



Update to the 2011-2012 Proposed Budget

Presentation to the Seattle City Council - November 10, 2010
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Purpose of the Update – The City’s Revenue Picture Has Changed



- ▶ Three official revenue forecasts are typically provided
 - ▶ April – forms the basis of the baseline budget
 - ▶ August – forms the basis of the proposed budget
 - ▶ November – informs the adopted budget
- ▶ The November update typically includes a review of General Fund revenues
- ▶ The November update also includes any changes in law resulting from the General Election that will impact the City’s anticipated revenues, as well as other changes that may have occurred since the proposed budget was developed

The City's Revenue Picture Has Changed



▶ Good News:

- ▶ Economic conditions have generally stabilized
 - ▶ Sales Tax and B&O Tax forecasts are unchanged from August

▶ Bad News:

- ▶ Real estate conditions continue to show weakness
 - ▶ Property Tax revenues will be lower than anticipated
 - ▶ Real Estate Excise Tax is suffering
- ▶ Changed circumstances for utility tax collections
- ▶ Results of the General Election will mean less revenue
 - ▶ Repeal of sales tax on candy, gum and bottled water (Initiative 1107)
 - ▶ But, could have been worse

The City's Revenue Picture Has Changed



GENERAL FUND (in thousands of dollars):	2010	2011	2012
Initiative 1107	(133)	(1,600)	(1,700)
Updated Property Tax Revenue		(845)	(1,600)
Updated B&O Tax Revenue	(350)		
Updated Electric Utility Tax Revenue	(495)		
Updated Water Utility Tax Revenue	(714)		
Updated Wastewater Tax Utility Revenue		126	444
Other Revenue Updates (BizKid\$, Bldg 30)		(175)	(100)
SDOT Parking Study (Expenditure)	(100)		
<u>Technical Expenditure Adjustments (DON, Parks)</u>		<u>(32)</u>	<u>6</u>
Total Changes	(1,792)	(2,526)	(2,950)

*2010 shortfall will be mitigated through anticipated underspend;
SDOT Parking study will be included in Q3 Supplemental*

Recommended Actions to Rebalance the Budget



▶ Recommended adjustments to address update:

	<i>Thousands of Dollars</i>	<u>2011</u>	<u>2012</u>
<u>Revised General Fund Shortfall</u>		(2,526)	(2,950)
<i><u>Recommended Changes</u></i>			
Draw Down of Reserves due to lower CPI		2,130	3,610
Parks - Accelerate Implementation of 2012 Fees to 2011		455	
<u>Change in General Fund Balance</u>		59	660

Budget Remains in Balance Through 2014



▶ General Fund Outyear Financial Overview

- ▶ Mayor continues to emphasize long-term financial sustainability

	2011	2012	2013	2014
	Proposed	Proposed	Projected	Projected
Beginning Unreserved Fund Balance*	468	78	762	1,726
Revenues as of September 2010	891,749	926,993	959,816	995,003
Expenditures & Reserve Changes as of September 2010	(892,199)	(926,968)	(959,570)	(992,038)
<u>Impact of November 2011 Update</u>	<u>59</u>	<u>660</u>	<u>718</u>	<u>768</u>
Ending Unreserved Fund Balance	78	762	1,726	5,459

* Available balance excludes policy reserves



► Recommended adjustments to address update for REET I and REET II:

	<i>Thousands of Dollars</i>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenue Increase / (Reduction)		(2,423)	(4,437)	1,500
<i>Spending Reductions</i>				
ADA			300	1,500
Parks Projects			300	
Seattle Center Projects			100	50
<i>Spending Deferrals</i>				
SDOT Projects			850	(850)
Parks Projects			1,865	(1,865)

Reserve Increase / (Release)		(2,423)	(1,022)	335
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NOTE:

ADA Spending Remaining			200	1,000
Cash Reserve & Undesignated Fund Balance Remaining		5,566	2,029	2,066

Questions?

