



**CITY OF TUKWILA  
WASHINGTON**

**PROPOSED BIENNIAL BUDGET**

**2023-2024**

Elected Officials

MAYOR: Allan Ekberg

COUNCIL: Kathy Hougardy  
De'Sean Quinn  
Kate Kruller  
Thomas McLeod  
Cynthia Delostrinos Johnson  
Mohamed Abdi  
Tosh Sharp

POPULATION: 21,798  
ASSESSED VALUATION: \$8.98 Billion



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**2023 – 2024 PROPOSED BIENNIAL BUDGET  
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# City of Tukwila

Allan Ekberg, Mayor

6200 Southcenter Boulevard • Tukwila, Washington • 98188  
Tel 206-433-1800 • [www.tukwilawa.gov](http://www.tukwilawa.gov)

Dear City Council and Tukwila Community,

Every two years the Mayor formally transmits a budget to the City Council for their deliberation. Cities must pass a balanced budget by the end of the year, and here in Tukwila we have a long history of collaboration between the Mayor and Council to produce a budget that reflects our City's values. I am proud to kick off that process by presenting the Community and Council with this proposed budget, and to highlight the opportunities and challenges before us in the coming biennium.

## ***Pandemic Challenges: In Tukwila and Around the Globe***

Two years ago, the City had to reduce its budget in response to impacts of the pandemic and associated lost revenues, resulting in lower service levels to our community. During the current biennium we have operated with less revenue, less services, and fewer staff than the last biennium. Fortunately, the Federal American Rescue Plan Act (ARPA) funds allowed us to reinstate key positions in Parks and Recreation, Community Development, and our Streets Division these last eighteen months to continue to provide services in these areas. However, this did not return the City to previous service levels as we remain with several positions that are being held purposely vacant due to revenue shortfall. Other non-personnel service reductions also remain. While parts of the world seemed to stand still during the most difficult time of the pandemic, we saw an unprecedented use of our Parks system as families needed safe, outdoor opportunities to gather. Our move to an online permitting system allowed individuals and contractors to apply and receive permits electronically, and a steady stream of permit applications continued to come through. Similarly, our Streets Division has seen a significant uptick in issues such as litter, dumping and vegetation management over these past two years.

The pandemic hit many in our community very hard, and I am proud of the commitment this City has made to support low-income families who experienced COVID-related wage loss over these past three years. Initially the City allocated a large portion of recaptured state sales tax funds that are dedicated to affordable housing-related programs, including rental assistance. Recaptured means state funds are returned to cities, resulting in no impact to the City's general fund budget. As a part of the City's budget process, the Council added an additional \$250,000 for rental assistance in 2021, and – thanks to ARPA funding – the Council allocated an additional \$500,000 in 2022.

As of this writing, the City has served 361 unduplicated, low-income households impacted by COVID wage loss in Tukwila with a combined total of \$557,901 in one-time rent and/or utility assistance. These payments were made directly to property managers and utility providers to stabilize households and prevent homelessness. Additional assistance was provided to the Tukwila community through King County's Eviction Prevention Rental Assistance Program (EPRAP), which helped many additional families impacted by COVID wage loss. While the need for this increased assistance is waning as the pandemic levels out, the City continues to help households who are impacted, such as a parent unable to work because of a COVID outbreak at their child's daycare.

I would also be remiss if I didn't highlight the great work of our Police and Fire during the pandemic. Working in challenging – and constantly shifting – conditions over these past few years, these individuals continue to keep

our community safe. Our Fire Department was instrumental in ensuring that COVID testing and vaccinations were available in our community, while continuing to respond effectively and quickly to fire and emergency medical calls. The women and men of our Police Department – greatly affected by lower staffing levels due to a combination of budget limitations and national staffing trends – consistently show their commitment to protecting the people and property of our community. I am proud that my proposed budget for the next two years will restore staffing levels in the Police Department.

### ***Looking Ahead: A Pandemic Becomes an Endemic but Budget Challenges Remain***

As it appears we are coming out of the pandemic and COVID-19 transforms into an endemic – something akin to the flu that will remain with us – the City's ongoing budget challenges remain. Over the years, the City has lost certain revenues as state laws have changed. For example, streamlined sales tax fundamentally decimated the City's sales tax revenues when it was instituted in 2008. Over the years, the mitigation payments associated with that change have shrunk considerably, and in the next few years they will go away all together. Other revenues – such as the telephone tax – have waned as consumer behavior changes. With so many households giving up their landlines, the City has lost revenues that will not return. Simply put, the City of Tukwila – like other cities – has a structural imbalance where our revenues do not match our expenses, particularly when our revenue growth is constrained by state law and consumer behavior. We are also experiencing the highest inflation seen in a very long time, which adds considerably to this structural imbalance.

Earlier this year, a group of residents and business representatives served on the City's *Future of Fire and EMS Services* committee to provide recommendations to myself and the Council as to the best way to sustainably provide these critical services to the Tukwila community. The group reviewed a variety of different options and ultimately recommended annexation to the Puget Sound Fire Authority (PSRFA) after a short-term contract for services. The committee recognized that annexation will provide a key dedicated revenue source for Fire and EMS services, and the PSRFA has the ability to provide a higher level of service to the Tukwila Community due to the economies of scale associated with a regional approach. Our hope is that a positive annexation vote no later than the Spring of 2024 will ensure the long-term viability of Fire and EMS services in the Tukwila community.

### ***Engaging and Listening: Community Feedback on Budget Priorities***

For the past six months City staff have been seeking community input on Tukwila's next biennial budget. We have done this in multiple ways. We presented an online tool called Balancing Act, which allowed users to take a crack at balancing the City's budget. We also offered an online survey to get feedback on service priorities, as well as opinions on whether we should implement additional service reductions or increase revenues. We also went out into the community – the Farmer's Market, boards and commissions meetings, and See You in the Park events – to gather in-person feedback.

Through these conversations it is clear that the community places a high value on the service provided by the City. While some respondents shared concerns with costs, most individuals we heard from were focused on maintaining and enhancing City services, with many providing ideas on how to increase revenue to preserve or increase services. Below are the top priorities, in order, for which we heard support, and how I have addressed them in my proposed budget:

- *Teen, Youth and Senior Programs* – The City will maintain these programs and this budget includes an investment in our parks system of \$600,000 to enhance the user experience in critical park assets around the City.



- *Police and Public Safety* – This budget fully funds staff in the Tukwila Police Department and will allow us to hire more officers, which will result in a higher level of service than what we have today.
- *Fire and Emergency Medical Services* – These services will be enhanced with the contract to the PSRFA that is slated to begin on January 1, 2023 and will include a higher level of service than what we have today. The cost of the contract about the same as the 2022 budget for the Tukwila Fire Department and includes new services such as a broad public education effort and a new CARES unit that deploys a social worker and nurse to low-acuity calls for emergency medical services. A public vote to annex to the PSRFA is planned no later than April 2024 to cement this partnership.
- *Communications & Community Engagement* – This work is maintained in this budget with no reductions to the way we communicate and engage with the Tukwila community.
- *Infrastructure Maintenance* – Over the next two years, this budget fully funds our existing identified Neighborhood Traffic Calming Program, constructs a new bridge at 42<sup>nd</sup> into Allentown and continues to maintain and improve our utility infrastructure.
- *Human Services & Rental Assistance* – The City has had a robust response to supporting low-income community members impacted by COVID-related wage loss. This budget includes more funding specifically for this purpose and the general rental and utility assistance program we provide, as well as ongoing support to organizations working in our community around housing, wellness, food security and support for independence.

I am proud that each of these priorities are addressed in the Mayor's proposed 2023-2024 budget and thankful to the community for the significant feedback and engagement on the budget and ongoing service priorities.

### ***The Coming Biennium: A Bridge***

Because of significant financial adjustments that would come with annexation to the PSRFA in 2025, I have proposed to approach this coming biennial budget as a “bridge” budget. Simply lining up projected revenues against expenses in the coming biennium doesn't match up. Without doing anything, the current expectation is shortfalls of \$4M in 2023 and a little over \$5.4M in 2024. Again, this is on top of the budget (and associated service) reductions already made for 2021 and 2022. My proposed budget is balanced and preserves as many existing services as possible, including our Police Department which will allow us to bring staffing levels back up. To accomplish this proposal, my proposed budget platform rests on a “three-legged stool.” Here are the legs to that stool:

**USE OF ONE-TIME FUNDS:** Normally I would not be supportive of using one-time funds for ongoing expenses, but it makes sense for this bridge budget. We have some ending fund balances from this current biennium budget that can help us cover approximately half of the overall shortfall.

**NEW REVENUE:** I will be proposing a modest Business & Occupation (B&O) tax, keeping the rates competitive with our neighboring cities, the majority of which also have a B&O. Ours would start in January of 2024 giving businesses over a year to budget for the new expense. The B&O will allow us to fully fund and staff our Police Department, which will directly and positively impact the business community and the overall health of the city.

**BUDGET REDUCTIONS:** Through attrition and vacancies, we will hold positions open to reduce the budget by more than \$1 million in both 2023 and 2024.

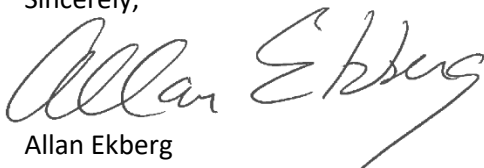
I am confident that my proposed budget reflects the priorities that we heard from residents, many of whom suggested a B&O as a way to stabilize our revenues and continue to provide needed services in our community.

Now that the Council has my proposed budget, I look forward to the collaboration and deliberation that will occur. Tukwila's budget process has always been open and transparent, and community members are encouraged to weigh in as the Council reviews the budget over these coming months and comes up with a final, balanced budget by the end of the year as required by state law.

In closing, I want to thank the Community and City Council for the thoughtful and collaborative process. The feedback we received from the broader Tukwila community was invaluable as we developed this budget and I am proud that those voices are reflected here in this document. Thank you to everyone who participated in this effort and to the Council for the intentional work they have ahead to adopt a final budget.

I appreciate the opportunity to serve as Mayor of this great city.

Sincerely,

A handwritten signature in black ink, appearing to read "Allan Ekberg". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Allan Ekberg  
Mayor



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Tukwila  
Washington**

For the Biennium Beginning

**January 01, 2021**

*Christopher P. Merrill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Tukwila, Washington for its biennial budget for the biennium beginning January 1, 2021. In order to receive this award, a government entity must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of two years. We believe our current budget document continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
TUKWILA, WASHINGTON; ADOPTING THE BIENNIAL  
BUDGET OF THE CITY OF TUKWILA FOR THE 2023-2024  
BIENNIUM; PROVIDING FOR SEVERABILITY; AND  
ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the preliminary budget of the City of Tukwila for the 2023-2024 biennium was submitted to the City Council in a timely manner for their review; and

**WHEREAS**, a Public Hearing on the proposed budget was advertised and held on November 14, 2022; and

**WHEREAS**, as budget oversight is one of its keys legislative responsibilities, the City Council conducted a thorough process to deliberate the proposed 2023-2024 Biennial Budget;

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

**Section 1.** The City Council hereby adopts the document entitled "City of Tukwila 2023-2024 Budget," incorporated by this reference as if fully set forth herein, in accordance with RCW 35A.34.120.

**Section 2.** Cost of living adjustments (COLAs) for non-represented employees shall be implemented per the City Council's Compensation Policy.

**Section 3.** The totals of the estimated revenues and appropriations for each separate fund and the aggregate totals are as follows:

Fund	Total Expenditures	Total Revenues
000 General	\$ 166,485,032	\$ 166,485,032
105 Contingency	7,082,148	7,082,148
101 Hotel/Motel	3,530,201	3,530,201
103 City Street	9,326,503	9,326,503
104 Arterial Street	30,749,479	30,749,479
109 Drug Seizure Fund	666,515	666,515
2XX LTGO Debt Service Funds	11,815,404	11,815,404
213 Unlimited Tax G.O. Bonds	9,615,168	9,615,168
206 LID Guaranty	764,958	764,958
233 2013 LID	1,615,678	1,615,678
301 Land Acquisition, Recreation & Park Dev.	4,692,436	4,692,436
302 Facility Replacement	2,533,800	2,533,800
303 General Government Improvements	2,345,128	2,345,128
304 Fire Improvements	600,000	600,000
305 Public Safety Plan	2,738,557	2,738,557
306 City Facilities	6,256,324	6,256,324
401 Water	22,155,562	22,155,562
402 Sewer	34,034,242	34,034,242
411 Foster Golf Course	6,094,043	6,094,043
412 Surface Water	28,393,244	28,393,244
501 Equipment Rental	7,945,539	7,945,539
502 Insurance Fund	13,172,855	13,172,855
503 Insurance - LEOFF 1 Fund	959,737	959,737
611 Firemen's Pension	1,694,370	1,694,370
Total All Funds Combined	\$ 375,266,924	\$ 375,266,924

**Section 3.** A complete copy of the final budget for 2023-2024, as adopted, together with a copy of this adopting ordinance, shall be kept on file electronically by the City Clerk and accessible from the City's website in accordance with Washington State records retention schedule requirements and City policy, and shall be made available to the public upon request. A complete copy of the final budget for 2023-2024, as adopted, together with a copy of this adopting ordinance, 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 4. 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 5. 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 6. 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 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 \_\_\_\_\_, 2022.

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Christy O'Flaherty, MMC, City Clerk

\_\_\_\_\_  
Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: \_\_\_\_\_

Passed by the City Council: \_\_\_\_\_

Published: \_\_\_\_\_

Effective Date: \_\_\_\_\_

Ordinance Number: \_\_\_\_\_

\_\_\_\_\_  
Office of the City Attorney

Attachment: City of Tukwila 2023-2024 Budget

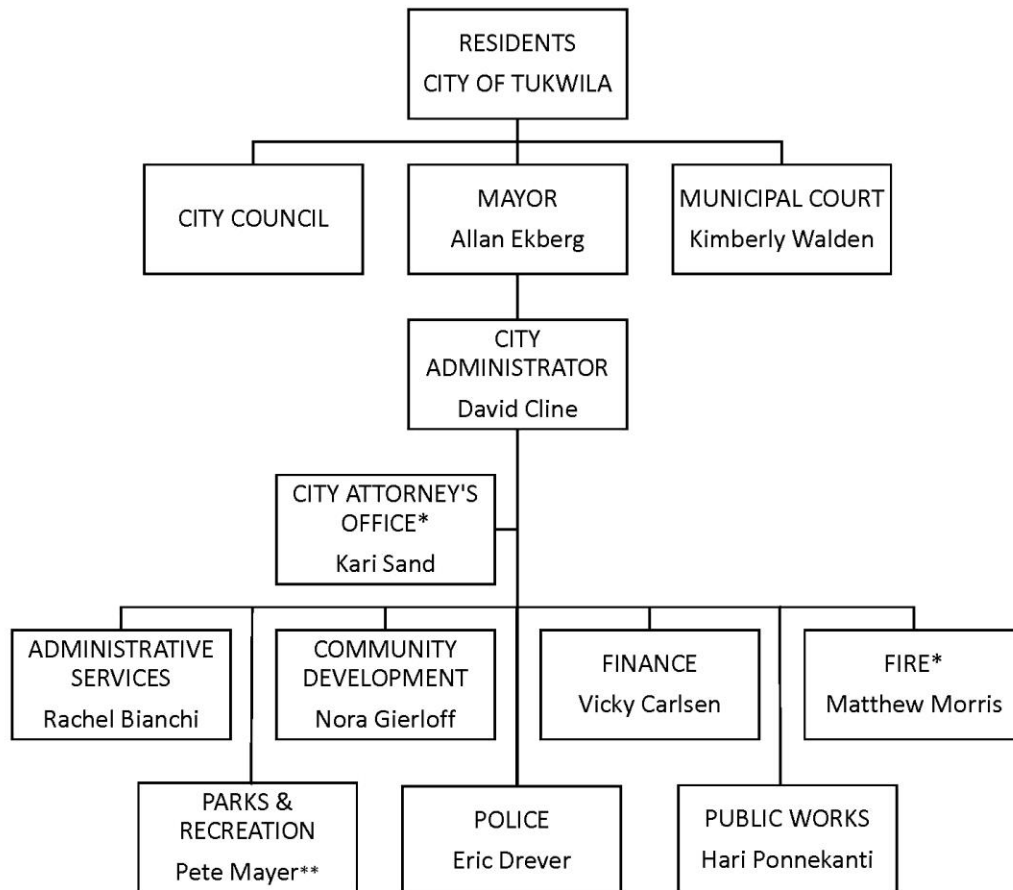
**RECONCILIATION OF 2023 - 2024 BUDGET SUMMARY TO ORDINANCE**

<b>REVENUES</b>	<b>2023 Beginning Fund Balance</b>	<b>2023 Revenues</b>	<b>2024 Revenues</b>	<b>Total Revenues</b>
000 General	\$ 19,085,142	\$ 71,839,634	\$ 75,560,256	\$ 166,485,032
101 Hotel/Motel	2,048,201	726,000	756,000	3,530,201
103 City Street	847,903	5,352,800	3,125,800	9,326,503
104 Arterial Street	6,570,879	4,873,800	19,304,800	30,749,479
105 Contingency	7,042,148	20,000	20,000	7,082,148
109 Drug Seizure Fund	435,515	115,500	115,500	666,515
2XX LTGO Debt Service Funds	-	6,179,070	5,636,334	11,815,404
213 UTGO Bonds	314,818	4,487,175	4,813,175	9,615,168
206 LID Guaranty	758,958	3,000	3,000	764,958
233 2013 LID	586,678	525,000	504,000	1,615,678
301 Land Acquisition, Recreation & Park Dev.	3,751,186	487,250	454,000	4,692,436
302 Facility Replacement	1,183,800	1,350,000	-	2,533,800
303 General Government Improvements	444,128	1,901,000	-	2,345,128
304 Fire Improvements	-	300,000	300,000	600,000
305 Public Safety Plan	538,557	1,100,000	1,100,000	2,738,557
306 City Facilities	2,274,324	2,141,000	1,841,000	6,256,324
401 Water	4,690,562	7,728,000	9,737,000	22,155,562
402 Sewer	11,742,027	10,882,300	11,409,915	34,034,242
411 Foster Golf Course	1,505,043	2,294,500	2,294,500	6,094,043
412 Surface Water	5,944,369	11,367,500	11,081,375	28,393,244
501 Equipment Rental	4,322,760	2,237,991	1,384,788	7,945,539
502 Insurance Fund	764,171	6,204,342	6,204,342	13,172,855
503 Insurance - LEOFF 1 Fund	258,737	350,500	350,500	959,737
611 Firemen's Pension	1,543,370	75,500	75,500	1,694,370
<b>Total</b>	<b>\$ 76,653,277</b>	<b>\$ 142,541,862</b>	<b>\$ 156,071,785</b>	<b>\$ 375,266,924</b>

<b>EXPENDITURES</b>	<b>2023 Expenditures</b>	<b>2024 Expenditures</b>	<b>2024 Ending Fund Balance</b>	<b>Total Expenditures</b>
000 General	\$ 75,756,268	\$ 77,992,440	\$ 12,736,324	\$ 166,485,032
101 Hotel/Motel	938,890	944,668	1,646,643	3,530,201
103 City Street	5,912,000	3,145,000	269,503	9,326,503
104 Arterial Street	6,149,662	19,209,451	5,390,366	30,749,479
105 Contingency	-	-	7,082,148	7,082,148
109 Drug Seizure Fund	266,008	279,297	121,211	666,515
2XX LTGO Debt Service Funds	6,179,070	5,636,334	-	11,815,404
213 UTGO Bonds	4,485,975	4,811,975	317,218	9,615,168
206 LID Guaranty	-	-	764,958	764,958
233 2013 LID	525,000	504,000	586,678	1,615,678
301 Land Acquisition, Recreation & Park Dev.	931,250	1,179,000	2,582,186	4,692,436
302 Facility Replacement	300,000	200,000	2,033,800	2,533,800
303 General Government Improvements	2,345,128	-	-	2,345,128
304 Fire Improvements	300,000	300,000	-	600,000
305 Public Safety Plan	1,319,019	1,317,849	101,689	2,738,557
306 City Facilities	2,700,000	3,000,000	556,324	6,256,324
401 Water	9,191,362	9,852,599	3,111,601	22,155,562
402 Sewer	12,549,000	13,570,855	7,914,388	34,034,242
411 Foster Golf Course	2,312,871	2,441,024	1,340,148	6,094,043
412 Surface Water	12,409,424	11,792,110	4,191,711	28,393,244
501 Equipment Rental	3,210,844	3,076,219	1,658,476	7,945,539
502 Insurance Fund	6,060,861	6,506,054	605,940	13,172,855
503 Insurance - LEOFF 1 Fund	444,438	460,558	54,741	959,737
611 Firemen's Pension	62,000	62,000	1,570,370	1,694,370
<b>Total</b>	<b>\$ 154,349,069</b>	<b>\$ 166,281,432</b>	<b>\$ 54,636,423</b>	<b>\$ 375,266,924</b>



**City of Tukwila, Washington  
2023-2024 Organization Chart**



\* Contract for Services

\*\*Interim Director

## **CITY OFFICIALS**

### **2022 CITY COUNCIL**

Council President  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember

Thomas McLeod  
Tosh Sharp  
Kathy Hougardy  
Mohamed Abdi  
Kate Kruller  
De'Sean Quinn  
Cynthia Delostrinos Johnson

### **MUNICIPAL COURT**

Judge  
Court Administrator

Kimberly Walden  
Trish Kinlow

### **CITY ADMINISTRATION**

Mayor  
City Administrator  
Deputy City Administrator  
City Attorney  
Finance Director  
Community Development Director  
Interim Parks & Recreation Director  
Public Works Director  
Fire Chief  
Police Chief  
Deputy Administrative Service Director/CPO  
Deputy Administrative Service Director/CIO  
City Clerk

Allan Ekberg  
David Cline  
Rachel Bianchi  
Kari Sand  
Vicky Carlsen  
Nora Gierloff  
Pete Mayer  
Hari Ponnekanti  
Matthew Morris  
Eric Drever  
TC Croone  
Joel Bush  
Christy O'Flaherty

### **2023-2024 ADOPTED BUDGET PREPARED BY:**

#### **FINANCE DEPARTMENT PERSONNEL**

Finance Director  
Deputy Director  
Fiscal Manager  
Senior Fiscal Coordinator  
Fiscal Coordinator  
Fiscal Coordinator  
Fiscal Coordinator  
Payroll Specialist  
Fiscal Specialist  
Fiscal Specialist  
Fiscal Specialist  
Fiscal Technician  
ARPA Analyst

Vicky Carlsen  
Tony Cullerton  
Aaron Williams  
Sherry Wright  
Richard Takechi  
Terrina Marchant  
Mindy Roberts  
Karen Fricke  
Diane Jaber  
Cindy Wilkins  
Joanna Fortenberry  
Dalene Qualls  
Julie Hatley

**CITY BOARDS AND COMMISSIONS****ARTS COMMISSION**

Sheila Coppola  
Pinky Estell

Cynthia Chesak  
Kai Curry

Shawn Belyea  
Thanipa Suwanchote

City Staff:  
Interim Director, Parks & Recreation

**CIVIL SERVICE COMMISSION**

Tom Morris

Kathleen Wilson

Ron Johnston

City Staff:  
Administrative Services Deputy Director/Chief People Officer

**COMMUNITY ORIENTED POLICING CITIZEN'S ADVISORY BOARD**

Jay Stark  
John Lindsay

Katrina Dohn  
Jan Bolerjack

Roger Arnold  
Charlee Sebring

City Staff:  
Police Chief

**EQUITY AND SOCIAL JUSTICE COMMISSION**

Kathy Hougardy  
Perri Doll  
Eileen English

Kraig Boyd  
Jonathan Joseph  
Joe Duffie

Will Ragin  
Aaron Draganov  
Gabriela Quintana

City Staff:  
Deputy City Administrator

**HUMAN SERVICES ADVISORY BOARD**

Terra Straight  
Jan Bolerjack

Eileen English  
Sharon Myklebust

Jonathan Joseph

City Staff:  
Deputy City Administrator

**LIBRARY ADVISORY BOARD**

Scott Kruize  
Steve Miller

Geraldine Ventura  
Marie Parrish

Cynthia Chesak  
Verna Seal

City Staff:  
Interim Parks & Recreation Director

**LODGING TAX ADVISORY COMMITTEE**

Miesa Berry  
Jim Davis

Ben Oliver  
Jean Thompson

Tom McLeod

City Staff:  
Mayor's Office Representative

**PARK COMMISSION**

Sean Albert  
Natalie Suum

Earnest Young  
Teo Hunter

Scott Kruize  
Kathleen Gantz

City Staff:  
Interim Parks & Recreation Director

**PLANNING COMMISSION**

Louise Strander  
Karen Simmons  
Alexandria Teague

Dennis Martinez  
Apneet Sidhu

Sharon Mann

City Staff:  
Director, Community Development

## CITY OF TUKWILA AT A GLANCE

**Tukwila** means *place where the hazelnuts grow* in the Lushootseed dialect of the *People of the Inside* (the Duwamish people), who have inhabited the area for centuries.



### School Districts

Tukwila School District, Highline School District, and Renton School District.

### Incorporated

June 23, 1908

### Government

Tukwila is a non-charter, optional code city operating under a Mayor-Council form of government, which includes a full-time Mayor, seven-member City Council elected at large, and a City Administrator. All elected-official terms are for a period of four years

### County

King County

<https://kingcounty.gov>

Tukwila is located in the heart of the Puget Sound region, approximately 12 miles south of downtown Seattle, 17 miles north of Tacoma, and just east of Seattle-Tacoma International airport.

### Area

9.6 square miles

### Population

21,798

### Languages

41.6% of Tukwila residents are foreign born and 52.4% speak languages other than English at home.

### Households

Tukwila has 7,302 households, a median household income of \$63,053 (2020 dollars), and 14.3% of persons live in poverty.

### Business

Tukwila has more than 2,000 businesses, which comprise over 40,000 jobs. Businesses cover multiple sectors with concentrations in retail, manufacturing, services, and distribution and specialties in entertainment and aerospace.

## READER'S GUIDE

For many, the City's budget document can look formidable. Since budget document users come with a wide variety of backgrounds, and include Councilmembers, City staff, residents, and financial market experts, the information in the biennial budget is designed to provide a lot of different information about the City to a wide variety of different users. The information in the budget can be grouped into one of four main areas to facilitate an understanding of what the City plans to do with its resources for the next two years.

**1. A Policy Document:** The City's biennial budget addresses two primary kinds of policies: policies that are under development (usually stated as goals to be accomplished) that may change how the City operates in the future, and policies that are already in place. The Mayor's Budget Message, found at the beginning of the document, provides the background, sets the stage for the specific work plan that will be accomplished during the coming budget period, and reviews the policy issues important to the community as identified by the City Council. New policy issues that have a fiscal impact are highlighted in this message. All of these policy issues have the potential to impact fees, taxes, and/or the allocation of existing staff or financial resources.

**2. A Communications Device:** The City's biennial budget provides information about the priorities the City Council has identified for the next two years, as well as information about the day-to-day activities the City performs. The Mayor's Budget Message is a concise discussion of the major priorities of the City. The financial and department information included in the detailed budget section of this document provides additional information about the major priorities, as well as a considerable amount of detail as to the City's day-to-day activities and the resources required to meet service demands. Performance measures are included in the detailed budget section for certain departments and funds to provide information on how efficient and effective the City is in pursuit of meeting City goals and management objectives.

**3. A Financial Plan:** The budget document is foremost a financial plan, providing a numerical road map that matches resources with spending priorities defined by City Council. Each operational area of the budget involves specific departments and is summarized by the budget organization charts.

a. **The Budget by Department:** The department designation is used to group a set of like activities to enhance the opportunities for operational efficiencies, or to take advantage of professional qualifications of staff to work on multiple types of projects. A department can operate in just one fund, such as the Finance Department which operates only in the General Fund. In this case, the department has a fairly singular focus of work, with specialized training that does not cross into other work areas. A department can also operate in more than one fund, such as the Public Works Department, which operates in multiple funds, including the General Fund, Water, Sewer, Surface Water Utility Funds, and various Capital Project Funds. In this case, the department has a more complex set of work tasks, but the same set of staff skills can be used in a number of areas. Some departments also have divisions and within each division there can be one or more programs. The program level is used to either manage specific work, allow the ability to cost specific services for which customers are charged a fee for service, or report to the City Council, residents, or outside agencies.

b. **The Budget by Fund:** Summaries of the City's adopted budget by fund can be found at the beginning of this document. The City uses a fund structure as the primary method of accounting for financial operations. A fund can be thought of as a "business," with all revenues in the fund specifically associated with the kinds of expenditures in the fund. In many cases, there is a legal restriction on the use of the revenue in a fund. This means that Water Fund revenues cannot be used to pay for street repair as the Water Fund revenue is legally restricted to services necessary to provide water to all properties in Tukwila not served by other providers. Funds are usually named for their primary activity (i.e., the Arterial Street Fund accounts for revenue and expenditures associated with improvements in the City's major arterial street infrastructure). The General Fund is used as a catch-all fund and is specifically defined as the fund to use when there is no reason to use another fund.

c. **The Budget by Category:** The City's budget also includes different categories of revenues and expenditures which overlay the budget by fund and department. Comparing the budget by categories can help a reader understand how major sources of revenue or costs are treated across the organization. Operating revenues include categories such as: sales taxes, property taxes, licenses and permits, charges for services, intergovernmental revenues, fines and forfeitures, and miscellaneous revenues. Non-operating revenue categories include transfers, issuance of long-term debt or sale of capital assets. Operating expenditure categories include personnel services (includes salaries and wages, plus all associated benefits), professional services, materials and supplies, transfers, debt service and capital outlay.

d. **The budget by program:** The budget has also been summarized by programs. Priority based budgeting is the City's priority-driven budgeting process that aligns the budget to the adopted Strategic Plan and community priorities. Programs are identified and scored against the strategic goals and then categorized in tiers, with programs in tier one showing the most alignment with the strategic goals. Program budget are summarized in the budget summary section of the budget document. Program budgets can also be found in each department budget section as well as in the enterprise fund sections and Fleet fund section.

**4. An Operations Guide:** The City's operations are defined through the budget document in the discussion of each department. At the beginning of every department section is a page showing its organizational structure. The following pages provide a brief summary of how funds are used. The budget document is also used by staff as both a guide for the work plan and as a reference tool. It serves as a comprehensive resource of historical information and projections based on current assumptions. During the course of the biennium, each department manages and monitors its budget, reporting as needed to the City Administrator and/or Finance Director on any unusual occurrences. The Finance Department has the overall responsibility to develop and monitor the budget. The Finance Department's staff prepares monthly budget to actual reports in addition to the quarterly financial status reports which are designed as interim snapshots of the City's financial projections and are included in Council meeting packets. The Finance Department also prepares the Annual Comprehensive Financial Report (ACFR) each year.

## BIENNIAL BUDGET PROCESS

The City of Tukwila's budget procedures are mandated by RCW 35A.33. The steps in the budget process are as follows:

1. Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months and balanced with revenue estimates made by the Mayor.
2. The City Council conducts public hearings on the proposed budget in November.
3. The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.
4. The final operating budget as adopted is published and distributed within the first month of the following year. Copies of the budget are made available to the public.

Every even numbered year the budget process begins with the review of the City's strategic goals as identified in the City's adopted Strategic Plan. This review includes a collaborative process between the Community, Administration and Council to identify the priorities for the next biennium, which inform spending and direct the budget. The six-year capital improvement program document is developed in conjunction with the biennial budget so that annual appropriations can be viewed in the context of the City's long-term direction and resource capability. The biennial budget document implements the projects and priorities identified in the six-year financial plan and capital improvement program. It outlines the manner in which financial resources will be utilized during the budget period. The course the City is taking can be changed through the allocation of resources. The City Council, Mayor, City Administrator, Department Directors, City staff and residents all participate in the budget process.

Once adopted, the budget is a formal expression of public policy on the City's objectives and priorities, and on how resources will be allocated to meet those objectives.

City staff reviews the adopted financial policies and presents any changes to the Council during the budget cycle. The Council considers the proposed changes and may adopt policy changes, if necessary. City staff then prepares the six-year financial plan and presents it to the City Council as part of the budget review process. The six-year financial plan is reviewed and updated as necessary during off budget years.

City staff then prepares the final estimates of revenues, expenditures, and capital improvement changes. The preliminary budget is presented to the Council in October or earlier. Public hearings and Council discussions are held, and the final budget is adopted by early December.

The adopted budget takes effect on January 1<sup>st</sup> of odd numbered years. Throughout the year, expenditures are monitored to ensure that funds are used in an approved manner. A few times during the budget period, the budget may be changed (amended) by Council action in an open public meeting to respond to additional City activities throughout the course of the budget period.



## **BUDGET PROCEDURES AND AMENDMENT PROCESS**

The City prepares a biennial budget, which has been permitted for Washington cities since 1985 and allows cities to adopt a two-year appropriation. An appropriation represents the city's legal authority to expend funds. By design, the City's biennial budget is considered in non-election years, as the biennium must begin in odd-numbered years.

The most common reason for using a two-year appropriation is the time savings in both the budget development and approval process. This is true of staff time invested in preparing the budget as well as the time Council spends during the approval and adoption phases. While it does take more time to prepare a two-year budget than an annual one, the additional time spent is not as significant as preparing two annual budgets. As a result, over the two-year period, there is a substantial time savings. This time savings allows staff and Council to focus on long-range strategic planning.

The concept of a two-year appropriation is straightforward. The two-year budget provides an opportunity to widen the planning horizon and allow more long-term thinking to be part of the financial plan that the budget represents. Biennial budgeting also includes opportunities for adjustments, and a "mid-biennium review" is required. The purpose of this review is to make adjustments to the budget or essentially, a tune up. This review is not intended to become another complete budget process in itself. The mid-biennium review begins September 1<sup>st</sup> and is to be completed by the end of the first year of the budget.

The City Council authorizes transfers within funds and must approve by ordinance any amendments that increase the total for the fund. Budget amounts presented in the basic financial statements include both the original amounts and the final amended budget as approved by the City Council.

The calendar for the City of Tukwila's current budget is as follows:

<b>Budget Calendar</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>2022</b>												
Public outreach to gather budget feedback at community events												
Departments review and prepare budgets												
Department Directors submit budget requests to Finance												
Departments review budgets with the Mayor and City Administrator												
Budgets adjusted based on Mayor's recommendations												
Department budget requests are reviewed by Council												
Notice of public hearing #1 on proposed budget is published												
Proposed budget is filed with the City Clerk, distributed to City Council and made available to the public												
Public hearing												
City Council considers budget proposals												
Budget and Capital Improvement Program are adopted by City Council												

## **BUDGET DEFINITIONS**

Expenditure categories are identified in the following:

*Salaries and Wages* – Wages for full-time and part-time employees, overtime, and extra labor costs to meet short-term needs of the City.

*Personnel Benefits* – includes all mandatory and negotiated benefits for City staff.

*Supplies* – includes items used for day-to-day operations and small tools & equipment that do not meet the capitalization threshold of the City.

*Services* – includes professional and contracted services, utilities, insurance, and other needs of the City that is accomplished by outside vendors.

*Intergovernmental* – charges for services paid to other government agencies including jail costs, dispatch for fire and police, and interfund taxes due from enterprise funds to the general fund.

*Capital* – includes all items purchased that meet the capitalization threshold and major road, sidewalk, and utility project costs within the City.

### **Budget and Accounting System**

The official budget is maintained, both before and after adoption, on the City's financial management and accounting system at a very detailed line-item level. Computerized reports may be generated at any time and at various levels of detail. Departments can also access these budgets at any time on a read-only inquiry basis to compare actual revenue and expenditures to their budgets. This computerized budget becomes the accounting system that controls expenditures after adoption of the final budget.

### **Preliminary Budget**

The preliminary budget is prepared, pursuant to state law, as the Mayor's budget recommendations to the City Council. This public document contains a summary of information at the fund level, and for the General Fund at the department level. It focuses on key policy issues, while providing a comprehensive overview of the complete budget.

### **Budget Ordinance**

The actual appropriations implementing the budget are contained in the budget ordinance adopted by the City Council.

### **Final Budget**

The final budget is issued as a formal published document as approved by ordinance by the City Council. It is this document which is formally filed as the final budget.

### **Programs**

While the budget proposals of the administration are developed in concert with the fiscal proposals in the budget, the budget documents themselves only summarize the individual objectives and performance measures. Generally, these programs are not finalized until the budget is in final form as the budget determines the actual activities undertaken by each department.

### **Components of the Budget**

The budget consists of two parts: operating budget and capital budget.

### **Operating Budget**

The operating budget consists of on-going day-to-day operations and departmental budget proposals, which would be sufficient to maintain the objectives set by the departments to meet Council goals.

**Capital Budget**

The capital budget authorizes and provides the basis of control of expenditures for the acquisition of significant city assets, construction of capital facilities, and improvements to City-owned infrastructure.

**Capital Planning**

The Capital Improvement Program (CIP) was originally adopted as an element of the City Comprehensive Plan that provides the City's plans to finance capital facilities that will be needed over the next 20 years. The CIP includes both long-range strategy and a specific six-year plan of projects. The CIP is maintained and reports are published separately from the operating budget and includes a summary of the projects and appropriations for the upcoming biennium. For more detailed information see the Financial Planning Model and Capital Improvement Program.

**Implementation, Monitoring and Amending the Budget**

The financial aspects of the budget are monitored in periodic reports issued by the Finance Department comparing actual expenditures and revenues with the budget. In these reports, financial data can be presented at a higher level of detail than the final budget. These reports include an analysis of the City's financial condition.

From time to time, it becomes necessary to modify the adopted budget. The procedure for amending the budget depends upon the type of change that is needed. One type of change does not affect the "bottom line," or total, total for a department or a fund. These changes, mainly transfers from one line-item to another within a department's operating budget or changes between divisions within a department are presented by administration to City Council for their consideration and approval.

The second type of budget amendment brings about a change in the total appropriation for a department or fund. Examples of these changes include but are not limited to the following: the acceptance of additional grant money, an adjustment to reflect increased revenues such as tax receipts, the appropriation of additional funding if expenditures are projected to exceed budgeted amounts, and re-appropriation of monies from one fund to another. These changes require Council approval in the form of an ordinance. The status of the budget is comprehensively analyzed during the mid-biennial review and periodically through each year to identify any needed adjustments.

**Basis of Budgeting**

All governmental fund type budgets are prepared on the modified accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). The budget for proprietary funds is prepared on an accrual basis, also in accordance with GAAP. The legal level of budgetary control where expenditures cannot exceed appropriations is at the individual fund level. Revisions that alter the total expenditures of any fund must be approved by the City Council and adopted by ordinance.

Chapter 35.33 of the Revised Code of Washington (RCW) mandates the City's budget procedures. The budget, as adopted biennially by the City Council, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level and expenditures may not legally exceed appropriations at that level of detail.

## FUND DEFINITIONS

The City of Tukwila's accounting and budget structure is based upon governmental fund accounting to ensure legal compliance and financial management for various restricted revenues and program expenditures. Fund accounting segregates certain functions and activities into separate self-balancing funds created and maintained for specific purposes (as described below). Resources from one fund used to offset expenditures in a different fund are budgeted as either a 'transfer to' or 'transfer from'.

The City of Tukwila budget is organized in a hierarchy of levels, each of which is defined below:

<b>Fund</b>	A fund is an accounting entity used to record the revenues and expenditures of a governmental unit which is designated for the purpose of carrying out specific activities or attaining certain objectives. For example, Fund 104, the Arterial Street Fund, is designated for the purpose of maintaining the arterial streets within the City.
<b>Department</b>	A department designates a major function of City operations, e.g., Public Works or Parks and Recreation.
<b>Program</b>	A specific distinguishable line of work performed by the department, or departments, for the purpose of accomplishing a function for which government is responsible. For example, "Traffic Control" is included within the Street Funds.
<b>Object</b>	The appropriation unit (object of expenditure or expense) is the level of detail used in the budget to sort and summarize objects of expenditure, or expense, according to the type of goods or services being purchased, e.g., salaries, supplies.

## FINANCIAL STRUCTURE OF THE CITY BUDGET

The following are the fund types budgeted by the City:

### Governmental Fund Types

#### General Fund

The General Fund supports the general operations of the City government. These include administration, the legislative function, legal services, public safety, planning and community development, enforcement of local codes, parks, recreation, and cultural activities. Taxes are the principal source of revenue for the General Fund: property, sales, utility, and gambling taxes. Other important resources are shared revenue from other governments, licenses and permits, charges for services, and fines and forfeitures. The General Fund accounts for all City resources except those for which a specific fund has been created.

The Contingency, or Reserve Fund, is an accumulation of fund balance that is greater than 10% of previous year General Fund revenue, exclusive of significant non-operating revenue. Amounts held in this fund can be used for more restrictive, emergency type purposes. This fund is a sub-fund of the general fund.

#### Special Revenue Funds

Special Revenue funds are used to account for revenues which are legally or administratively restricted for special purposes. These funds receive revenue from a variety of sources, including Federal and State grants, taxes, and service fees. These revenues are dedicated to carrying out the purposes of the individual special revenue fund. There are two Special Revenue funds: *Lodging Tax and Drug Seizure*.

#### Debt Service Funds

These funds account for resources necessary to pay principal and interest on general long-term debt. Debt limits are based on percentages of assessed valuation, with voted debt requiring a 60% majority of the city electorate.

Tukwila has a Limited General Obligation bond rating of AA- with Fitch and A1 with Moody.

#### Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition of capital facilities including those financed by special assessment, major improvements, and construction. Revenues for capital funds consist of federal and state grants, contributions from operating funds and bond proceeds. These revenues are usually dedicated to capital purposes and are not available to support operating costs. Capital projects are adopted on a multi-year basis. Currently the City has eight active capital project funds: Residential Streets, Bridges & Arterial Streets, Land Acquisition, Urban Renewal, General Government Improvements, Fire Improvements, Public Safety Plan Fund and City Facilities Fund.

#### Proprietary Fund Types

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to business enterprises. They are established as fully self-supporting operations with revenues provided primarily from fees, charges, or contracts for services. The City maintains four Enterprise Funds to account for the operations of Water, Sewer, Surface Water, and Foster Golf Course.

Internal Service Funds – Internal Service Funds are used to account for operations similar to those accounted for in Enterprise Funds, but these funds provide goods or services to other departments on a cost reimbursement basis. The City maintains three Internal Service funds to account for fleet management and self-insurance activities for active and.

Fiduciary Funds – Fiduciary, or Trust Funds, are used to account for assets held by the City in a trustee capacity and cannot be used to support the City’s own programs. These include pension trust, investment trust, private-purpose trust, and agency funds. The City’s pension trust fund is the Firemen’s Pension Fund and is budgeted on the accrual basis of accounting where revenues are recognized when earned and expenses are recorded when incurred.

## FINANCIAL PLAN

### Introduction

The National Advisory Council on State and Local Budgeting (NACSLB) endorses the forecasting of revenue and expenditures in their Recommended Budget Practices and the City's financial plan follows this model. This section of the budget, financial planning model, and capital improvement program provides a combined view of both past and anticipated future revenues and expenditures for all funds. The plan focuses analysis on revenue sources in order to inform readers as to how the City funds services provided to residents, businesses, and guests. A table, graph and explanation of major changes is provided for the General Fund, Special Revenue funds, Capital Projects funds, Enterprise funds, Internal Service funds, and Fiduciary funds. This is followed by a six-year forecast of revenue and expenditures along with a discussion of the factors that affect the forecast. Long term debt and debt capacity is discussed as well as the General Fund fiscal capacity. This section ends with a discussion of fund balance and working capital balances.

A budget is a plan that develops and allocates the City's financial resources to meet community needs in both the present and future. The development and allocation of these resources is accomplished on the basis of the policies, goals, and objectives addressing the requirements and needs of the City of Tukwila. While the other sections of this document will present the budget in detail, this section provides an overview of the budget as a Financial Plan. As such, this section focuses on City strategies to maintain its financial strength and the basis for the expectation for future revenues.

An important part of a financial plan is the City's Capital Improvement Program. Projects affecting the budget years in this document are summarized under the Capital Budget section; the entire Capital Improvement Program (CIP) is outlined, in detail, in a separate document.

A six-year forecast of the City's governmental fund revenues and expenditures follows this summary. The purpose of the forecast is to highlight issues associated with financial policies and budgetary decisions. It is not intended to be a multi-year budget.

Revenues and expenditures are projected on the basis of assumed economic relationships. Revenues are forecast on the basis of future economic and demographic factors. Expenditures are forecast based on past trends modified by present and future conditions. Future conditions are based upon a series of assumptions. This model has been used to test a large range of assumptions and policy options in the course of developing budget recommendations.

Continued caution will be required to anticipate and manage the effects of current and future legislative actions to avoid service reductions for budgetary reasons. Should growth occur slower than anticipated the adverse effect on fund balance may be greater than predicted.

The City, like all other taxing authorities, is prohibited to raise property taxes more than 1% plus new construction without a vote of the people. Therefore, forecasting must remain conservative. The issue that develops when property tax increases for existing improvements to property are held to 1% is that costs cannot be held to the same 1% increase. Costs such as employee benefits, negotiated labor contracts, services and supplies continue to increase at a greater rate. Fuel, professional services, and healthcare costs are good examples. The shortfall then has to be made up by increases in sales tax collection and population growth, or other revenues.

Given the limitations of growth with current revenue sources coupled with costs that are increasing much faster than revenues, the City is no longer able to maintain the existing level of services. In order to



maintain the current level of services and restore frozen police positions, this budget proposes initiating a business and occupation (B&O) tax in 2024 to allow the City to continue to provide the high-level of services requested by the Tukwila community.



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