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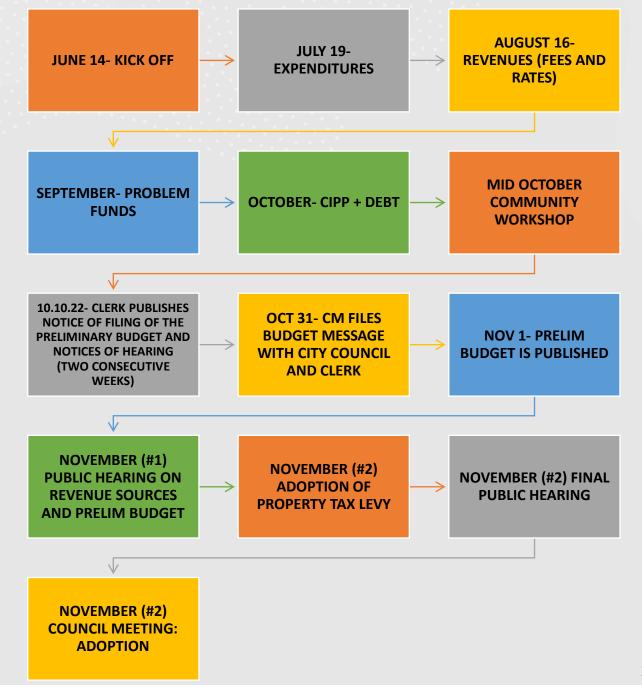
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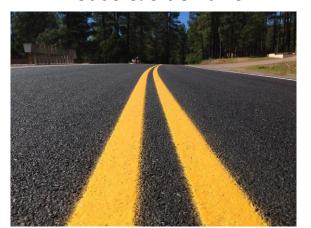
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# TIMELINE



Roads & Sidewalks



Police

Infrastructure



The City of Carnation's Residential Property Taxes do A LOT of work

The General Fund: Employs 14 People, pays for public events, handles public safety, and supplements the budgets for everything else.



Parks



Stormwater



Economic Development<sup>3</sup>

### Tax Revenues that Feed the General Fund

- Utility Taxes, Business Licenses, & Franchise Fees (~25%)
- Property Taxes (~20%)
  - This can be either commercial or residential.
  - (A typical small city sees this at 25%)
- Sales Taxes (~20%)
  - Economic development (attract more businesses).
  - Marketing (attract more customers)
  - Housing (import more customers)
  - Education (buy local or buy online)
- Building Permits and Misc (35%)
  - Building Permit revenue will decline as Carnation gets built out
  - Building permit revenues can only be used for building services.

# General Fund: How do things get paid for?

**Roads & Sidewalks** 



Gas Taxes
State & Federal Grants
Local General Fund ~10%
of GF Budget

### Stormwater/Snow/StreetSweeping



General Fund subsidies to Street Fund to Cover Shortage ~10% of GF Budget

### **Utility Infrastructure**



Sewer/Water Bills
Cable/Electric/Gas
Franchise Fees
State/Federal Grants
State/Federal Loans

Law Enforcement



General Fund ~40% of GF Budget

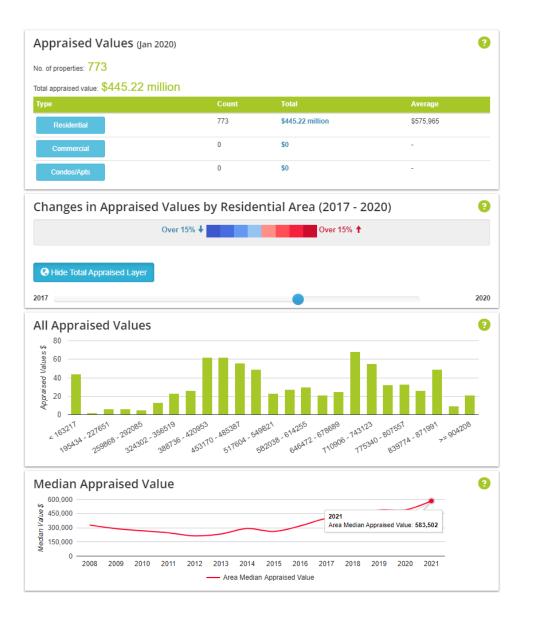
General Fund Pays for Everything Else

Finance & Records: ~10%

Planning & Economic Development: ~10%

Capital Projects: ~10% Everything Else: ~10%

### Residential Tax Burden is shifting Eastward



Category	Tax Year 2020	Tax Year 2021	Tax Year 2022	YoY % Change
Residential Median Assessed Value	\$493,000	\$488,000	\$583,502	16.4%
State Tax Rate per \$1,000 AV	\$10.85	\$10.77	\$9.78	N/A
Median Residential State Property Tax Burden	\$5,347.26	\$5,255.76	\$5,706.65	7.9%
City portion of Tax Rate per \$1,000 AV	\$0.9999	\$1.011	\$0.8714	N/A
Median Residential City of Carnation Property Tax Burden	\$492.95	\$493.37	\$508.46	3.0%
Cost to Taxpayers for 1% Increase in City Tax	\$4.93	\$4.93	\$5.08	N/A
% of Overall Tax Bill going to City	9.22%	9.38%	8.91%	-0.47%

#### Appraised Values (Jan 2020)

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No. of properties: 873

Total appraised value: \$551.9 million

Туре	Count	Total	Average
Residential	773	\$445.22 million	\$575,965
Residential Accessory	6	\$4.43 million	\$738,500
Residential Improved	705	\$423.25 million	\$600,348
Residential Mobile Home	3	\$1.17 million	\$390,667
Residential Vacant	59	\$16.37 million	\$277,500
Commercial	88	\$96.11 million	\$1.09 million
Commercial Accessory	1	\$23.73 million	\$23.73 million
Commercial Improved	63	\$66.42 million	\$1.05 million
Commercial Vacant	24	\$5.96 million	\$248,454
Condos/Apts	12	\$10.56 million	\$880,000
Condos/Apts	12	\$10.56 million	\$880,000

### Carnation Relies more on Residential Taxes than Most

- Carnation's Property Taxes Broken Down
  - 80.67% from Residential Properties
  - 1.9% from Apartments
  - 17.41% from Commercial
- Other City Residential Percentages

• Seattle: 42.5%

• Bellevue: 50.6%

• Redmond: 42.3%

• Issaquah: 51.9%

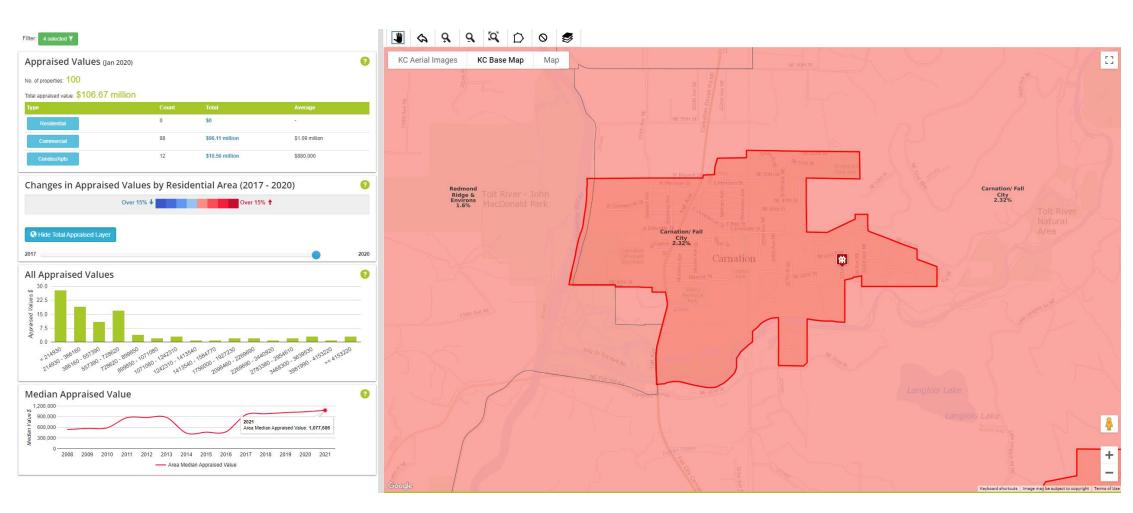
• North Bend: 73.8%

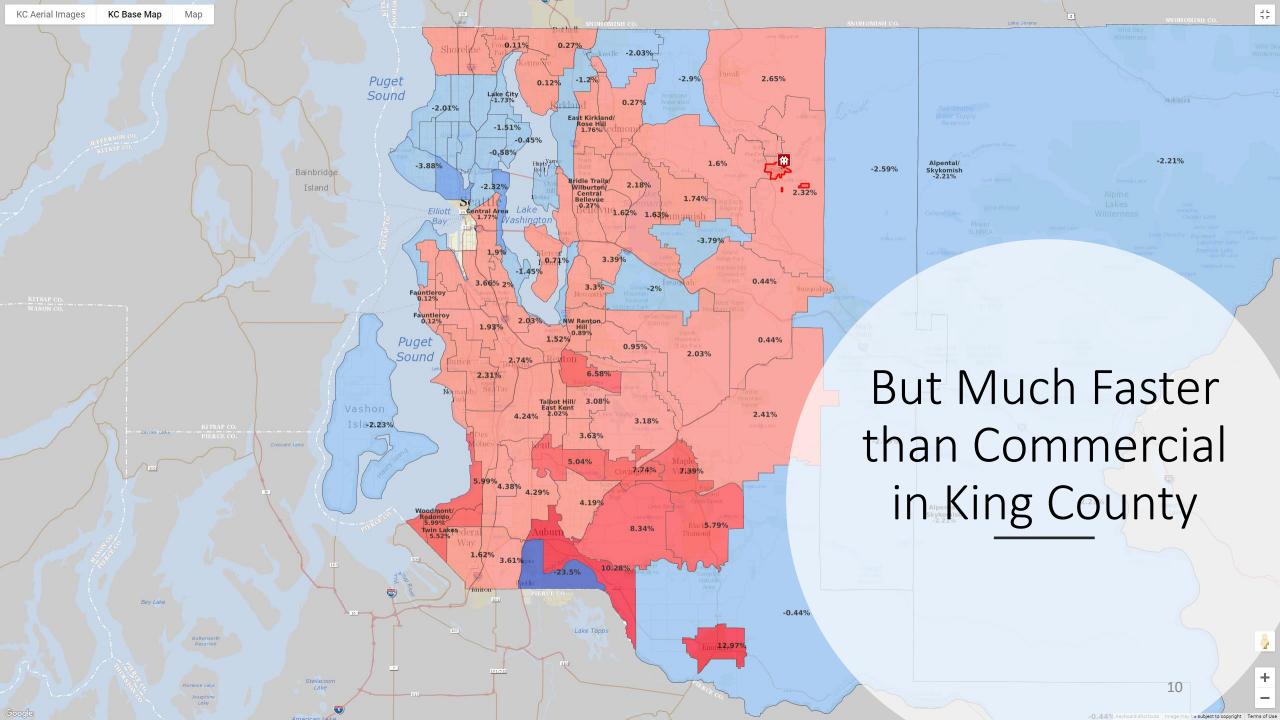
• Duvall: 89.4%

• Enumclaw: 68.4%

• Renton: 53.5%

### Commercial Valuations Growing More Slowly Than Residential





# Carnation is still affordable for Businesses

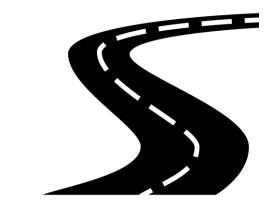
City	Median Commercial Property Value
Carnation	\$1,077,506
Seattle	\$3,167,726
Bellevue	\$2,838,464
Redmond	\$3,106,611
Issaquah	\$1,328,899
Duvall	\$688,971
North Bend	\$1,273,159
Enumclaw	\$1,052,187
Renton	\$1,754,008

# We're Facing Real Challenges



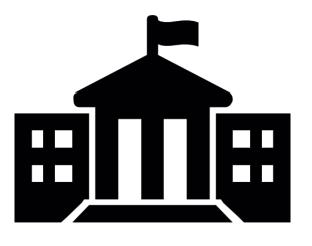
Stormwater / Flooding

Cost increases continue to drain general fund resources



Street Preventative Maintenance

Local funds are insufficient to prevent streets from failing



**New City Hall** 

Current building leaks & has mold Doesn't serve the public well



Communications & Economic Development

Limited funding for public information and outreach



Reliance on Permit Revenues

As Carnation's buildable properties decline, the income from Permits will decline also.

# We're Working The Problems



#### Stormwater Utility

- Creation of Stormwater Utility, currently at \$12/household per month. \$144/Year
- Relieves ~10% of General Fund to handle streets preventative maintenance



#### Communication

- New Website has come online
- **Dedicated Communication Resource for Tolt Avenue**
- **Expanded Social Media Presence**



#### City Hall & Tolt Avenue Bonds

- Borrowed ~ \$4M to finish Tolt Avenue & **Build New Community Center**
- Investment to Improve sales tax revenues
- Make City Hall work for Citizens
- Brought State and Federal Dollars to Carnation
- Parcel acquisition for future enhancement of Tolt Commons

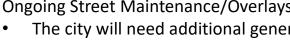


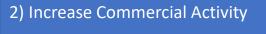
#### **Economic Development**

- Economic development resources brought in
- Preparation and Sale of Schefer Property and existing City Hall
- Audit of fees to insure development pays for development, and the costs for services are recovered

#### Ongoing Street Maintenance/Overlays

- The city will need additional general fund resources to stop the deterioration of existing streets
- Deferred maintenance is causing street repairs to be costlier
- Audited city expenses to find opportunities to improve
- Invested in dedicated resource to pursue grants





3) Reduce Reliance on Residential Property Taxes

1) Make the City an Attractive Place to Live and Work

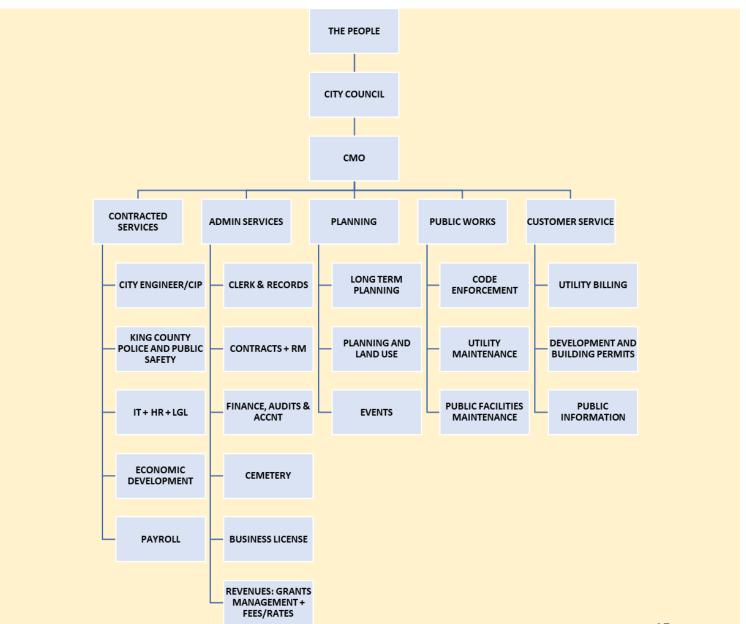
- 4) Reduce Waste
- 5) Avoid Raising Taxes



### Proposed Administrative Policy Changes

- F&O committee will be solely responsible for reviewing/approving claims WEEKLY
  - Reduces the number of late fees
  - Provides better oversight & makes it easier to spot opportunities to reduce waste
- · Shift to cost recovery model on all City fees
  - Calculate use fees based on actual maintenance/upkeep costs
    - Park Event/Use fees
    - Street Closures
  - Billable "shop rate" for public works activities outside of fee schedule
  - City Manager authorized to trade for services of the same value at his/her discretion (council approval required above manager spending limit)
- For agenda bills, generate a financial statement that includes
  - · New or budgeted appropriation by impacted fund
  - · Currently obligated amount by impacted fund
  - Projected remaining fund balance should bill pass
- Monthly statements should include budgeted, obligated, and remaining fund balances for each fund.

## COC ORG CHART- 2023



# WORK DISTRIBUTION

1	1	General Fund	Ops	1	Jessie
2	2	Revenue Stabilization	Savings	2	Jessie
3	105	Contingency Fund	Savings	2	Jessie
4	101	Street Ops	Ops- Streets only	3	Liz
5	103	ARPA	GF	3	Liz
6	106	Cemetery Ops	Ops	3	Liz
7	107	Equipment Replacement	Savings	3	Liz
8	108	Park Development	Ops, CIP, Progs	3	Liz
9	401	Water and Sewer Fund Ops	Ops	4	Monique
10	409	Stormwater ops	Ops	4	Monique
11	201	LTGO Bond Redempion	Debt	5	Monique
12	404	Water bond redemption fund	Debt	5	Monique
13	405	Water bond reserve fund	Debt	5	Monique
14	407	Sewer debt service	Debt	5	Monique
15	301	Street Capital Improvement (REET 2')	CIP	6	Monique
16	302	Capital Facilities (REET 1)	CIP	6	Liz
17	306	Cemetery Capital (columbarium)	CIP	6	Stacy
18	402	Water Capital replacement funds	CIP	6	Monique
19	408	Sewer capital fund	CIP	6	Monique
20	410	Stormwater cap fund	CIP	6	Monique
21	109	Traffic Impact Fee	Holding	7	Stacy
22	406	Landfill financia assurance	Holding	7	Stacy
23	601	Cemetery endowement	Savings	7	Stacy
24	633	Trust fund	Holding	7	Stacy