



**A STRONGER
VANCOUVER**

Finalize Funding Tools for A Stronger Vancouver



City Council Workshop
February 24, 2020

Outcomes of Session

- Confirmation of Capital Package & Revenues
- Review Voted Property Tax Options
- Review transparency and accountability measures
- Next Steps



Capital Package & Revenues



Capital Summary and Funding – All Revenue Sources

CAPITAL PROJECTS	Property Tax	BLS	PIF	REET 2	TOTAL
Economic Development infrastructure improvements	36.0	10.0		6.0	\$52.0
Replace Fire Stations 3 & 6	20.0				\$20.0
Renovation/seismic upgrade Fire Stations 4, 5, & 8	5.2				\$5.2
Revitalize 4 community parks (Bagley, Marine, Shaffer, Wintler)	21.5		16.0		\$37.5
Capital Renovation – 12 neighborhood parks	9.0				\$9.0
Develop 4 new neighborhood Parks (Landover-Sharmel, Hambleton, Lauren, Rose Village)	4.8		2.5		\$7.3
Total 10-Year Capital Program*	\$96.5	\$10.0	\$18.5	\$6.0	\$131.0

*Excluding Operations Center replacement

Programs & Services – Council Direction February 10

	Sources (millions)				
FUNCTION	Property Tax	Business License Surcharge	Utility Tax	Admissions Tax	Total
Public Safety	\$2.30	\$1.20	\$1.00		\$4.50
Economic Vitality	\$1.70	\$1.10	\$1.20	\$0.50	\$4.50
Neighborhood Vibrancy (includes Parks O&M)	\$1.60	\$1.70	\$1.70		\$5.00
TOTAL	\$5.6	\$4.0	\$3.9	\$0.5	\$14.0

Programs & Services – Program Revenue Source Split

	Levy	Council manic
Economic Vitality		
Homelessness		
Day Center & HART		\$1.7
Shelter	\$1.4	
District Plans & Implementation	\$0.3	\$0.3
Pedestrian, bike, art & culture		\$0.8
Public Safety		
EMS Rescue units	\$1.3	\$1.0
Problem Oriented Policing	\$1.0	
Safe Streets, Fire Prevention		\$1.2
Neighborhood Vibrancy (includes O&M parks)	\$1.6	\$3.4
TOTAL FUNDING, PROGRAMS	\$5.6	\$8.4

VOTED PROPERTY TAX REVENUES

Property Tax Increase Tools

- ❑ Option 1 -- Excess levy: Capital General Obligations bonds: 20 yrs. + permanent Operating **Levy Lid Lift**
 - Repays debt (over the life of the debt)
 - 60% voter approval, 40% voter turnout from the last general election
 - Drops off after debt is paid off
- ❑ Option 2 -- Capital Levy Lid Lift (9 yrs.) + Operating Levy Lid Lift permanent
 - 50 % voter approval
 - Capital Levy Drops Off in year 10
- ❑ Option 3 – Single Levy Lid Lift
 - 50% voter approval
 - Capital would likely be a combination of pay as you go + debt = more projects costs, less financing costs

Voted Property Tax Tools

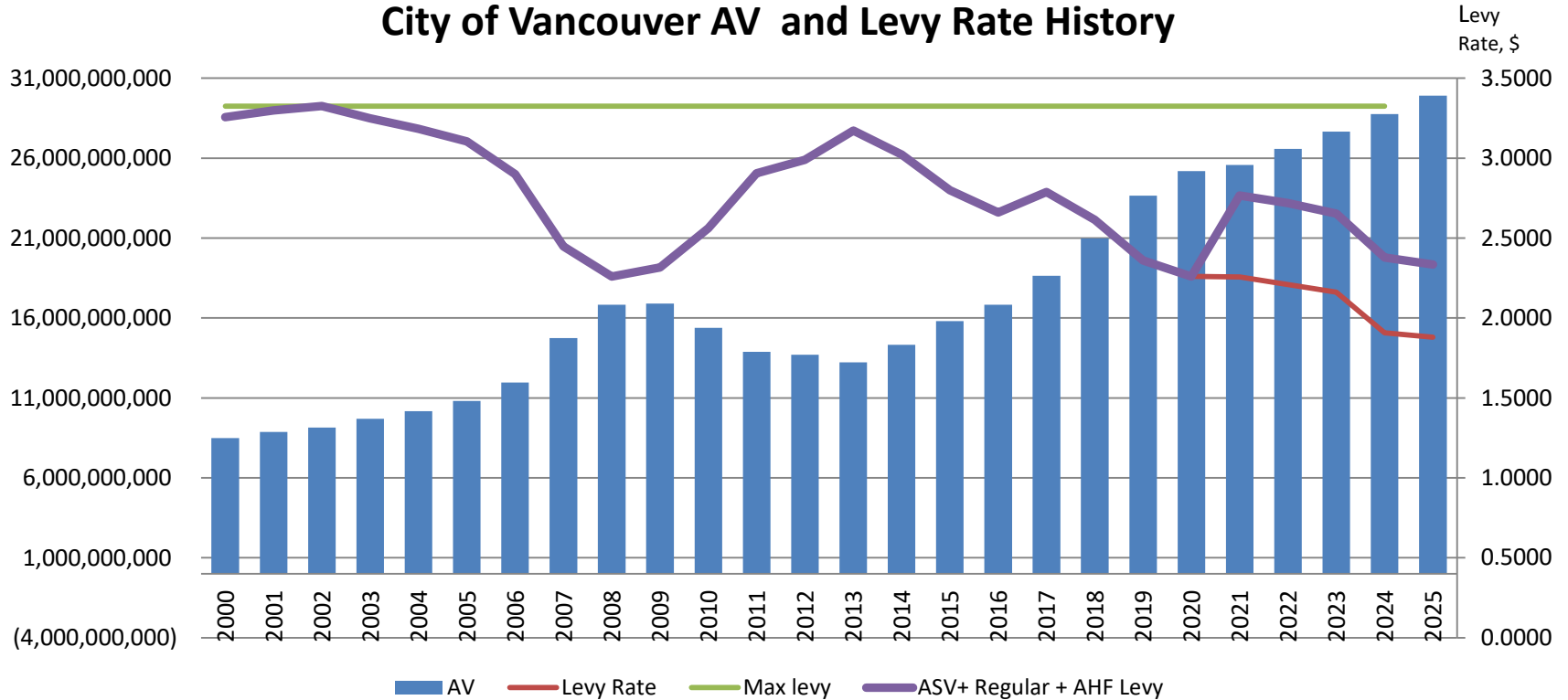
	"Single Year" Levy Lid Lift	"Multi Year" Levy Lid Lift	Excess levy -- Bond
Years to exceed 1% annual growth	1	Up to 6	Matches debt schedule
Type	Temporary, (including Capital), or Permanent	Temporary, (including Capital), or Permanent	Duration of the bonds
Temporary Option	After measure expires, levy reverts as if lid lift never occurred	After measure expires, levy reverts as if lid lift never occurred	After measure expires, levy reverts as if lid lift never occurred
Permanent Option	Year 1 levy is used to calculate all future 1% levy increases	Levy amount in the final year are used to calculate all future levy increases	N/a
May be used for	All governmental purposes	Any purpose as stated in the ballot measure	Capital, except for equipment replacement
Election date	Any special, primary, or general	Primary or general	
Voter Approval	Simple majority	Simple majority	Supermajority (60%)
Exemption for Senior, Disabled	Yes	Yes	Yes
Words to describe on the ballot	75	75	75

Voted Property Tax Tools

	Option 1	Option 2	Option 3
Capital Levy Lid Lift 9 yr.		\$0.54	
Excess Levy: Capital Bond, 20 yr.	\$0.31		
Levy Lid Lift: Capital + Operating Permanent			\$0.53
Levy Lid Lift: Operating - maintaining capital projects		\$0.054	
Levy Lid Lift: Operating- Program Funding	\$0.22	\$0.16	
Total	\$0.53	\$0.76	\$0.53

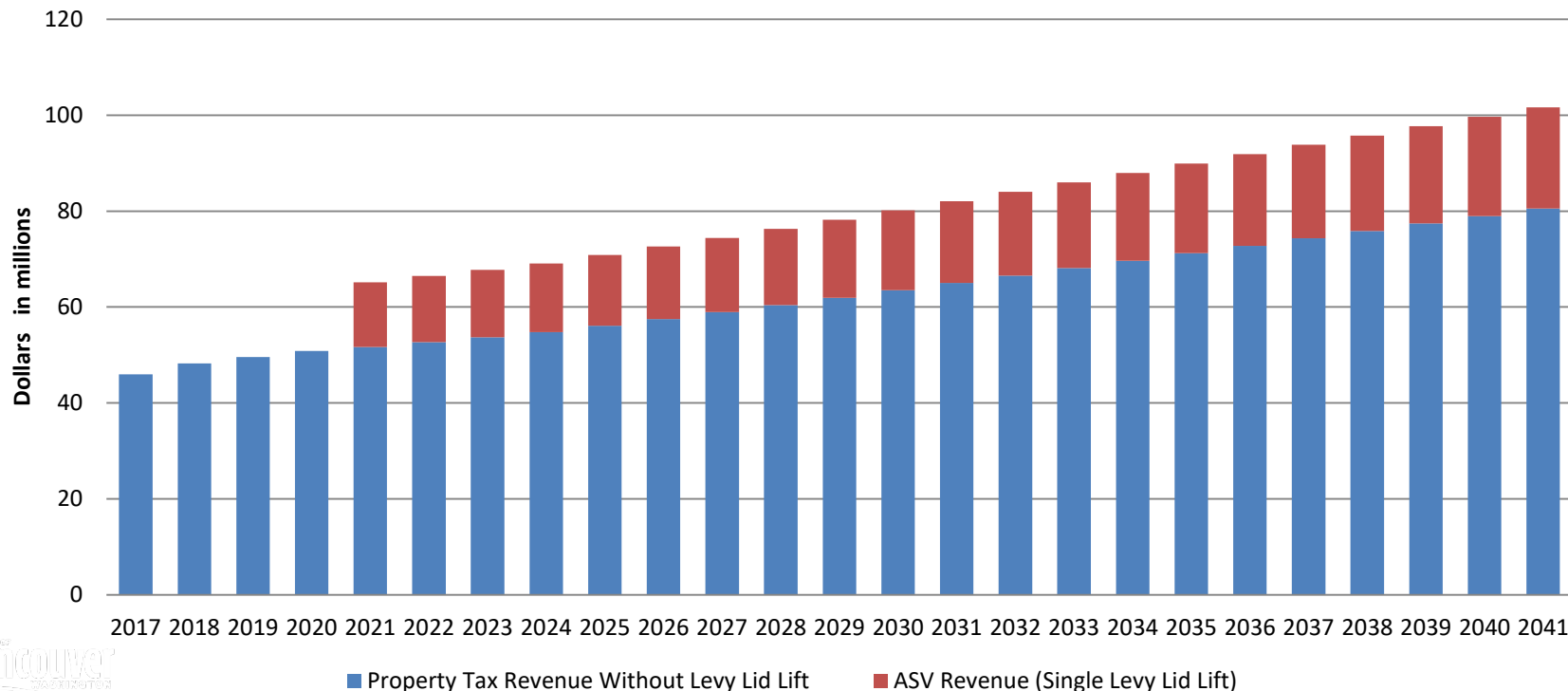
Property Tax: Levy Rate Adjusted for ASV

City of Vancouver AV and Levy Rate History



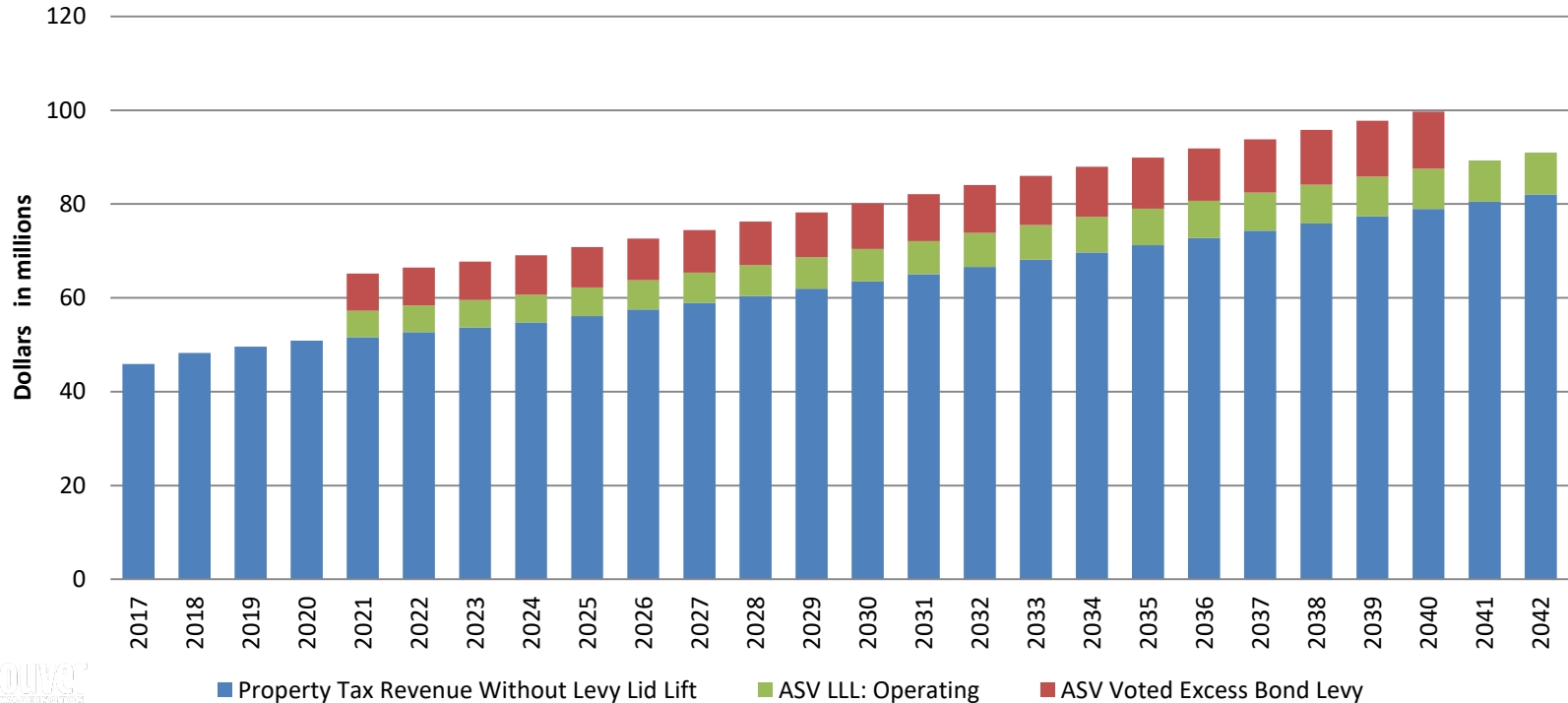
Property Tax: Single-Year Permanent Levy Lid Lift

Property Tax Revenue With Single Levy Lid Lift (\$0.53/\$1,000 AV)



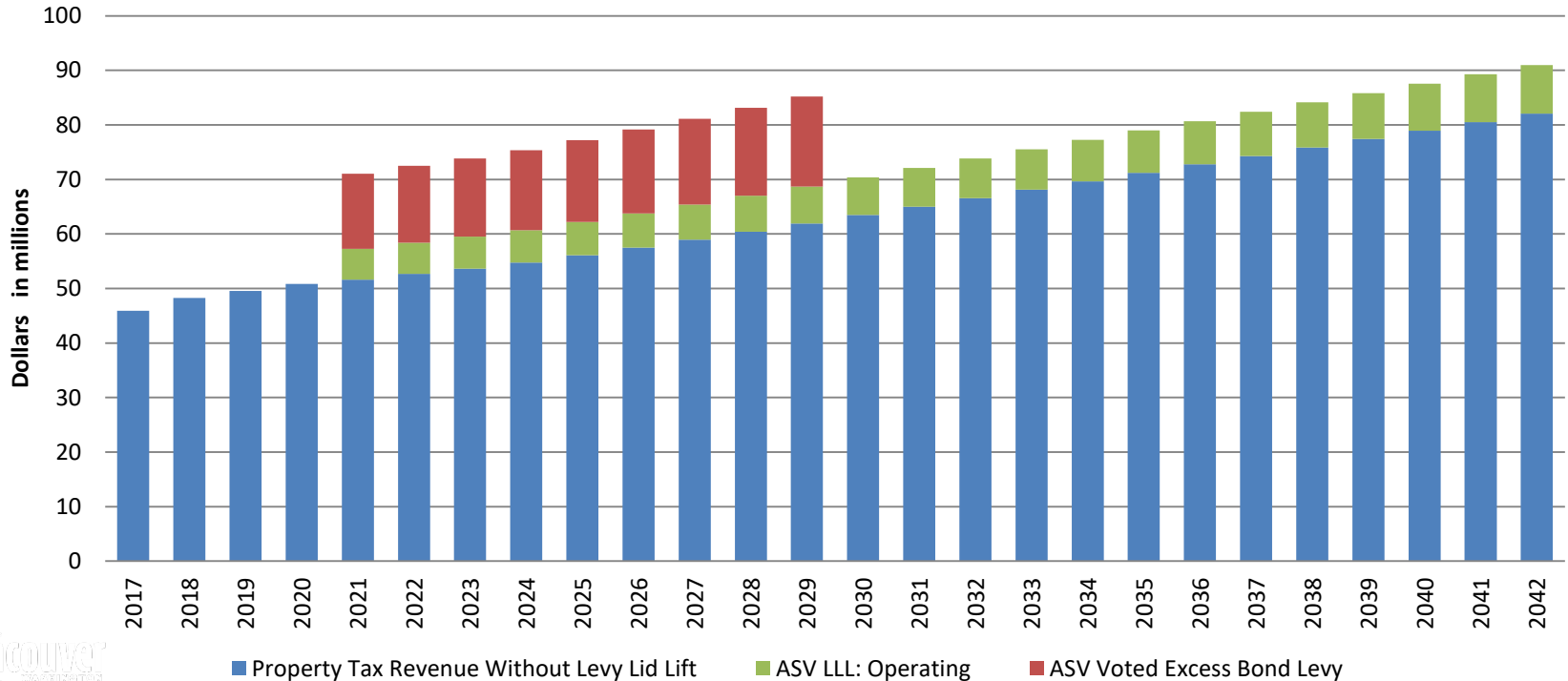
Property Tax: Excess Bond Levy for Capital and Single-Year Permanent Levy Lid Lift for Operating

Property Tax Revenue: Excess Bond Levy And Operating Levy Lid Lift (\$0.31/\$1,000 and \$0.22/\$1,000)



Property Tax: 9-year Capital Levy Lid Lift and Single-Year Permanent Levy Lid Lift for Operating

**Property Tax Revenue: 9 yr. Capital Bond Levy and Operating Levy
Lid Lift (\$0.54/\$1,000 and \$0.22/\$1,000)**



Other Bond & Levy Considerations

- Bond + Levy Lid Lift
 - Multiple interrelated ballot titles – more complex
 - Different passage requirements for each title
 - “Partial-passage” risk
 - More accountability
 - Lesser longer term impact on structural solution
- Levy Lid Lift
 - Single ballot title – simpler
 - Single passage requirement – lower threshold
 - Longer term positive impact on structural solution

Property Tax: Example Ballot Language, Single Year Permanent LLL

This proposition would fund construction, maintenance and operations of facilities and programs to address homelessness, public safety, streets, parks and recreation by: (1) increasing the regular property tax levy to \$xxx per \$1,000 assessed value for collection in 2021; and (2) authorize use of 2026 levy amount as the base for computing levies in succeeding years. Qualifying seniors, veterans and disabled would be exempt under RCW 84.36.381. Should this proposition be approved?

(74 words)

Property Tax: Example Ballot Language: 9-year Capital Levy Lid Lift and Operating Permanent Levy Lid Lift

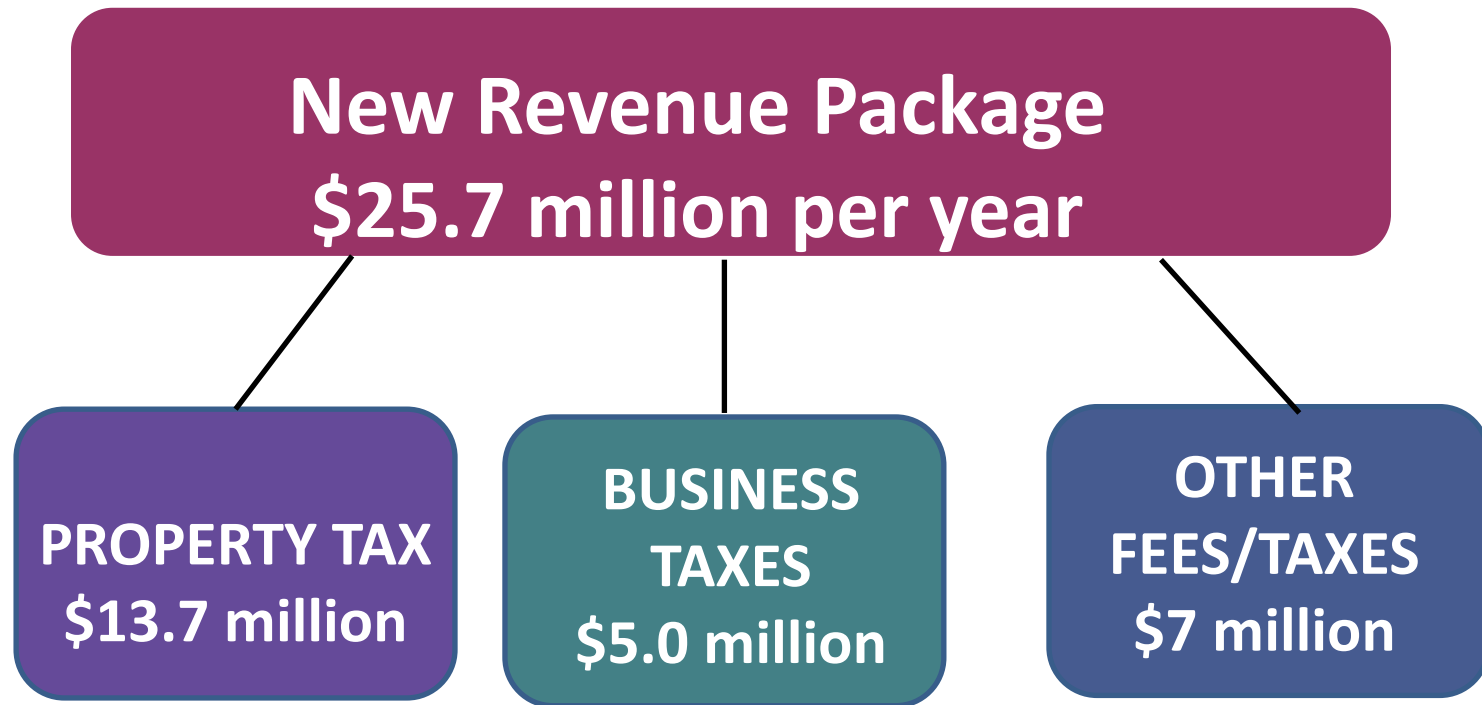
❑ Capital LLL: This proposition would fund construction of two new fire stations, parks, streets and public street infrastructure by increasing the regular property tax levy to \$0.54 per \$1,000 assessed value for collection in 2021; and (2) authorize use of 2022 levy amount as the base for computing levies in succeeding years for a total of nine years. Qualifying seniors, veterans and disabled would be exempt under RCW84.36.381. Should this proposition be approved?
(71 words)

❑ Operating LLL: This proposition would fund programs addressing homelessness, public safety, streets, parks and recreation by: (1) increasing the regular property tax levy to \$0.22 per \$1,000 assessed value for collection in 2021; and (2) authorize use of 2022 levy amount as the base for computing levies in succeeding years. Qualifying seniors, veterans and disabled would be exempt under RCW84.36.381. Should this proposition be approved?
(63 words)

Council Consideration: Impact

Revenue Tool	Rate	Small Manufacturing	Retail	Professional Service	Large Manufacturing	Single-Family Household	Multi-Family Household
<i>Gross Receipts</i>		\$7,500,000	\$2,000,000	\$1,000,000	\$110,141,625		
<i>Employees (FTEs)</i>		37	20	8	750		
<i>SF Occupied</i>		37,000	10,000	4,000	750,000		
<i>Property Assessed Value</i>		\$3,700,000	\$1,500,000	\$600,000	\$60,700,000	\$350,000	\$75,000
Impact with a 20-year Capital Levy + Operating							
Levy Lid Lift	\$0.53	\$1,968	\$798	\$319	\$32,294	\$186	\$40
BLS/ FTE	\$100	\$3,700	\$2,000	\$800	\$75,000	\$0	\$0
Admissions Tax	5%	\$0	\$0	\$0	\$0	\$3	\$3
Utility tax	3.25%	\$455	\$137	\$46	\$43,225	\$66	\$53
Total Annual Impact		\$6,123	\$2,935	\$1,165	\$150,519	\$255	\$96
Total Monthly Impact		\$510	\$245	\$97	\$12,543	\$21	\$8
Impact with a 9-year Capital Levy + Operating							
Levy Lid Lift	\$0.76	\$2,802	\$1,136	\$454	\$45,976	\$265	\$57
BLS/ FTE	\$100	\$3,700	\$2,000	\$800	\$75,000	\$0	\$0
Admissions Tax	5%	\$0	\$0	\$0	\$0	\$3	\$3
Utility tax	3.25%	\$455	\$137	\$46	\$43,225	\$66	\$53
Total Annual Impact		\$6,957	\$3,273	\$1,300	\$164,201	\$334	\$112
Total Monthly Impact		\$580	\$273	\$108	\$13,683	\$28	\$9

Council Consideration: Revenue Package



Council Consideration: Phasing – Annual Increase

	2021	2022	2023	TOTAL Rate
Business License Surcharge	\$35/FTE	\$35/FTE	\$30/FTE	\$100/FTE
Utility Tax*	1.25%	1%	1%	3.25%
Admissions Tax	5%			5%

* The utility tax increase will be offset when utility rates are adjusted for the Operations Center project so as not to exceed forecasted general fund revenues from utility tax.

Council Consideration: Phasing – Financial Impact

	2021	2022	2023
Revenue Shortfall for the Operating	-\$5.65 m	-\$2.73 m	-

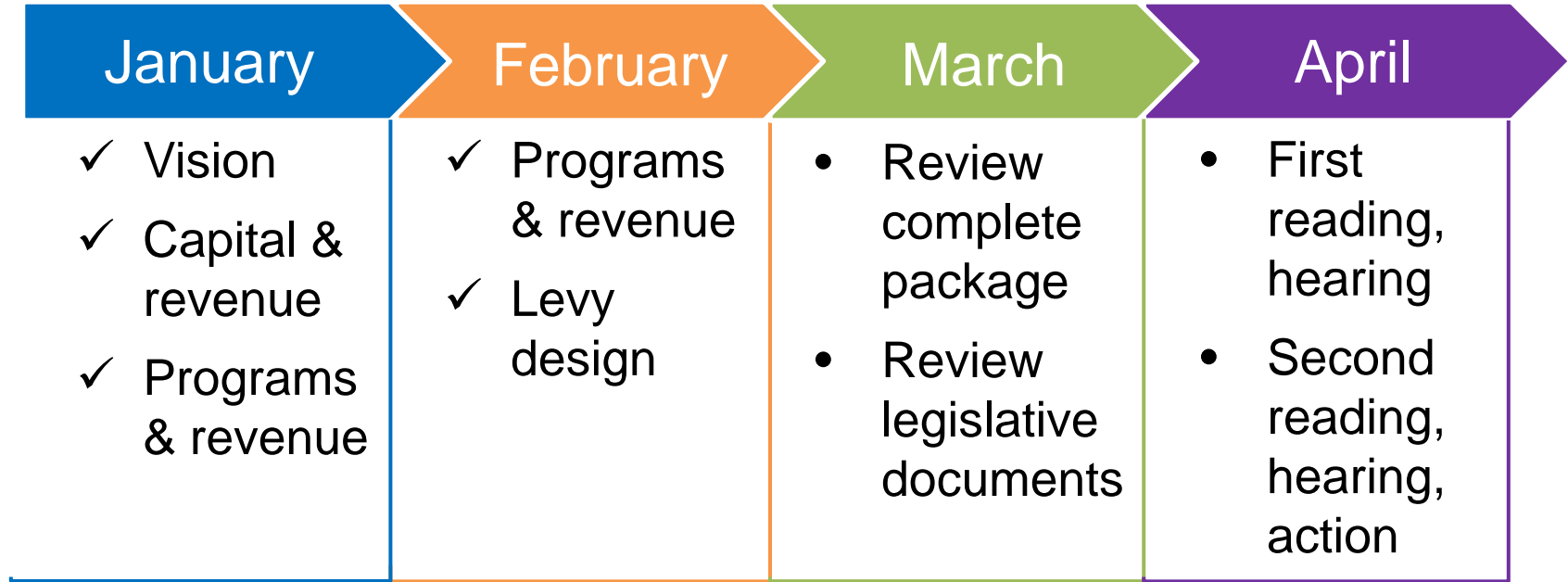
Expenditure Impact

Homelessness: Operation of the Shelter	-\$2.0 m	6 mos. operations	Fully phased in
Reduction of Financial Barriers in Recreation	-\$1.0 m	-\$0.5 m	Fully phased in
Problem Oriented Police	-\$0.5 m	Fully phased in	
Fire SUV	-\$1.2 m (2 SUVs)	-\$0.6 (3 SUVs)	Fully phased in
Other programs phased in over 3 years	-\$0.95 m	Partially phased in	Fully phased in

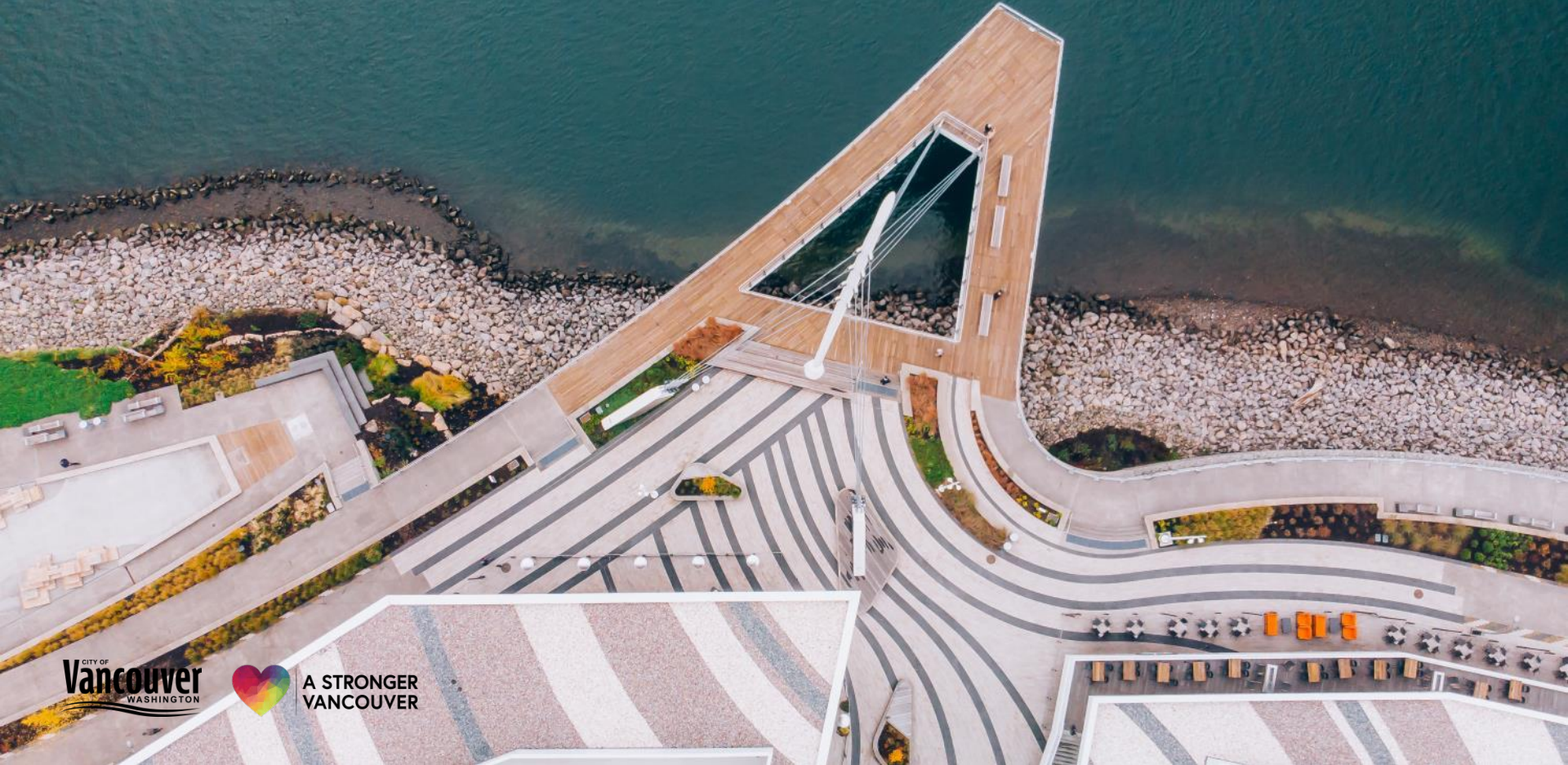
Accountability measures

- Council project list resolution
- Public-Private collaboration on certain projects
- Visual dashboards
- Equity benchmarks
- ESC Oversight
- Ongoing community engagement
- Annual reporting

Next Steps



Discussion



CITY OF
Vancouver
WASHINGTON



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