

The City of Anacortes 2021 Annual Budget

Not your normal year, not your normal budget

- 2021 Budget Status to date:
 - October 5 – Mayor’s Budget Message
 - October 19 – Public Hearing on Revenue Sources
 - October 19 – Review of Governmental Budget
 - October 26 – Review of Public Works Budget
 - November 2 – Public hearing on budget opened
 - November 9 – Public hearing on budget continued
 - November 16 – Budget discussion continued
 - November 16 – Public hearing closed
- Elements discussed so far in the budget process all available on City website:
 - <https://www.anacorteswa.gov/827/Budget>

The City of Anacortes 2021 Annual Budget Taxes

Benjamin Franklin:

- Nothing is certain except death and taxes.

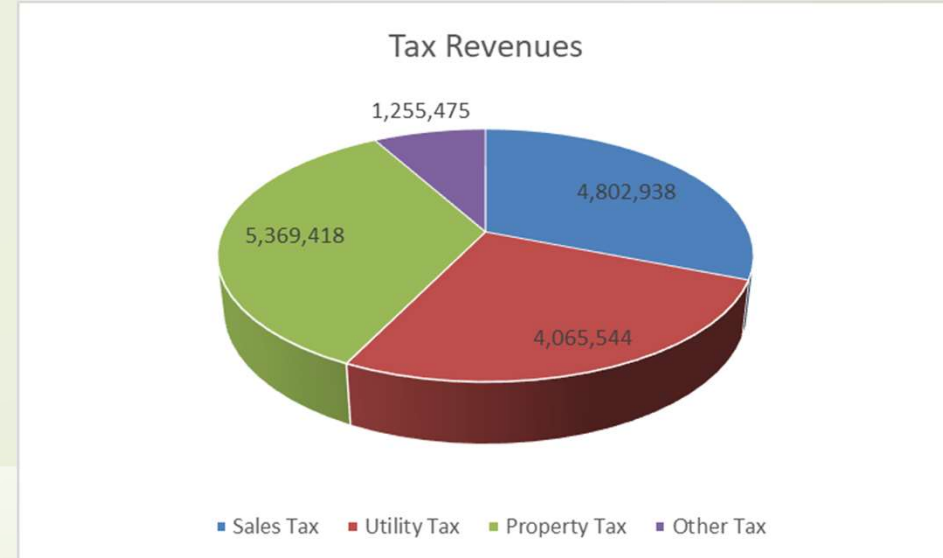
Taxes are easy, when you're paying them.

After that, nothing about taxes are easy.

- They are confusing, complicated, and hard to budget.
- And also they are the basis of what the City can spend.

The 3 Largest Tax Revenue Streams are:

- Sales Tax \$4,802,938
- Utility Tax \$4,065,544
- Property Tax \$5,369,418
- All other taxes: \$14,237,900
- All other taxes: \$1,255,475



The City of Anacortes 2021 Annual Budget

Sales Tax

Generated from taxable retail sales made within the City limits.
Allocated as follows:

State	6.50%
City	0.85%
County	0.15%
Criminal Justice	0.10%
SKAT	0.40%
Mental Health	0.10%
Skagit 911	0.10%
Public Safety (Jail)	0.30%
Trans Benefit District	0.20%
Affordable Housing	0.10%
	8.80%

- The Sales tax revenue stream available for unrestricted use by the City is the .85% illustrated as the City share.
 - This is referred to as the local share, split with the county 85/15.
- Other allocations go to fund other entities, or are restricted for other City use
 - E.g. 3/10ths goes to Skagit County per an interlocal agreement to fund construction and operation of the county jail.
 - The Transportation Benefit Sales tax of 1/10th goes to the Road Maintenance Fund.

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- Sales tax is the most volatile of the 3 major tax revenue streams, and most difficult to project.
- Sales tax is impacted more than any other revenue stream during economic downturns.
 - During the great recession sales tax decreased 25% at its lowest point.
- Sales Tax budgeting:
 - 2019 benefited from the High School Project
 - 2020 Covid
 - Current unknowns:
 - 2nd Covid wave worse than first
 - Signs the 2nd Covid wave is effecting economy
 - Still no sign of 2nd stimulus

2020 Sales tax budget assumes 2% growth of 2020 projected receipts

	Thru October	Thru Year End
2019 Actuals	4,070,201	4,941,631
2020 Actuals	3,845,199	4,705,473
2020 Budget	4,081,825	4,950,353
2021 Budget		4,802,938
2021 difference:		97,465
		2%

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Property Tax

Stable revenue stream.
 Nearly 100% collectable.
 Can increase by 1% over the existing levy, and new construction is added to the tax rolls on top of that.

- Property tax is the most stable of the 3 major tax revenue streams.

Current City
 Property Tax
 Levy

Citywide Assessment (2020):		3,985,572,170	
Average Residential Assessment (2020)		453,860	
	Tax Rate	Tax Amount	% of Total
ANACORTES GENERAL LEVY	1.3289	603.13	14%
SKAGIT COUNTY	1.3004	590.20	14%
CONSERVATION FUTURES FUND	0.0443	20.11	0%
MEDIC 1 SERVICES	0.4198	190.53	4%
FIDALGO POOL	0.1159	52.60	1%
HOSPITAL DISTRICT 2	0.8336	378.34	9%
PORT DISTRICT 1	0.2103	95.45	2%
STATE LEVY	2.9194	1,325.00	31%
SCHOOL DISTRICT 103	2.2321	1,013.06	24%
TOTAL TAXES	9.4047	4,268.42	100%
SKAGIT CONSERVATION DISTRICT		5.00	
GRAND TOTAL DUE		4,273.42	

	Actual levy	1% increase	New const
2020 actual levy:	5,296,453	51,774	67,309
2019 actual levy:	5,177,370	50,383	88,709
2018 actual levy:	5,038,278	49,183	70,749
2017 actual levy:	4,918,345	47,779	92,688
2016 actual levy:	4,777,878	46,425	88,982
2015 actual levy:	4,642,472	45,327	64,485
2014 actual levy:	4,532,661	44,382	50,071
2013 actual levy:	4,438,208	43,570	37,688
2012 actual levy:	4,356,950		

Historical
 City Property
 Tax Levies

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Utility Tax

- ❑ More stable than Sales Tax.
- ❑ Private utility rates set by statute.
- ❑ Public utility rate set by Council ordinance.
- ❑ Taxed against the gross cost of the utility bill, consumption drives this revenue stream.
- ❑ Private receipts dipped 3.5% in 2019
 - ❑ We budgeted accordingly for 2020.

		Utility Tax		
		Public	Private	Total
Actuals	2018	1,748,258	2,101,308	3,849,566
Actuals	2019	1,995,257	2,027,406	4,022,663
YTD Actuals	2020	1,513,474	1,692,649	3,206,124
YTD Budget YTD	2020	1,552,764	1,643,763	3,196,527
YTD Difference		(39,290)	48,887	9,597
Budget	2021	2,015,902	2,030,642	4,046,544

Utility Tax Rates	
Private Utilities	Rate
Electric	6%
Natural Gas	6%
Telephone	6%
Cable TV	7%
Public Utilities	Rate
Water	7%
Sewer	7%
Storm	7%
Solid Waste	8.4%
Solid Waste State Share	3.6%
Recycling	12%

The City of Anacortes 2021 Annual Budget Summary of Positions

Fund	Position	Position Total Cost	Notes
001	HR Director		Will fill in 1Q 2021
001	Fire/EMS		Will fill in 1Q 2021
001	IT Systems Administrator	114,837.80	New for 2021
001	Museum (70% FTE)	52,038.43	Attrition/Hiring Freeze
001	APD Police Officer	109,113.42	Attrition/Trying to Fill
001	APD Police Officer	109,113.42	Attrition/Trying to Fill
001	APD Police Officer	109,113.42	Attrition/Trying to Fill
001	APD Records Support	87,459.38	Attrition/Hiring Freeze
101	Sr Ctr Administrator	101,851.42	Attrition/Hiring Freeze
101	Parks Maintenance	98,628.85	Attrition/Hiring Freeze
101	Parks Maintenance	99,061.81	Attrition/Hiring Freeze
103	Library Asst (50% FTE)	21,038.04	Attrition/Hiring Freeze
103	Library Page (.25% FTE)	10,519.12	Attrition/Hiring Freeze
103	Librarian	99,355.16	Attrition/Hiring Freeze
103	Library Asst (50% FTE)	21,038.04	Attrition/Hiring Freeze
103	Library Page (.25% FTE)	10,519.12	Attrition/Hiring Freeze
445/440	Street/Sewer Maintenance	96,462.73	Attrition/Hiring Freeze
104/445	Street/Sewer Maintenance	96,462.73	Attrition/Hiring Freeze
Multi	Sr Engineering Tech	90,453.49	Attrition/Hiring Freeze
501	Fleet Supervisor	114,558.31	Attrition/Hiring Freeze

Color Code

- **Green** – Actively or 1Q 2021 trying to fill
- **Purple** – new position for 2021, will try to fill in 1Q 2021
- **Red** – eliminated from proposed budget
- **Orange** – Will try to fill in 2021 if the economy and associated cash flow meet the current projections that would support it.
- **Blue** – Positions are not supported by taxes directly.
- **Brown** – positions are partially supported by tax revenues:
 - Street Maint: \$75,240
 - Engineer: \$36,181

The City of Anacortes 2021 Annual Budget Elements of the Budget

<u>Interfund Charges:</u>	ERR/DIS		DIS
2021 Budget cuts:	Replacement	Overlays	Current
General Fund	641,047		
Parks	108,099		
Cemetery	2,919		
Library	9,362		
Streets	125,823		
EMS	103,458		
	990,708	800,000	287,076

FTE's Eliminated	
Museum (70% FTE)	52,038
Parks Maintenance	99,062
Librarian	99,355
Library Asst (50% FTE)	21,038
Library Asst (50% FTE)	21,038.04
Library Page (.25% FTE)	10,519
Library Page (.25% FTE)	10,519
	313,570
FTE's Held Open	
Sr Ctr Administrator	101,851
Parks Maintenance	98,629
Street/Sewer Maintenance	75,240
Sr Engineering Tech	36,181
	311,901
	625,471

The City of Anacortes 2021 Annual Budget Elements of the Budget

Public Comment:

- The City received significant comment during the Public Hearing.
- Most comments were oriented around 3 elements:
 - Police Staffing
 - Addition of a Social Worker to bolster Public Safety
 - Street Maintenance
- Options:
 - Police Staffing: all positions remain in the current budget.
 - Social worker
 - Develop Strategic Plan by mid year 2021
 - Options to fund
 - Possible CDBG?
 - Partner with other agencies?
 - Street Maintenance: REET additional \$500K
 - Overlay budget up to \$1.5K

The City of Anacortes 2021 Annual Budget

Unfilled Postions Excluded			
	Revenue	Expenditures	Rev Projection Over/(Short)
General Fund	16,814,243	19,422,202	(2,607,959)
Parks	1,961,235	2,001,340	(40,105)
Cemetery	247,780	249,444	(1,664)
Library	1,478,371	1,493,607	(15,236)
Road Maint	2,164,330	2,164,330	-
Road Const	1,732,836	1,732,836	-
TBD Pass Thru	1,130,103	1,130,103	-
Wa Park	277,587	277,587	-
Parks Const	700,000	700,000	-
Affordable Housing	565,052	565,052	-
EMS	3,914,145	3,921,079	(6,934)
Impact Fees	550,000	550,000	-
ACFL	54,899	54,899	-
Lodging Tax	379,779	379,779	-
REET	1,157,500	1,157,500	-
Water	20,972,805	20,972,805	-
Sewer	7,231,789	7,231,789	-
Storm	1,429,769	1,429,769	-
Solid Waste	4,312,264	4,312,264	-
ERR	2,616,764	2,616,764	-
Fire Pension	44,931	44,931	-
	69,736,182	72,408,079	(2,671,897)

This Budget works

- Even though it doesn't have everything we want.
 - This is not a normal time, its OK not to have a normal budget.
- The budget is balanced by fund with realistic projections of resources.
- Any changes to the expenses would have to stay within this overall framework.
 - I.e. it is a zero sum budget. If budget is increased in one area, budget would have to be decreased in another.