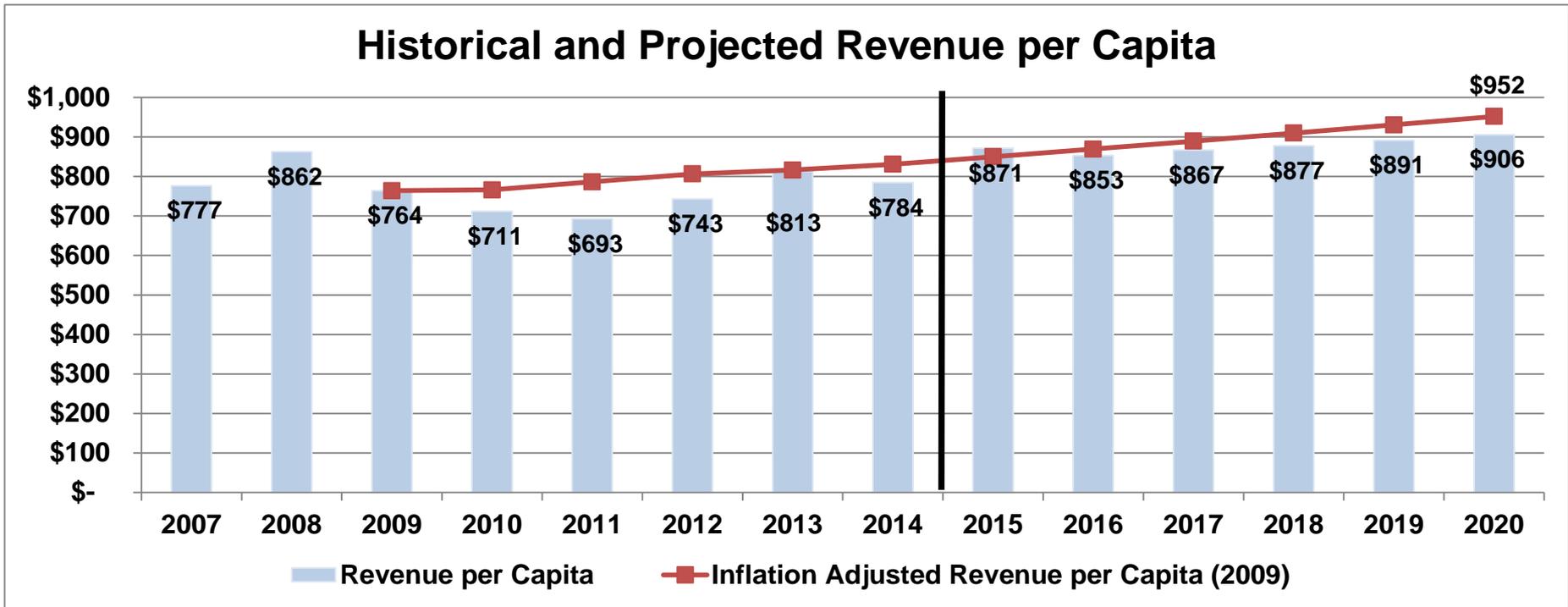
# Preliminary Forecast Results

## Cash and Investments



# Preliminary Forecast Results

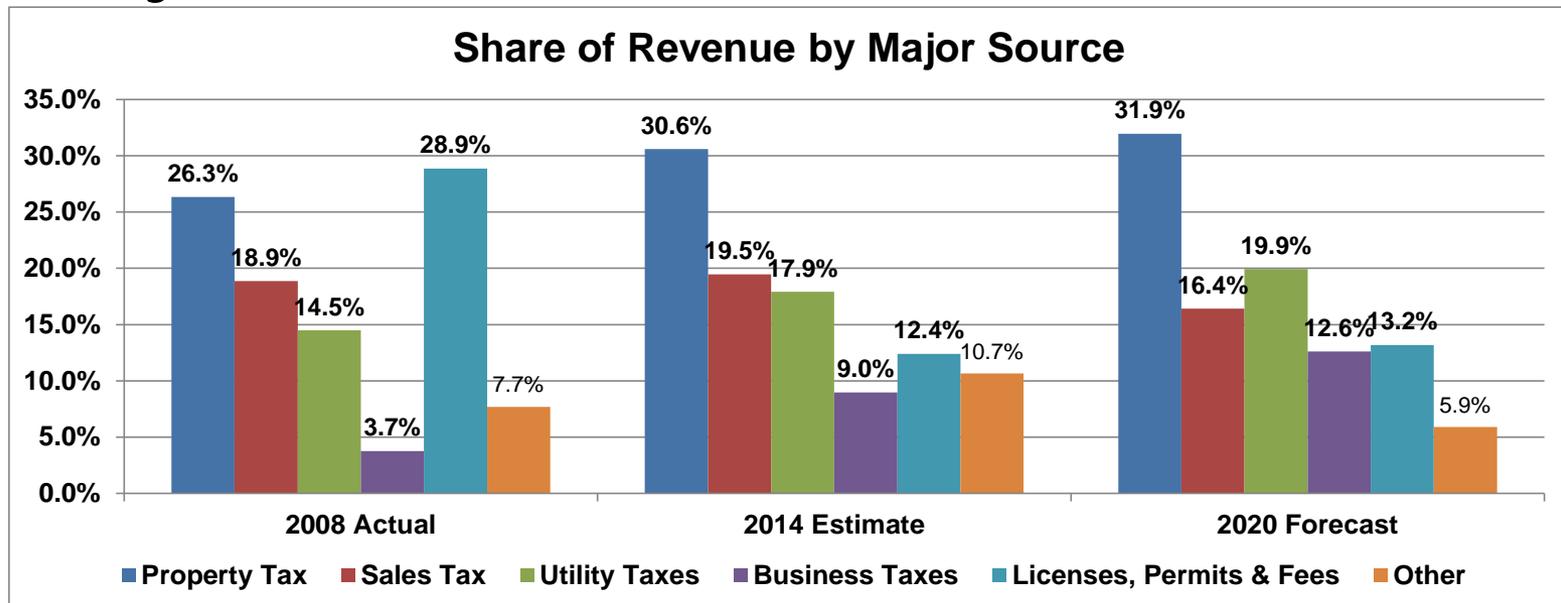
## Revenue per Capita



# Preliminary Forecast Results

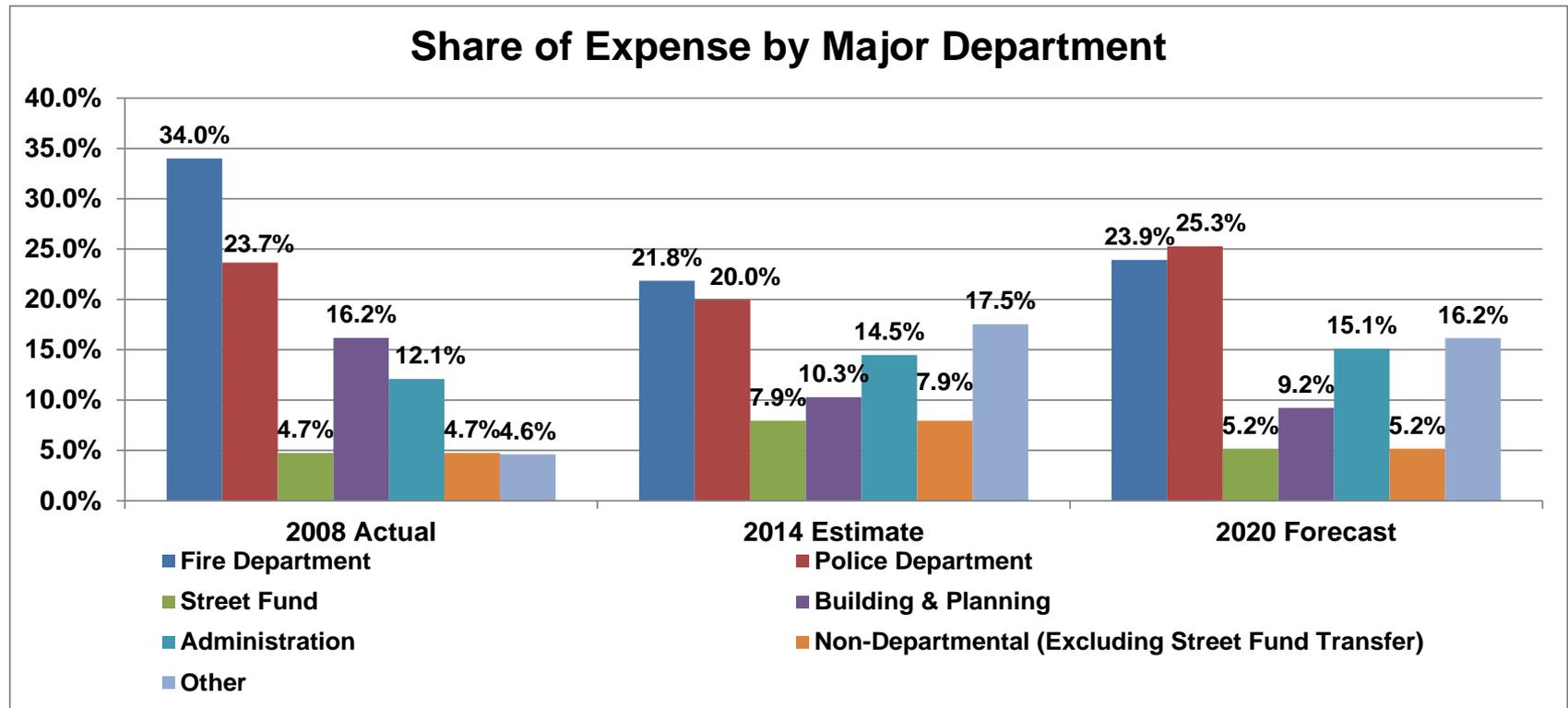
## Share of Revenue

- Increasing dependence on property and utility taxes



# Preliminary Forecast Results

## Share of Expense





# Caveats/Limitations

---

- Based on data and assumptions provided/reviewed by the City
- New development and new tax/fee structures makes near-term revenue estimates more of a challenge
- “Build-out” of residential land limits revenue growth and increases in service demand beyond 2016-2017



# Thank You

---

Paul Lewis

Financial & Management Consulting