



City of Bothell™

August 6, 2018

Council, Citizens and Stakeholders:

Attached for your review is the City's quarterly budget status report as of March 31, 2018. The budget period described in this report is 62.5 percent complete. Generally, this report should have been completed by May 2018. However, the City purchased a new financial software system and the extensive implementation process resulted in a delay. The quarterly report ending June 2018 and all future reports will be prepared and presented in a timely manner.

As of March 31, excluding the \$8,156,000 one-time transfer of proceeds from downtown property sales (as outlined in the Council-approved 2017 budget amendment), the General Fund has an operating deficit of \$3,030,808 for the 2017-2018 biennium.

The operating deficit for the first quarter of 2018 totaled \$606,874. The majority of the deficit from the first quarter (\$576,676) involves unbudgeted public safety expenditures.

Fire personnel expenditures for the first quarter exceeded year-to-date 2018 budget projections by \$394,879.

- Salaries exceeded the amended budget by \$94,559. The 2018 cost of living adjustment (COLA) for firefighters (part of the adopted bargaining agreement in 2017) is 1.3% greater than budgeted.
- Overtime exceeded budget by \$211,885. The overtime budget was reduced to fund three overhire* positions, but overtime for the first quarter was \$43,000 higher than the first quarter of 2017.
- Benefits exceeded budget by \$88,433. This overage is directly attributed to the increase in salaries and overtime earned.

Police personnel expenditures for the first quarter exceeded year-to-date 2018 budget projections by \$181,797.

- Overtime exceeded budget by \$125,955. The overtime budget was reduced to fund five overhire* positions, but continuous position vacancies require the use of overtime to maintain minimum staffing levels.
- Benefits exceeded budget by \$55,842. This overage is directly attributed to the increase in salaries and overtime earned.

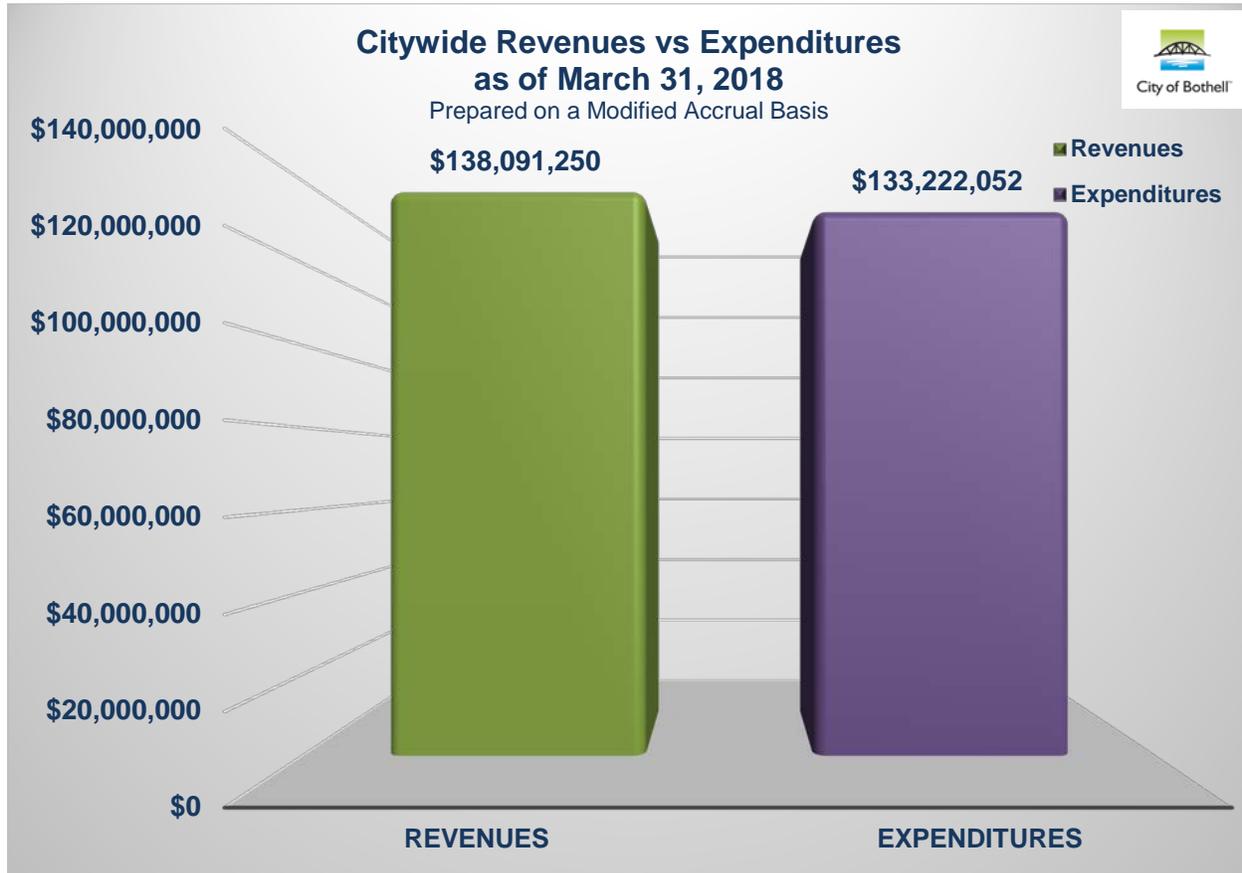
Please contact me if you have questions concerning this report.

Jennifer Phillips
City Manager

*As part of the 2017 Council-approved budget amendment, an overhire strategy was implemented for Fire and Police. Three firefighters, three police officers, and two Police Safety Communicator positions were added – this strategy was intended to allow management the flexibility to mitigate the impacts of employee illness, disability, training, and retirements through a comparable savings in overtime.

2017-2018
Budget Status Report
For the Quarter Ending March 31, 2018
Executive Summary

On March 31, 2018, the City concluded the fourth quarter of the 2017-2018 biennium. The budget period described in this report is 62.5% complete.

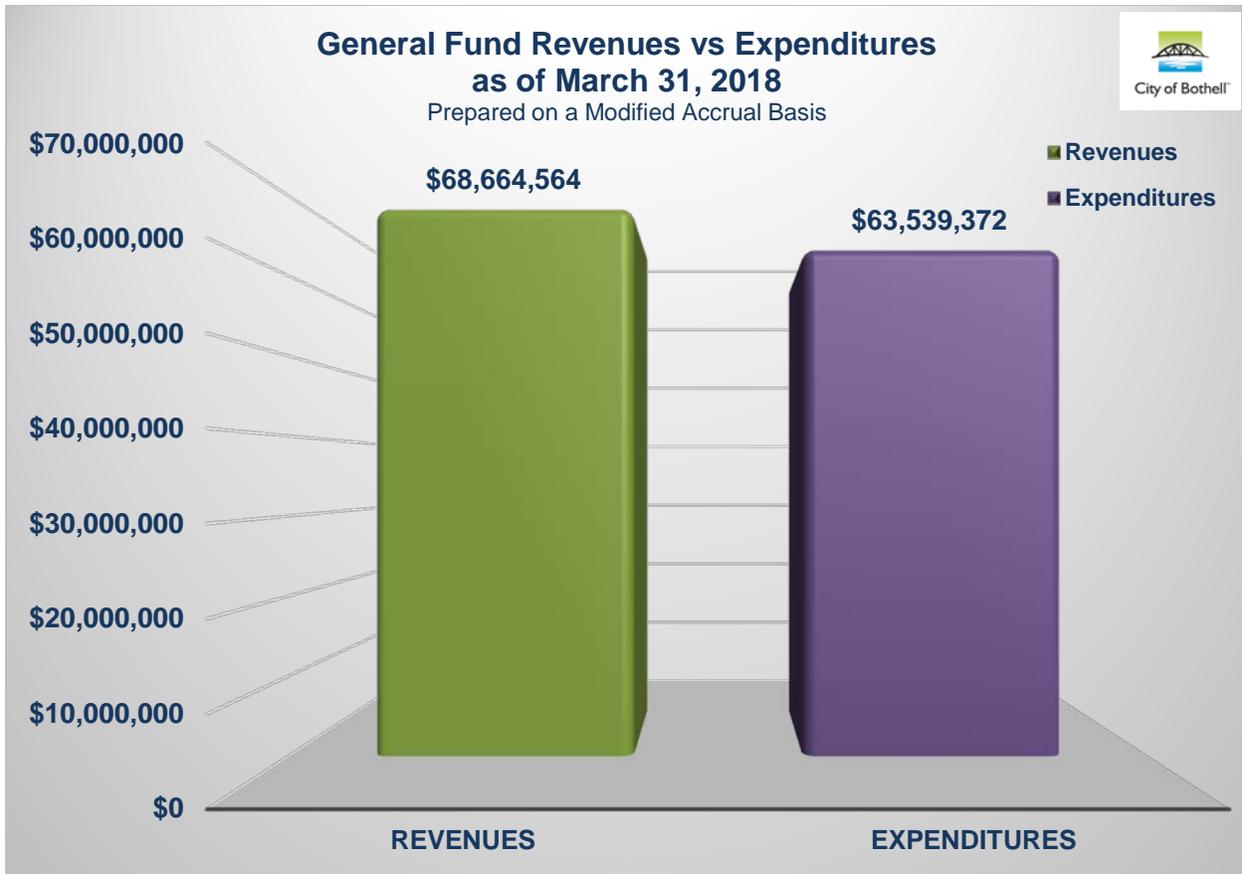


Notable Highlights

2018 first quarter retail sales tax receipts were up \$238,463 (11.7%) compared to 2017.

Major 2018 year-to-date development revenues compared with 2017:

- Construction sales tax: up \$138,854 (25.5%)
- Building permits: up \$201,345 (106.5%)
- Plumbing/mechanical permits: up \$145,305 (296.1%)
- Pre-application fees: up \$2,118 (12.5%)
- Plan check fees: up \$7,087 (2.0%)
- Development review fees: up \$94,491 (33.7%)



Graph includes \$8,156,000 one-time transfer of proceeds (revenue) from downtown property sales

Budget vs Actual Figures		Inflow/Outflow	2017-18 Budget	% of Budget
CITYWIDE TOTAL	Inflow	\$138,091,250	\$234,596,013	58.9%
	Outflow	\$133,222,052	\$237,942,347	56.0%
<u>GENERAL FUND</u>	Inflow	\$68,664,564	\$106,378,409	64.5%
	Outflow	\$63,539,372	\$98,513,009	64.5%
<u>STREET FUND</u>	Inflow	\$6,140,984	\$7,262,417	84.6%
	Outflow	\$3,524,603	\$6,592,303	53.5%
<u>CAPITAL IMPROVEMENTS FUND</u>	Inflow	\$21,829,217	\$51,664,324	42.3%
	Outflow	\$33,317,263	\$61,118,586	54.5%
<u>PROPRIETARY FUNDS</u>	Inflow	\$31,998,256	\$52,656,219	60.8%
	Outflow	\$26,398,581	\$61,249,015	43.1%

The City Council requested that the following financial activities be tracked and reported in Bothell's Quarterly Budget Status Report.

2018 Development Review Fees	Inflow	\$451,157	Includes Accounts Receivable Includes Overhead
	Outflow	(\$390,820)	
	Net	\$60,337	
2018 Permitting Fees	Inflow	\$946,660	Includes Overhead
	Outflow	(\$560,249)	
	Net	\$386,411	
2018 CFP Staff	Inflow	\$402,385	2018 Reimbursement to GF 2018 GF Salaries/Benefits
	Outflow	(\$402,385)	
	Net	\$0	
Utility Tax Rebates	2018	\$150	2 rebates
	2017	\$100	1 rebate
	Difference	\$50	

Economic Indicators

March 2018 unemployment rates:

United States:	4.1%
Washington State:	4.8%
Seattle/Bellevue/Everett:	3.8%

Consumer Price Index (CPI) data:

[CPI-U \(all urban consumers\)](#)

- U.S. city average, Jan 2018 – March 2018 0.7%
- Seattle/Tacoma/Bremerton, Dec 2017 – Feb 2018 0.8%
- U.S. city average, March 2017 – March 2018 2.4%
- Seattle/Tacoma/Bremerton, Feb 2017 – Feb 2018 3.3%

[CPI-W \(urban wage earners\)](#)

- U.S. city average, Dec 2017 - March 2018 1.2%
- Seattle/Tacoma/Bremerton, Aug 2017 – Feb 2018 1.9%
- U.S. city average, March 2017 – March 2018 2.4%
- Seattle/Tacoma/Bremerton, Feb 2017 – Feb 2018 3.5%

Economic Forecast

The State Economic and Revenue Forecast Council's [April 2018 Economic and Revenue Update](#) suggests that the US economic expansion is continuing, but at a slightly slower pace. Consumer confidence remains at high levels, although job creation is slowing.

In March, the US Bureau of Economic Analysis released preliminary annual personal income estimates for 2017. The 4.8% growth rate in Washington was the highest among the states, and was well above the 3.1% growth rate for the US as a whole.

Local inflation remains above the national average – from February 2017 to February 2018, consumer prices in the Seattle area rose 3.3%, compared to 2.3% for the nation over the same period.