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Finance Committee

Long Term Revenue Strategies

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Agenda Item:

Long Term Revenue Strategies

Issue:

What, if any, revenue strategies should the city consider for the 2014 operating budget?

City Manager's Recommendation:

Discuss possible revenue options for the 2014 operating budget

Staff Contact:

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Presenter(s):

Steve Hall, City Manager

Jane Kirkemo, Administrative Services Director

Background and Analysis:

Each year as staff begin developing the operating budget we consider options for additional general fund revenue. The attachments list both council options as well as voter approved options. Also, during staff budget reviews we evaluate the possibility of increased user fees/rates/charges. Any increases would be included as a part of the budget balancing.

In addition to the options outlined on the attachments there is some legislation pending that could also generate additional revenue.

1. TBD (Transportation Benefit District) legislation to increase the amount the Council can increase without voter approval from \$20 per vehicle to \$40. In conjunction with the TBD board the City could increase the fee. This would generate an additional \$700,000/year for transportation improvements that address congestion. We are required to give 120 day notification.
2. Drinking water utilities could pay for the water usage associated with fire protection. We would need to increase the consumption rate for water but could eliminate/reduce the 12% utility tax applied to drinking water currently applied to cover the cost of fire protection. 1% of the current utility tax applied to water generates approximately \$90,000. The current rate on other utilities is 10% utility tax.

Neighborhood/Community Interests (if known):

Any revenue or tax increase would generate interest from the neighborhoods and concerned citizens.

Options:

This is for discussion only.

Financial Impact:

Depends on the options chosen.