City Council Study Session Finance, Technology and Economic Development Special Focus Area
June 27, 2022 - 5:30 PM
City Hall Council Chambers and Virtual
AGENDA
Watch the meeting LIVE!

Watch the meeting video
Meeting videos are not available until 72 hours after the meeting has concluded.

I. CALL TO ORDER

II. PUBLIC PARTICIPATION

A. Public Participation

The Auburn City Council Study Session Meeting scheduled for Monday, June 27, 2022 at 5:30 p.m. will be held in person and virtually.

Virtual Participation Link:

To view the meeting virtually please click the below link, or call into the meeting at the phone number listed below. The link to the Virtual Meeting is:

https://www.youtube.com/user/watchauburn/live/?nomobile=1

To listen to the meeting by phone or Zoom, please call the below number or click the link:

Telephone: 253 215 8782
Toll Free: 877 853 5257
Zoom: https://us06web.zoom.us/j/86925781373

B. Roll Call

III. AGENDA ITEMS FOR COUNCIL DISCUSSION

IV. FINANCE, TECHNOLOGY AND ECONOMIC DEVELOPMENT DISCUSSION ITEMS

A. Economic Development Plans and Policies Update (Tate) (20 Minutes)

B. 1st Quarter 2022 Financial Report (Thomas) (20 Minutes)

C. 1st Quarter ARPA Report (Thomas) (10 Minutes)

V. ADJOURNMENT

Agendas and minutes are available to the public at the City Clerk's Office, on the City website (http://www.auburnwa.gov), and via e-mail. Complete agenda packets are available for review *at the City Clerk's Office.*

AGENDA BILL APPROVAL FORM

Agenda Subject:
Economic Development Plans and Policies Update (Tate) (20 Minutes)

Date:
June 21, 2022

Department:
Community Development

Attachments:
Economic Development Plans PowerPoint Presentation

Budget Impact:
Current Budget: $0
Proposed Revision: $0
Revised Budget: $0

Administrative Recommendation:

For information only

Background for Motion:

Background Summary:

Economic Development Manager and Economic Development Coordinator will present information about the City's Ten-Year Economic Development Strategic Plan and Economic Development Element of the Comprehensive Plan. This is the third of a five-part series from the Economic Development Division.

The Economic Development Division focuses on many aspects in the business community. This presentation will give an overview of how the Division is guided by the Ten-Year Economic Development Strategic Plan and the Economic Development Element of the City's Comprehensive Plan.

Staff presenters include: Jenn Francis, Economic Development Manager and Abid Rahmani, Economic Development Coordinator

Reviewed by Council Committees:

Councilmember: Baggett

Staff: Tate

Meeting Date: June 27, 2022

Item Number:

ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT PLANS AND POLICIES

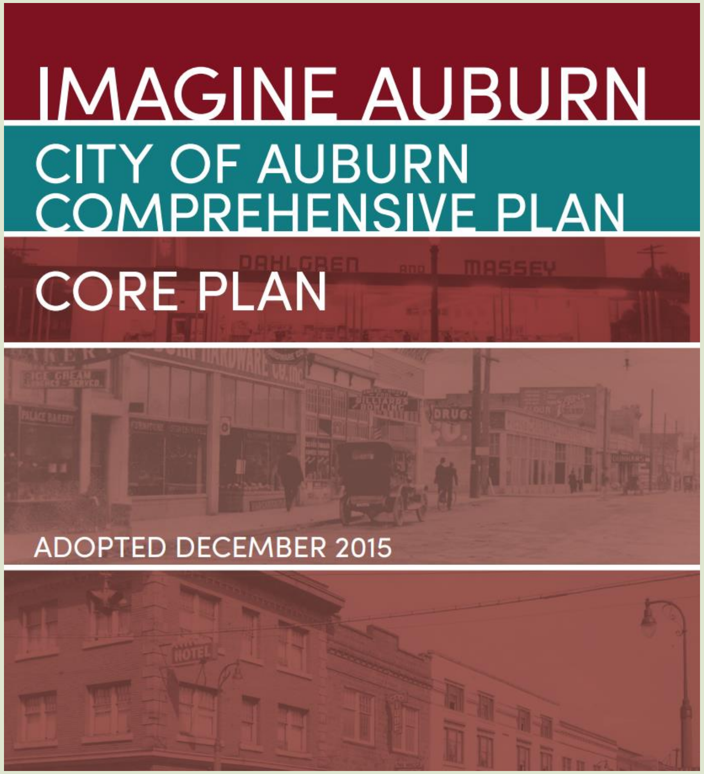
JENN FRANCIS AND ABID RAHMANI
CITY COUNCIL STUDY SESSION
JUNE 28, 2022

Community Development
Engineering Services • Administrative Services • Environmental Services
Community Development Services • Economic Development

AUBURN VALUES

SERVICE
ENVIRONMENT
ECONOMY
CHARACTER
SUSTAINABILITY
WELLNESS
CELEBRATION

COMPREHENSIVE PLAN
ECONOMIC DEVELOPMENT ELEMENT



Presented by:
Abid Rahmani
Economic Development Coordinator

COMPREHENSIVE PLAN

Economic Development Element

Vision

City of Auburn has a robust, multi-cultural, and diverse community where businesses seek to locate, people desire to visit, and where residents enjoy a range of commercial offering. Auburn has always made it easy for businesses to enter in the marketplace, encounter ideal condition for their long-term success and become rooted and involved in the community.

HISTORY

Economic Revolution in 20th Century

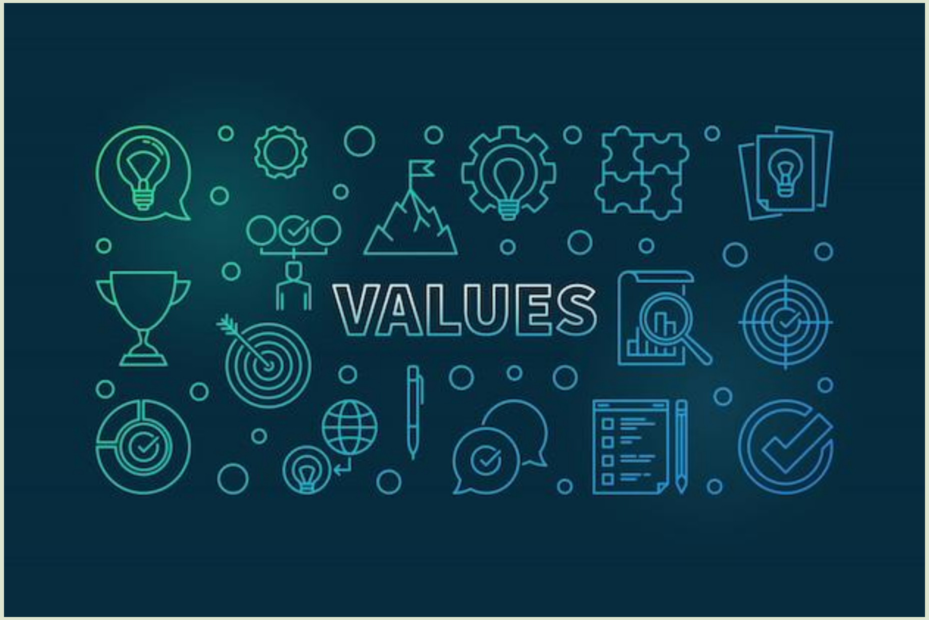
- Agriculture and railroad
- Retail opportunity in Downtown
- Automobile industry
- Shopping malls and retail trend
- Large industrial and warehouse operations

Economic Revolution after 1990

- Large retailers between 15th St NW and 8th St
- Development of Super Mall (Outlet Collection)
- Emerald Down and Muckleshoot Casino

VALUES

- ✓Character
- ✓Wellness
- ✓Service
- ✓Economy
- ✓Celebration
- ✓Environment
- ✓Sustainability



OBJECTIVE #1

Promote a diversified economic base capable of withstanding changes in interest rates, inflation, tax structure and market condition.

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

OBJECTIVE #2

Produce commercial and industrial siting policy that are based on the assessment of local needs and the availability of transportation and other infrastructure required to serve it.

OBJECTIVE #3

Develop and implement effective land use policies and economic development strategies that provide long-term and stable employment, increase per capita income, and reduce the tax burden of Auburn residents.

OBJECTIVE #4

Maintain an adequate supply of land to support future economic development and to assure the availability of economic opportunities for future generations.

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

OBJECTIVE #5

Utilize the City's unique environmental opportunities and planned infrastructure to build on and support economic development efforts.

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

SUMMARY

The City of Auburn is a multi-cultural and diverse community where quality of life is our top priority, where we can live and grow together in safe and distinctive community. Our residents will achieve their highest potential in business, education, employment and culture. We will have a fully developed sense of pride in our environment, our history, our community and our future while promoting a high and sustainable quality of life and economy.

TEN YEAR ECONOMIC DEVELOPMENT STRATEGIC PLAN

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

HISTORY

- The plan was created in 2015
- Set goals to propel the City towards its vision for 2025
- Intention to build opportunity from within the City
- Provides the foundation and framework to transform Auburn into a unique and thriving hub in the Seattle-Tacoma region

FOUR FOCUS AREAS

1. Delivery
2. Product
3. Place
4. Messaging

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

DELIVERY

- Value-Added Services
- Local Business Visitation
- Business Recruitment
- Strategic Relationships
- Catalyst Projects

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

BUSINESS CONNECT EVENTS 2022

- January: Dave & Buster's
- February: return home
- March: Café Pacific Catering
- April: Iron Horse Casino
- May: Sea Axe Axe Throwing
- June: Emerald Downs
- July: G & L Automotive Repair
- August: shag — Where your friends live.
- September: red canoe Credit Union
- October: The Classic Farmhouse
- November: To Be Determined
- December: ORION

PRODUCT

- Labor Market Information
- Deal-Ready Sites
- Economic Development Toolbox
- Continuous Process Improvement
- Zoning Modifications
- Cost Comparison

GREATER SEATTLE PARTNERS

CoStar™

TheRetailCoach

PLACE

- Strategic Investment
- Regional Transportation
- Downtown Revitalization
- Destination Connections
- Regional Tourism
- Auburn Way South Revitalization

MESSAGING

- Brand Enhancement
- Internal Image
- Social Media
- Public Relations
- Real Estate Market Reports
- Strategic Outreach

BUY LOCAL AUBURN

EXPLORE Auburn

CITY OF AUBURN WASHINGTON

Party Til Dawn
A LIFESTYLE BLOG WITH DAWN PARSONS

QUESTIONS

ECONOMIC DEVELOPMENT MANAGER

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AUBURN VALUES

SERVICE

ENVIRONMENT

ECONOMY

CHARACTER

SUSTAINABILITY

WELLNESS

CELEBRATION

SERVICE • ENVIRONMENT • ECONOMY • CHARACTER • SUSTAINABILITY • WELLNESS • CELEBRATION

AGENDA BILL APPROVAL FORM

Agenda Subject:
1st Quarter 2022 Financial Report (Thomas) (20 Minutes)

Date:
June 22, 2022

Department:
Finance

Attachments:
Financial Report Through March 2022
Monthly Sales Tax Report

Budget Impact:
Current Budget: $0
Proposed Revision: $0
Revised Budget: $0

Administrative Recommendation:

For information only.

Background for Motion:

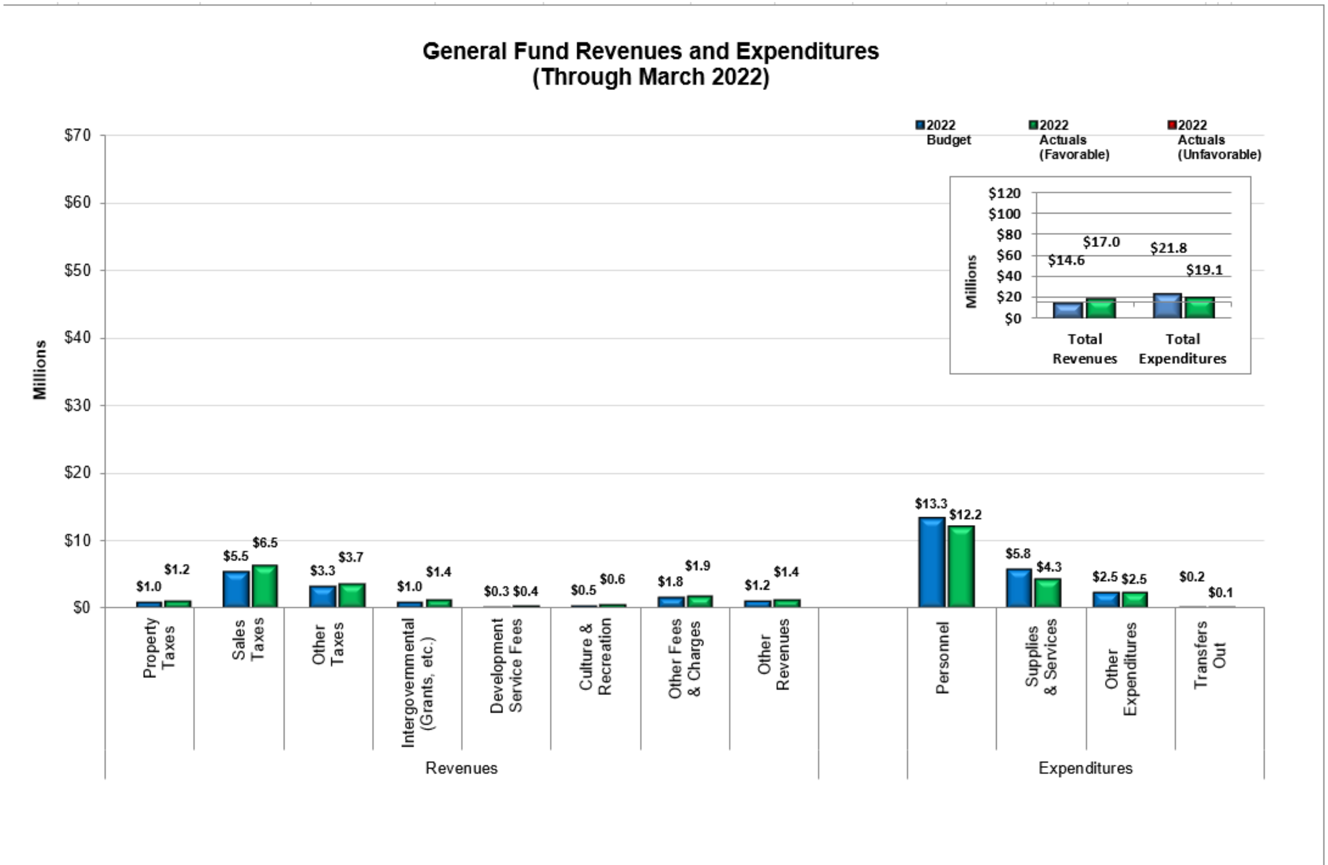
Background Summary:

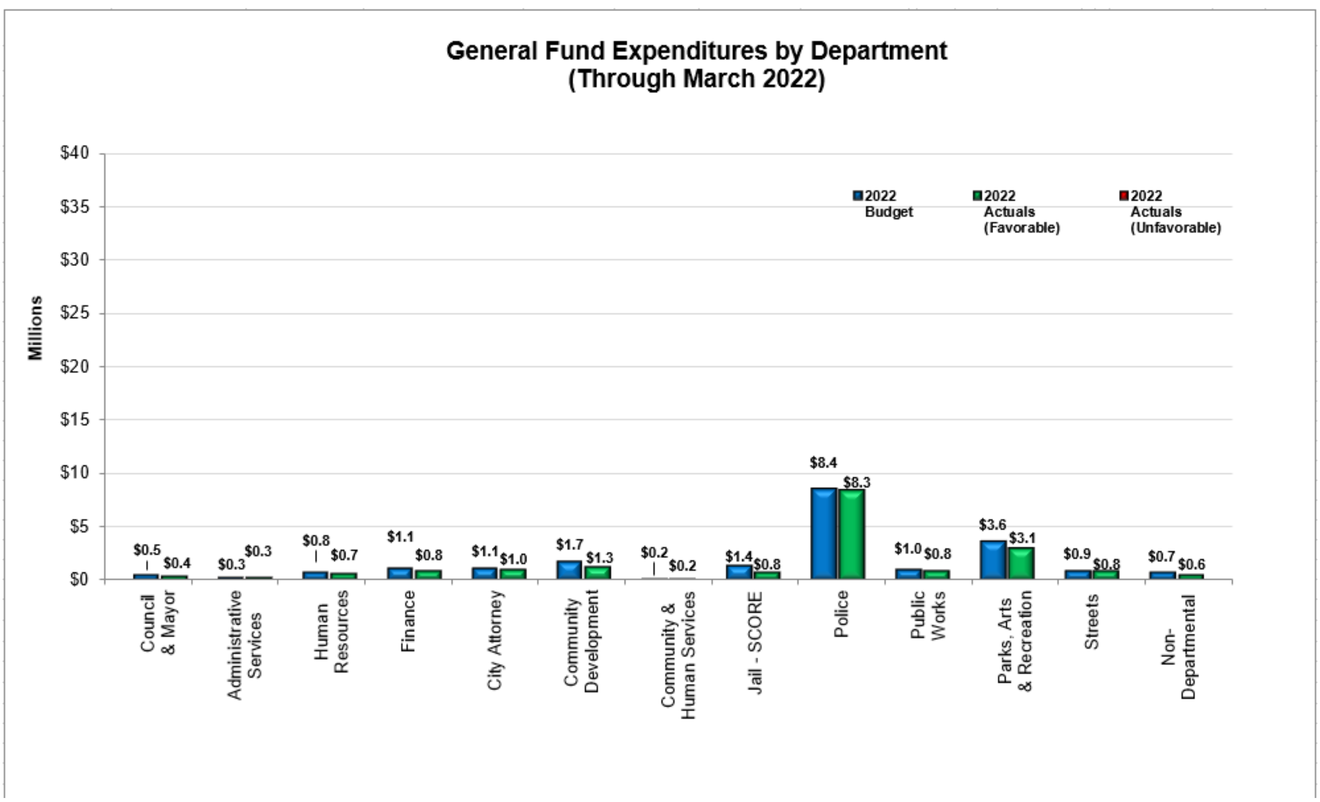
The financial report summarizes the general state of the Citywide financial position as of March 31, 2022 and highlights significant trends the Council should be aware of. The attachment provides the year-to-date status report and sales tax data for revenue collections through March 31, 2022.

Reviewed by Council Committees:

Councilmember: Baggett **Staff:** Thomas
Meeting Date: June 27, 2022 Item Number:

General Fund Summary





General Fund Summary of Sources and Uses	Page Ref	2022 Annual Budget	2022 YTD Budget	2022 YTD Actual	2021 YTD Actual	2022 YTD Budget vs. Actual Favorable (Unfavorable) Amount	Percentage
Operating Revenues							
Property Tax	6	$ 23,198,400	$ 1,045,200	$ 1,153,604	$ 1,230,328	$ 108,404	10.4 %
Retail Sales Tax	3, 6-7	20,294,400	4,916,700	5,673,725	5,100,201	757,025	15.4 %
Affordable Housing Sales Tax Credit		129,900	32,475	47,274	44,057	14,799	45.6 %
Sales Tax - Pierce County Parks		101,700	25,200	32,427	30,670	7,227	28.7 %
Criminal Justice Sales Tax		2,135,000	553,200	721,192	599,073	167,992	30.4 %
Brokered Natural Gas Tax		131,300	43,100	51,479	48,102	8,379	19.4 %
City Utilities Tax	3, 8-9	6,779,000	1,185,900	1,633,844	962,837	447,944	37.8 %
Business & Occupation Tax		500,000	-	-	-	-	N/A
Admissions Tax	9-10	400,000	109,600	59,520	9,603	(50,080)	(45.7) %
Electric Tax	8-9	3,760,400	940,100	999,584	921,206	59,484	6.3 %
Natural Gas Tax	8-9	1,122,500	290,400	296,575	268,331	6,175	2.1 %
Cable Franchise Fee		850,600	212,650	232,704	232,850	20,054	9.4 %
Cable Utility Tax		969,600	242,400	245,342	245,716	2,942	1.2 %
Cable Franchise Fee - Capital		60,000	15,000	13,509	15,826	(1,491)	(9.9) %
Telephone Tax	8-9	704,200	164,000	146,263	209,034	(17,737)	(10.8) %
Solid Waste Tax (external)	8-9	-	-	8,948	53,002	8,948	N/A
Leasehold Excise Tax		210,000	12,500	12,823	13,660	323	2.6 %
Gambling Excise Tax	10	342,100	87,069	48,423	399	(38,646)	(44.4) %
Taxes sub-total		**$ 61,689,100**	**$ 9,875,494**	**$ 11,377,235**	**$ 9,984,894**	**$ 1,501,741**	**15.2 %**
Business License Fees	11	$ 393,100	$ 114,100	$ 80,118	$ 103,954	$ (33,982)	(29.8) %
Building Permits	12	1,000,900	123,000	297,012	350,997	174,012	141.5 %
Other Licenses & Permits		870,300	142,500	282,915	401,548	140,415	98.5 %
Intergovernmental (Grants, etc.)	4, 13	6,063,420	1,003,862	1,401,699	703,939	397,837	39.6 %
Charges for Services:	14-15						
General Government Services	14	3,646,350	911,588	875,399	828,576	(36,189)	(4.0) %
Public Safety	14	988,200	247,050	268,255	143,391	21,205	8.6 %
Development Services Fees	14-15	1,041,900	302,100	374,593	392,607	72,493	24.0 %
Culture and Recreation	15	2,375,680	455,091	584,763	356,994	129,672	28.5 %
Fines and Penalties	16-17	731,400	225,250	96,314	199,338	(128,936)	(57.2) %
Fees/Charges/Fines sub-total		**$ 17,111,250**	**$ 3,524,540**	**$ 4,261,068**	**$ 3,481,344**	**$ 736,528**	**20.9 %**
Interest and Investment Earnings	17-18	$ 91,200	$ 22,800	$ 89,509	$ 10,712	$ 66,709	292.6 %
Rents and Leases	17-18	1,003,000	256,900	303,178	110,230	46,278	18.0 %
Contributions and Donations	17-18	28,400	7,100	3,821	843	(3,279)	(46.2) %
Other Miscellaneous	17-18	223,800	69,595	280,254	88,424	210,659	302.7 %
Transfers In		4,167,900	757,000	724,000	74,000	(33,000)	(4.4) %
Insurance Recoveries - Capital & Operating		225,000	56,250	1,878	7,768	(54,372)	(96.7) %
Other Revenues sub-total		**$ 5,739,300**	**$ 1,169,645**	**$ 1,402,640**	**$ 291,976**	**$ 232,995**	**19.9 %**
Total Operating Revenues		**$ 84,539,650**	**$ 14,569,679**	**$ 17,040,943**	**$ 13,758,215**	**$ 2,471,264**	**17.0 %**
Operating Expenditures							
Council & Mayor		$ 1,713,091	$ 469,900	$ 380,829	$ 314,970	$ 89,071	19.0 %
Administration		1,155,166	272,200	257,551	587,521	14,649	5.4 %
Human Resources		2,139,183	551,200	515,644	449,398	35,556	6.5 %
Municipal Court & Probation		3,163,945	270,536	183,634	172,322	86,902	32.1 %
Finance		4,226,313	1,114,000	843,831	587,521	270,169	24.3 %
City Attorney		5,498,018	1,146,800	962,960	702,635	183,840	16.0 %
Community Development		7,245,384	1,744,200	1,321,563	1,104,989	422,637	24.2 %
Community & Human Services (Comm Devel)		1,411,128	176,300	151,250	141,255	25,050	14.2 %
Jail - SCORE		5,523,800	1,380,900	809,526	1,141,275	571,374	41.4 %
Police		34,178,050	8,399,900	8,311,313	7,607,135	88,587	1.1 %
Public Works		3,801,285	1,015,700	838,418	849,375	177,282	17.5 %
Parks, Arts & Recreation		15,366,550	3,605,800	3,062,746	2,465,946	543,054	15.1 %
Streets		4,034,054	931,400	841,017	854,824	90,383	9.7 %
Non-Departmental		3,731,720	727,655	575,675	548,680	151,980	20.9 %
Total Operating Expenditures		**$ 93,187,686**	**$ 21,806,491**	**$ 19,055,957**	**$ 17,527,847**	**$ 2,750,534**	**12.6 %**

Executive Summary

This report provides an overview of the City's overall financial position for the fiscal period ending March 31, 2022, reflecting financial data available as of May 31, 2022.

General Fund:

General Fund revenues have generally exceeded budget expectations and largely recovered from the impact of the COVID-19 mitigation measures. During 2021, various restrictions were implemented at the state and local level in terms of occupancy limits, vaccination requirements, and mask mandates, all of which are thought to have either directly or indirectly affected the local economy.

In late March of 2021, both King and Pierce counties advanced to Phase III of the state's Healthy Washington Roadmap to Recovery plan. Phase III allowed businesses to have indoor dining occupancy up to 50%; retail, fitness and competitive sports at 50% occupancy; and indoor entertainment venues were allowed to reopen with restrictions. At the end of June, Washington state reopened under the Washington Ready plan. Industry sectors previously covered by the Roadmap to Recovery or the Safe Start plan (with limited exceptions) were allowed to return to usual capacity and operations. Throughout the third quarter of 2021, businesses were able to resume normal operations, and some businesses continued to have modified hours and/or capacity restrictions. Effective in October 2021, all restaurants in King County were to require indoor dining patrons to show proof of vaccination. The indoor mask mandate also continued throughout Q4-2021. In the state's reopening plan, the state moved towards a county-based system and away from the regional system. In this new plan, the assessment of counties will be conducted on an individual basis.

Overall, General Fund revenues collected through Q1-2022 totaled $17.0 million as compared to a year-to-date budget of $14.6 million, and were $2.4 million, or 17.0% above budget expectations.

Notable variances to the 2022 budget include:

- Retail Sales Tax: The sales tax report through Q1-2022 (which is provided as an attachment to this report) reflects amounts remitted to the City of Auburn based on sales from November 2021 through January 2022. Collections up to March 2022 totaled $5.7 million, an 11.2% increase from last year. The increase resulted from multiple categories, particularly manufacturing. **[*pages 6-7*]**

- In 2021, City Council increased the City utility tax rate from 7.0% to 10.0%. 1.0% of utility tax revenue continues to support the Arterial Street Preservation Fund while this change increased General Fund tax revenues for Water, Sewer, Storm and Solid Waste services from the previous 6.0% to 9.0%. City utility tax revenues through Q1-2022 were $505,000 favorable to budget and $671,000 higher than what was collected in Q1-2021. **[*pages 8-9*]**

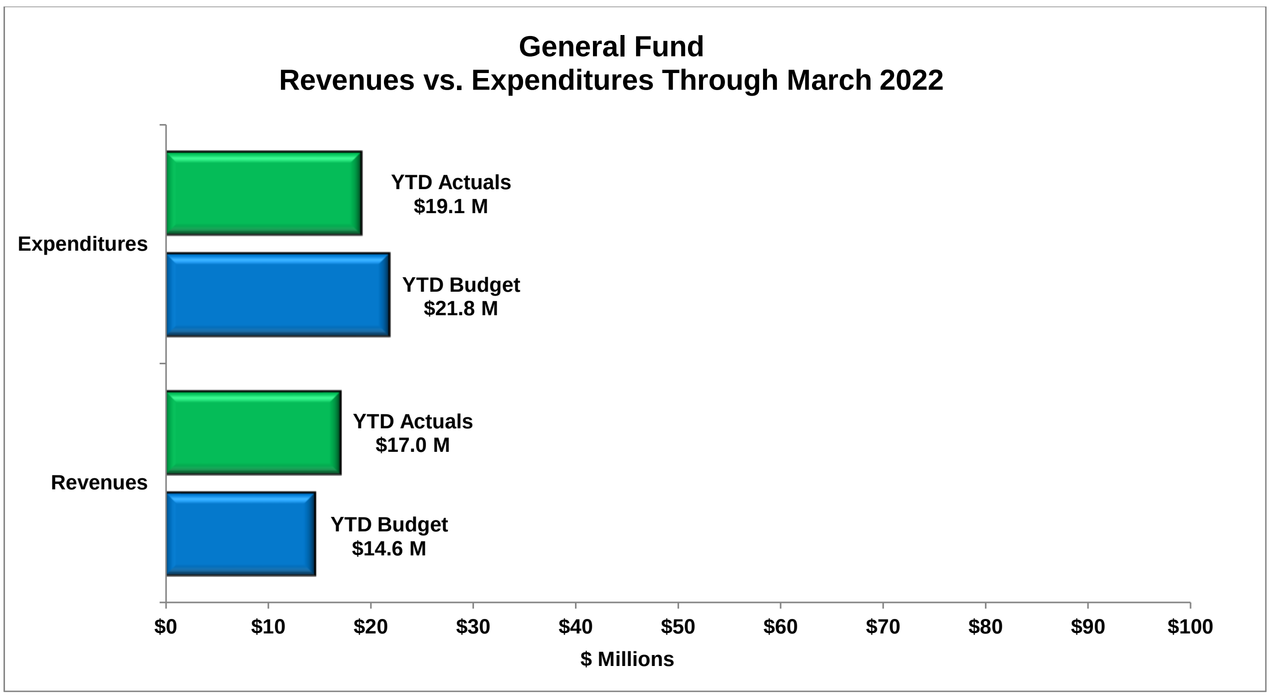
- Building permit revenues collected through Q1-2022 totaled $297,000, which was 174,000 favorable to the year-to-date budget. A contributor to this variance was the permitting of Divine Court, a 7-story multi-use building on Main Street. **[*page 12*]**

- Intergovernmental revenues collected in Q1-2022 totaled $1.4 million and were $398,000 favorable to budget. A significant portion of this variance was due to the unbudgeted receipt of $250,000 in Streamlined Sales Tax mitigation monies. Higher than expected revenues for Muckleshoot Casino services also contributed to this favorable variance. **[*page 13*]**

- Culture and Recreation revenues collected in Q1-2022 totaled $585,000 and were $130,000 higher than budget expectations. This variance was primarily due to higher than anticipated revenues received for recreational classes following the easing or removal of COVID-19 restrictions. **[*page 15*]**

General Fund expenditures through Q1-2022 totaled $19.1 million compared to a budget of $21.8 million, representing a $2.8 million favorable variance to budget. All departments operated within their budgets in the first quarter of 2022.

Of this favorable variance to budget, over half is comprised of underspends in supplies and professional services, while approximately 40% was due to underspends in personnel costs.



Enterprise Funds:

The City's enterprise funds account for operations with revenues primarily provided from user fees, charges or contracts for services.

The **Water Fund** ended Q1-2022 with operating income of $856,400, which was approximately $139,100 below the same period last year due to an increase in expenditures from Q1-2021. This increase was driven by City interfund utility taxes, personnel, and interfund costs. **[page 20]**

The **Sewer Fund** had operating income of $417,000 versus $452,000 in the same period last year. Increased consumption revenues were offset by higher expenditures, similar to the Water Fund. **[page 21]**

Through March 2022 the **Stormwater Fund** had operating income of $756,000 compared to $725,000 in the same period in 2021; the increase in revenues from charges for storm service more than offset the increased expenditures due to higher interfund utility taxes. **[page 21]**

Internal Service Funds:

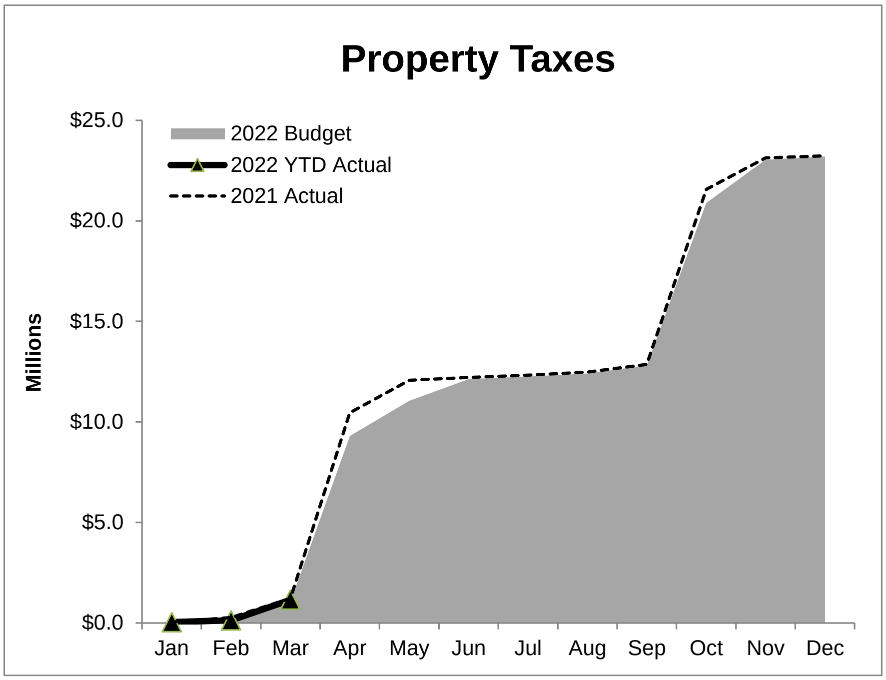
Internal service funds provide services to other City departments and include functions such as Insurance, Worker's Compensation, Facilities, Innovation & Technology, and Equipment Rental. No significant variances were reported in these funds during Q1-2022. **[page 21]**

General Fund

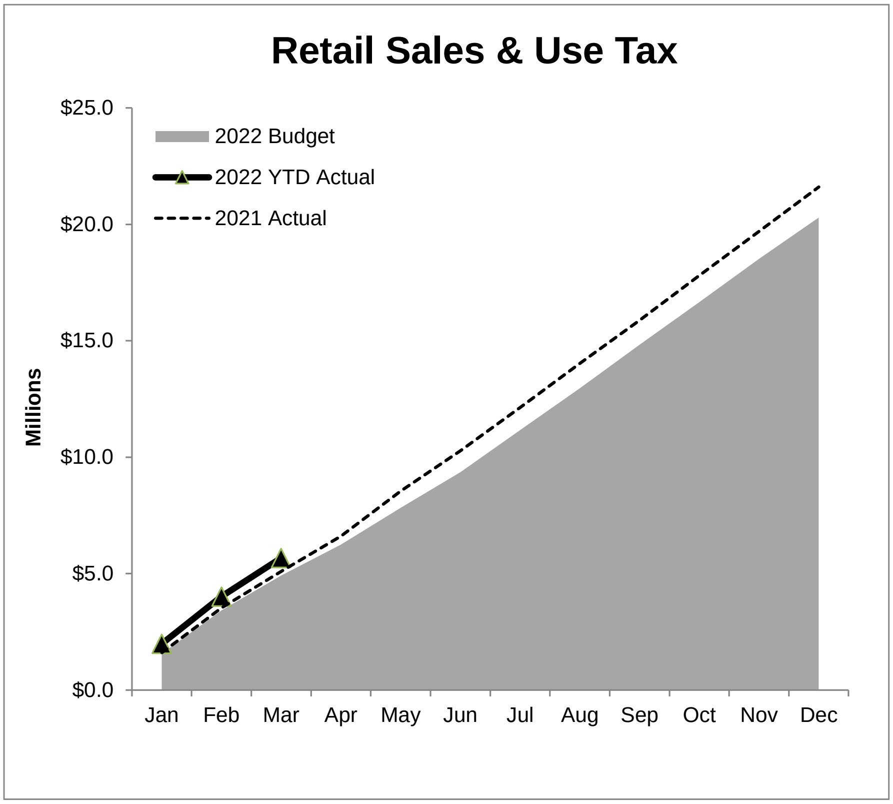
Revenues

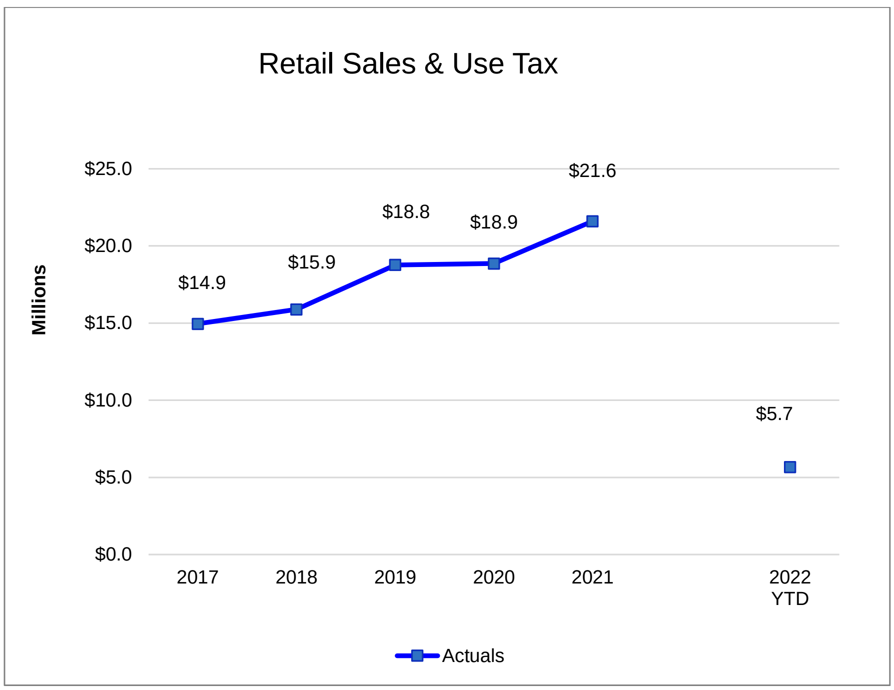
The combined total of property, sales/use, utility, gambling, and admissions taxes provides over 70% of all resources supporting general governmental activities. The following section provides additional information on these sources.

Property Tax collections in the first quarter totaled $1.2 million as compared to a year-to-date budget of $1.0 million. As depicted in the graphic below, the majority of property taxes are collected during the months of April and October, coinciding with the due dates for the County property tax billings.



Retail Sales Tax collections through Q1-2022 totaled $5.7 million, representing taxes remitted to the City of Auburn based on sales from November 2021 through January 2022. Despite the COVID-19 pandemic, 2021 sales tax revenues were higher than the prior five years – and, in fact, 2021 sales tax collections were the highest on record for the City of Auburn. Sales tax revenues in the first quarter of 2022 exceed those from the first quarter of 2021, with increases in most categories, and in particular manufacturing. Sales tax on construction revenues are the notable exception, which saw a 7.7% decrease from Q1-2021. Overall, retail sales tax revenues are up $574,000 or 11.2% from the same period last year.



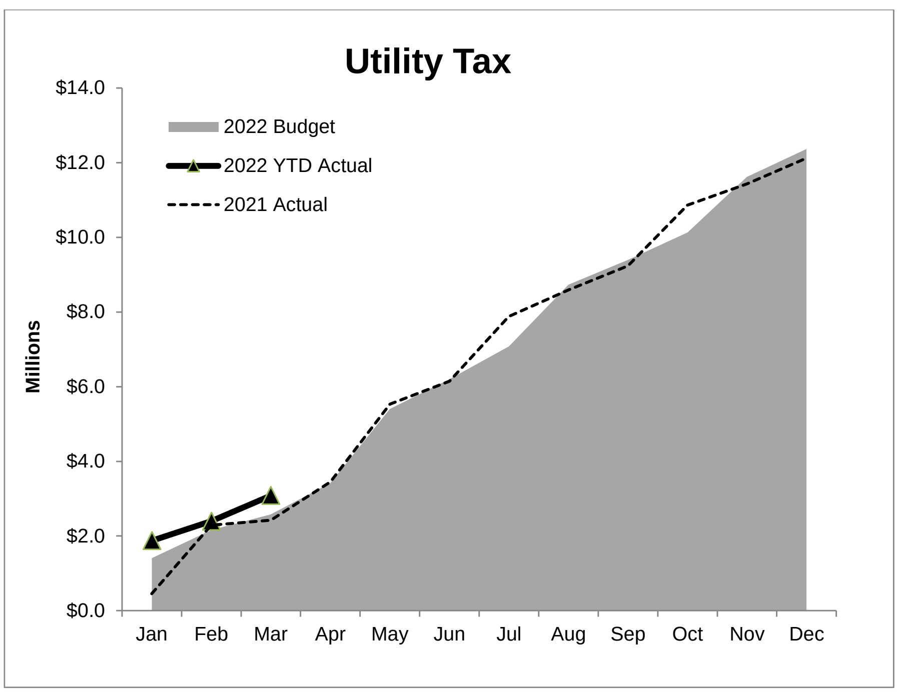


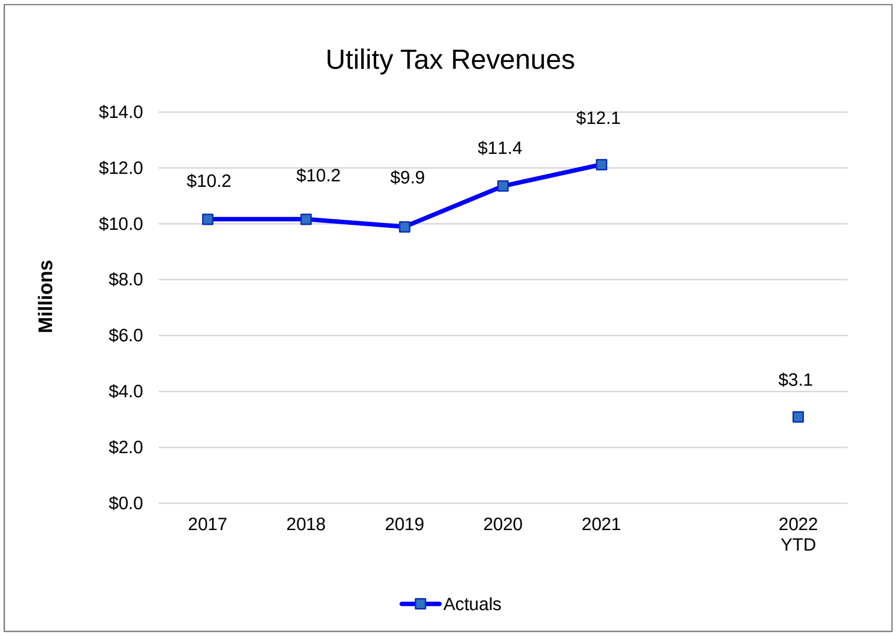
Note: *The increase in sales tax revenue from 2018 to 2019 was primarily due to a policy change whereby sales tax on construction revenue is retained in the General Fund; previously, a portion was transferred to street funds. Of the year-over-year increase in sales tax revenue depicted in the graphic above from 2018 to 2019, $2.2 million of the $2.9 million increase was due to this policy change.*

The following table breaks out the City's retail sales taxes by major business sector.

Comparison of Retail Sales Tax Collections by Group Through March 2022				
Component Group	**2021 YTD Actual**	**2022 YTD Actual**	**Change from 2021 Amount**	**Change from 2021 Percentage**
Construction	$ 750,470	$ 692,664	$ (57,806)	(7.7) %
Manufacturing	91,899	345,395	253,496	275.8 %
Transportation & Warehousing	89,580	84,228	(5,352)	(6.0) %
Wholesale Trade	328,040	321,255	(6,785)	(2.1) %
Automotive	1,021,105	1,101,151	80,046	7.8 %
Retail Trade	1,625,691	1,739,428	113,737	7.0 %
Services	1,114,626	1,307,202	192,576	17.3 %
Miscellaneous	78,790	82,401	3,611	4.6 %
YTD Total	$ 5,100,201	$ 5,673,724	$ 573,523	11.2 %

Utility Taxes consist of interfund taxes on City utilities (Water, Sewer, Storm and Solid Waste) and taxes on external utilities (Electric, Natural Gas, Telephone and Solid Waste). As noted on page 3 of this report, Council increased the City utility tax rate from 7.0% to 10.0% effective in 2021. While 1.0% of this tax revenue continues to support the Arterial Street Preservation Fund, this change increased General Fund tax revenue for Water, Sewer, Storm and Solid Waste services from the previous 6.0% to 9.0%. Overall, City utility tax revenues collected through March 2022 were $671,000 more than what was collected through March 2021.

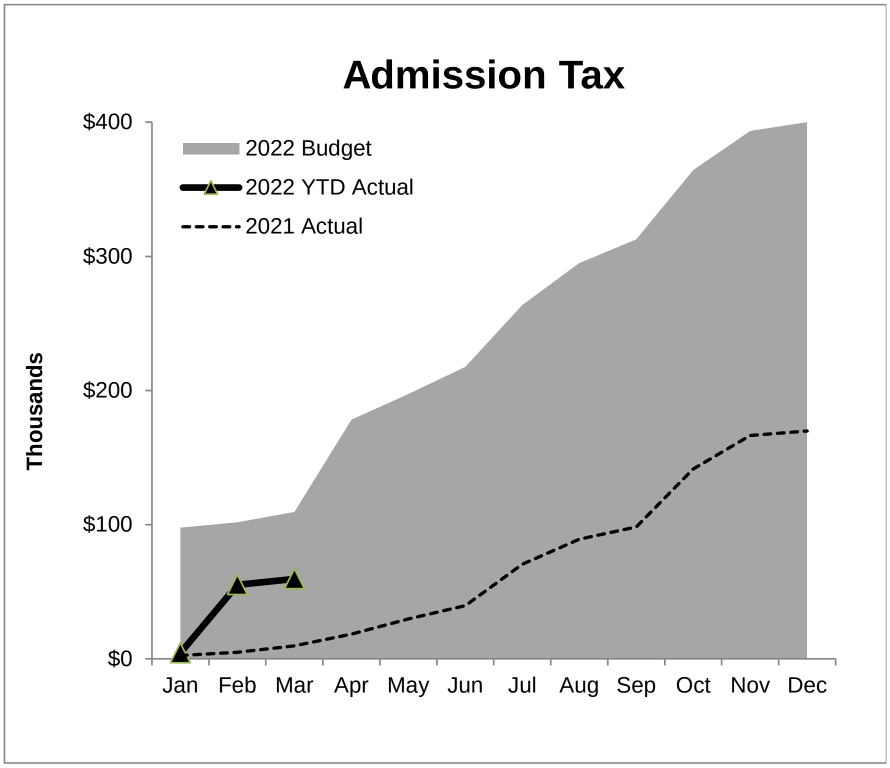




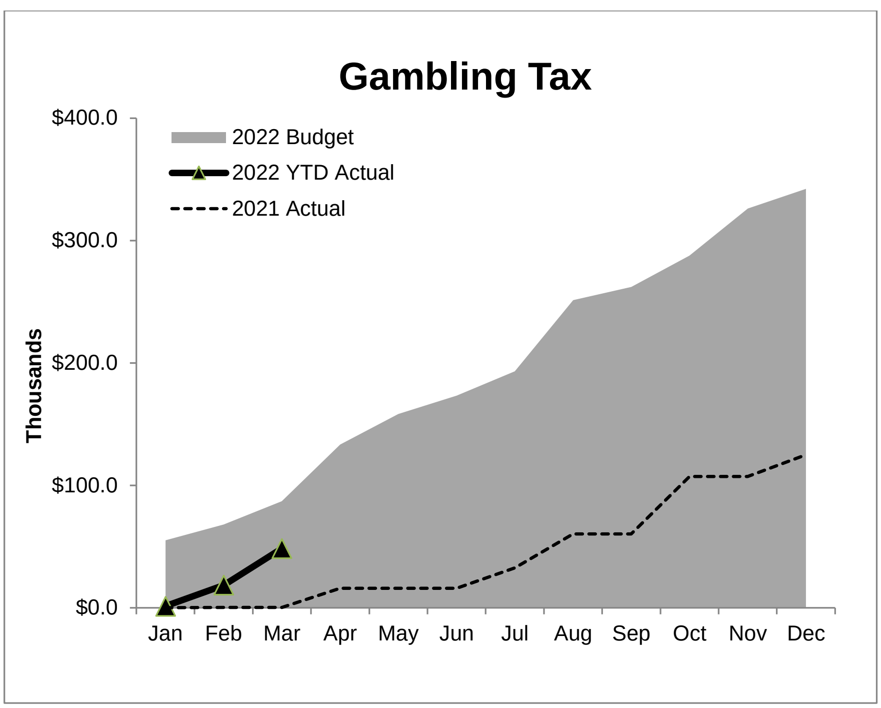
The table below demonstrates the various utility tax revenues and show actual revenues compared to budget.

Utility Tax by Type Through March 2022							
Utility Tax Type	**2021 YTD Actual**	**2022 YTD Budget**	**2022 YTD Actual**	**2022 vs. 2021 Actual Amount**	**2022 vs. 2021 Actual Percentage**	**2022 vs. Budget Amount**	**2022 vs. Budget Percentage**
City Interfund Utility Taxes	$ 962,837	$ 1,185,900	$ 1,633,844	$ 671,006	69.7 %	$ 447,944	37.8 %
Electric	921,206	940,100	999,584	78,379	8.5 %	59,484	6.3 %
Natural Gas	268,331	290,400	296,575	28,245	10.5 %	6,175	2.1 %
Telephone	209,034	164,000	146,263	(62,771)	(30.0) %	(17,737)	(10.8) %
Solid Waste (external)	53,002	0	8,948	(44,053)	(83.1) %	8,948	
YTD Total	$ 2,414,409	$ 2,580,400	$ 3,085,214	$ 670,805	27.8 %	$ 504,814	19.6 %

An **Admission Tax** of 5.0% is placed on charges for general admission, season tickets, cover charges, etc. Although admission tax revenues of $60,000 collected through March 2022 were significantly higher than Q1-2021; this is due in part to COVID-19 restrictions, whereby some entertainment businesses did not reopen until the second quarter of 2021. The primary remitter of admission tax to the City of Auburn is the Auburn Regal Cinema at the Outlet Collection mall, contributing roughly 75% of these revenues between 2018-2020. However, in both 2021 and year-to-date in 2022, Regal Cinema's contributions have dropped by half from their pre-pandemic levels. As a result, admission tax revenues are unfavorable to budget.

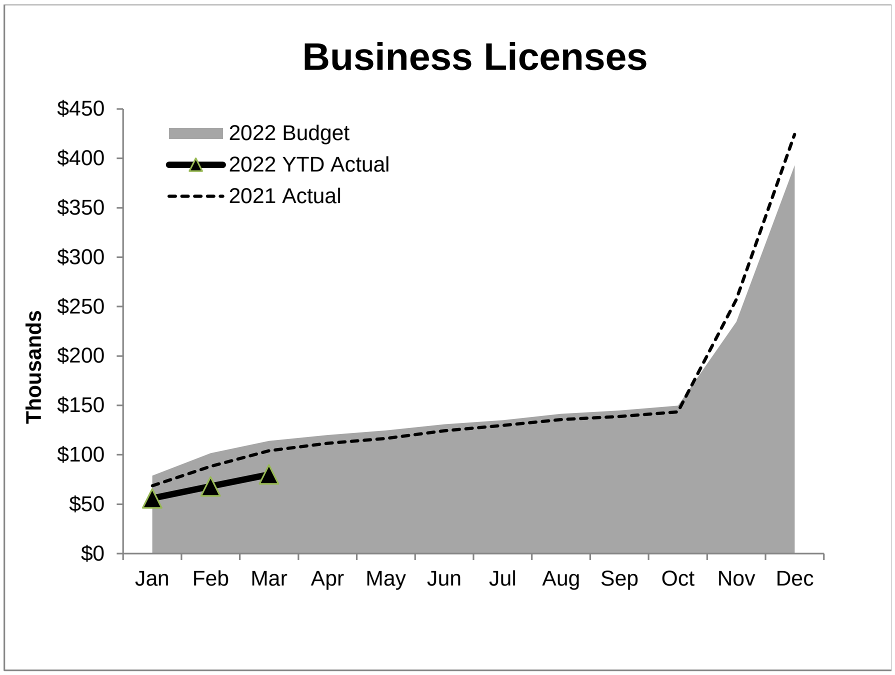


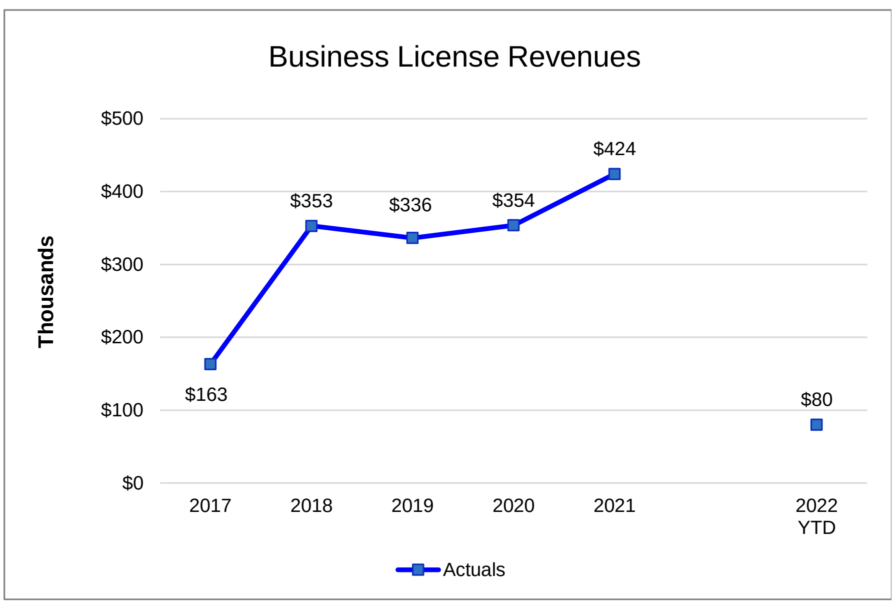
Gambling Tax applies to all card games, punch board games, pull tabs, bingo games, raffles and amusement games played within City limits. Due to COVID-19 occupancy limitations, some of these establishments did not reopen for business until the latter part of Q1-2021 and many opened at a reduced capacity. While capacity limitations were lifted at the end of Q2-2021, the effects on these entertainment style activities continue to be evident due to reduced receipts compared to normal levels.



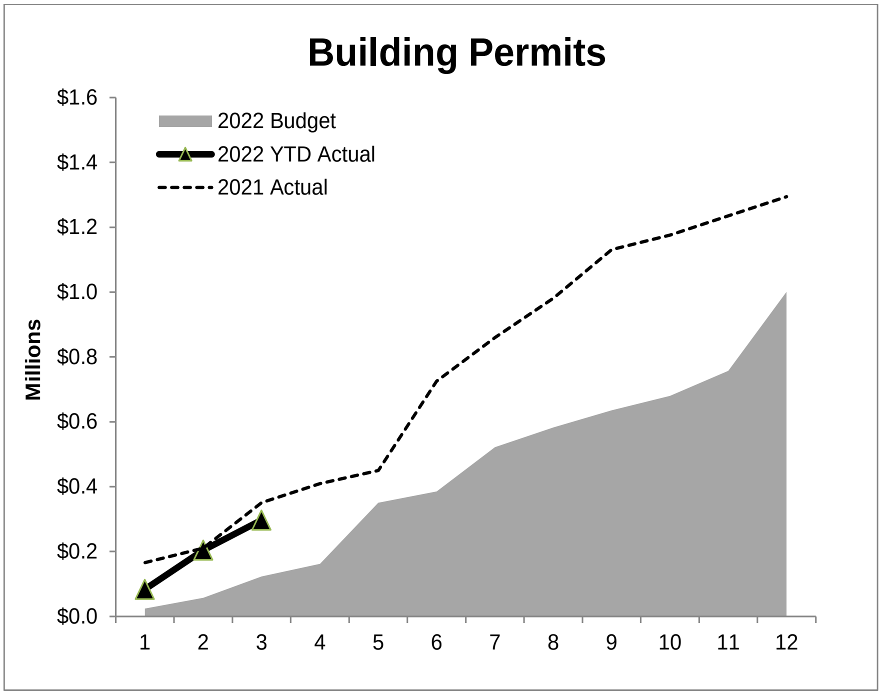
Licenses and Permits include business licenses, building permits, plumbing, electric and other licenses and permit fees. Building permit fees and business licenses make up approximately 70% of the annual budgeted revenue in this category.

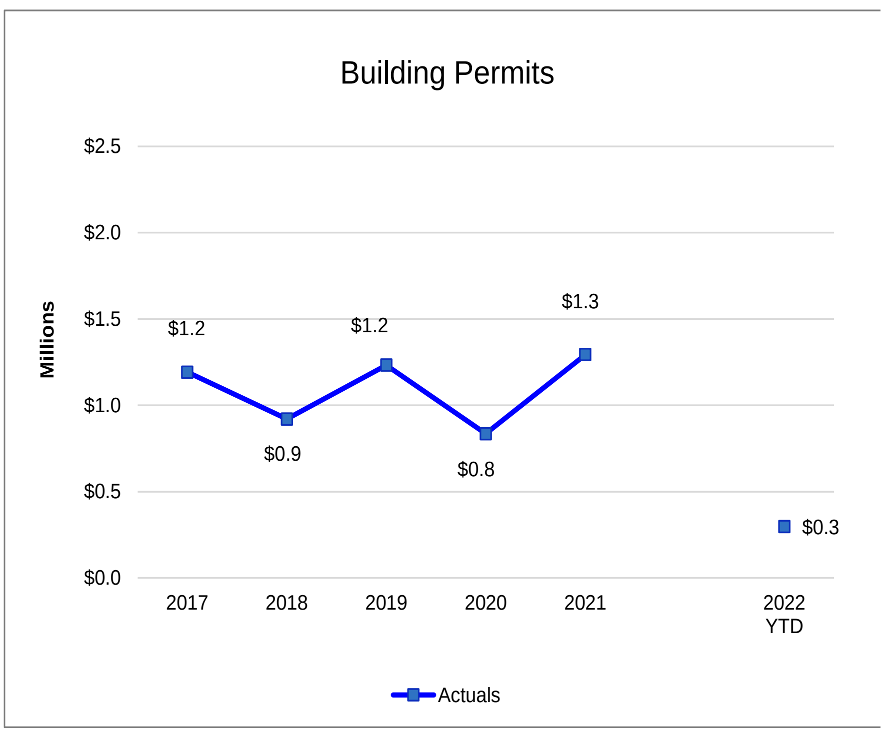
The City charges an annual fee of $103 for a **Business License** for each business that is located within the City. The City typically sends out the renewals for the following year around December of each year. Therefore, the majority of these revenues are collected in December for the following year or in January in the current year. Business license revenues collected through Q1-2022 totaled $80,000, lower than the projected revenues of $114,000.





Building Permit revenues collected through March 2022 totaled $297,000. While this is approximately $54,000 lower than 2021 collections year-to-date, revenues were $174,000 favorable to budget. Among the contributing factors for this favorable variance was the permitting of a seven-story mixed-use building on Main Street known as Divine Court.

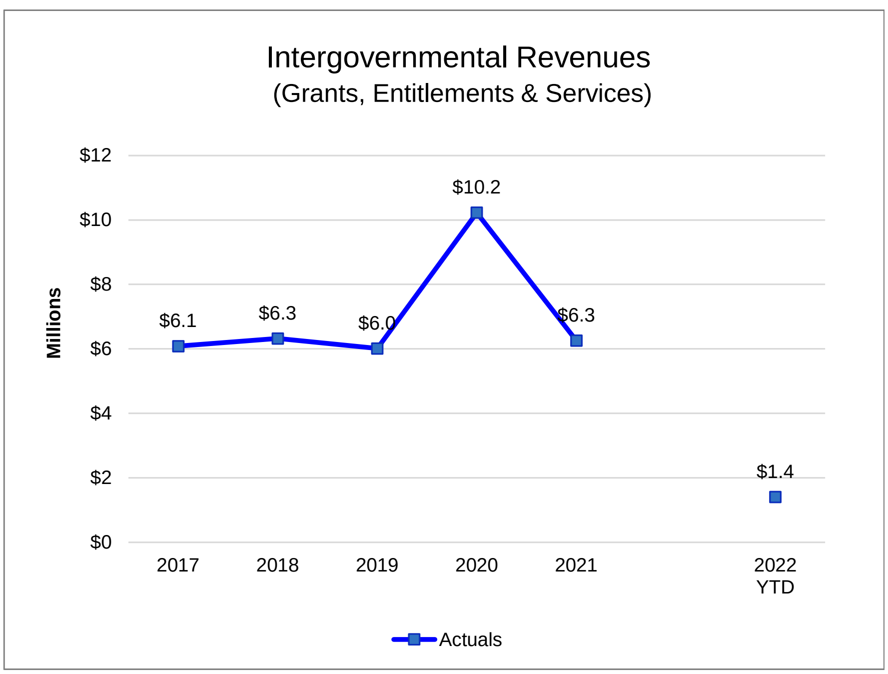




Intergovernmental revenues include grants and stimulus monies (direct and indirect federal, state and local), revenue from the Muckleshoot Indian Tribe (MIT) compact as well as state shared revenues. Collections through Q1-2022 totaled $1.4 million and were $398,000 favorable to budget expectations. Much of this favorable variance was due to the unbudgeted receipt of $250,000 for Streamlined Sales Tax mitigation monies collected in March.

Intergovernmental Revenues (Grants, Entitlements & Services)
Through March 2022

Revenue	2021 YTD Actual	2022 YTD Budget	2022 YTD Actual	2022 vs. 2021 Actual Amount	2022 vs. 2021 Actual % Change	2022 vs. Budget Amount	2022 vs. Budget % Change
Federal Grants	$ -	$ -	$ -	$ -		$ -	
State Grants	31,680	94,000	-	(31,680)	(100.0) %	(94,000)	296.7 %
Interlocal Grants	3,000	33,700	9,000	6,000	200.0 %	(24,700)	(411.7) %
Muckleshoot Casino Services	-	242,825	385,997	385,997		143,172	37.1 %
One-Time Allocation (SB 5092)	-	-	-	-		-	
State Shared Revenues:							
Streamlined Sales Tax	-	-	250,040	250,040		250,040	100.0 %
Motor Vehicle Fuel Tax	243,260	219,100	276,418	33,158	13.6 %	57,318	172.9 %
Criminal Justice - High Crime	58,871	54,100	68,320	9,449	16.1 %	14,220	150.5 %
Criminal Justice - Population	6,519	6,500	7,332	814	12.5 %	832	102.3 %
Criminal Justice - Special Prog.	23,270	24,000	26,061	2,791	12.0 %	2,061	73.8 %
Marijuana Excise Tax	41,004	46,825	55,748	14,744	36.0 %	8,923	60.5 %
State DUI	3,217	3,000	3,682	465	14.5 %	682	146.6 %
Fire Insurance Tax	-	-	-	-		-	
Liquor Excise	131,228	117,312	148,299	17,071	13.0 %	30,987	181.5 %
Liquor Profit	161,890	162,500	170,802	8,912	5.5 %	8,302	93.2 %
Total State Shared:	669,258	633,337	1,006,702	337,443	50.4 %	373,365	110.6 %
YTD Total	$ 703,939	$ 1,003,862	$ 1,401,699	$ 697,760	99.1 %	$ 397,837	39.6 %



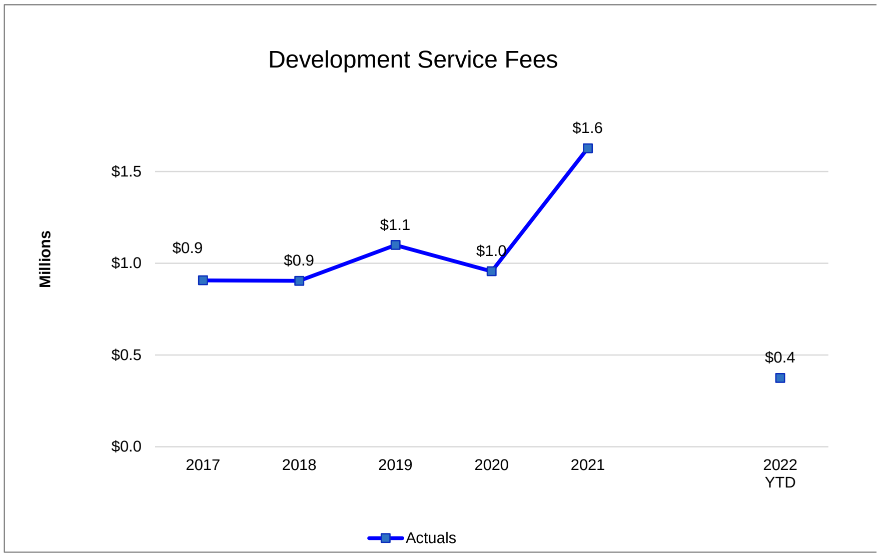
Charges for Services consist of general governmental service charges, public safety charges, development service fees, and culture and recreation fees. Total charges for services collected through March 2022 totaled $2.1 million and was $187,000, or 9.8%, more than budgeted.

Charges for Services by Type Through March 2022							
Revenue	2021 YTD Actual	2022 YTD Budget	2022 YTD Actual	2022 vs. 2021 Actual Amount	2022 vs. 2021 Actual Percentage	2022 vs. Budget Amount	2022 vs. Budget Percentage
General Government	$ 828,576	$ 911,588	$ 875,399	$ 46,823	5.7 %	$ (36,189)	(4.0) %
Public Safety	143,391	247,050	268,255	124,864	87.1 %	21,205	8.6 %
Development Services	392,607	302,100	374,593	(18,014)	(4.6) %	72,493	24.0 %
Culture & Recreation	356,994	455,091	584,763	227,769	63.8 %	129,672	28.5 %
YTD Total	$ 1,721,568	$ 1,915,828	$ 2,103,010	$ 381,442	22.2 %	$ 187,182	9.8 %

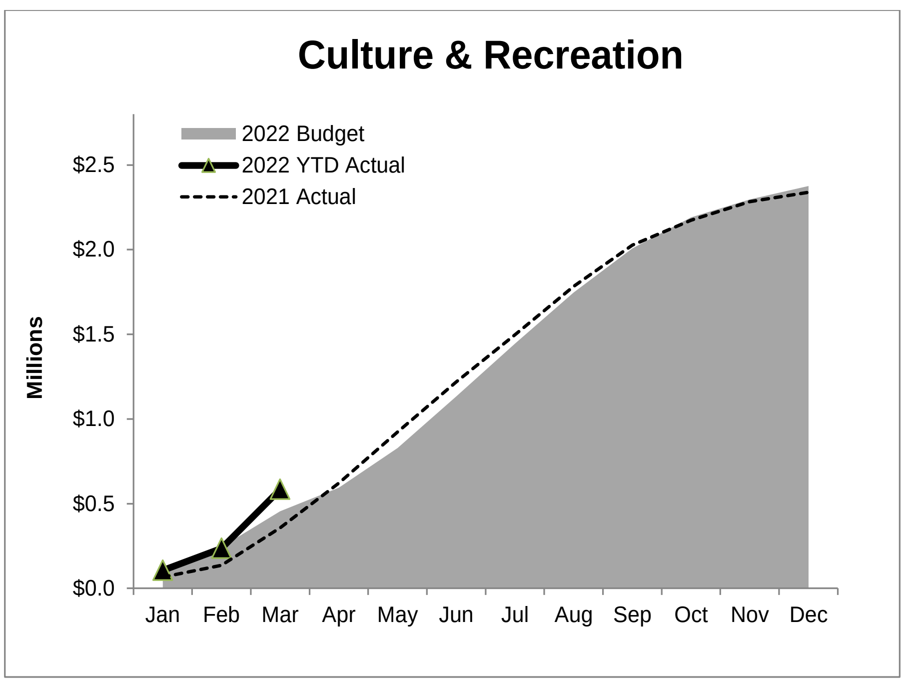
The General Government revenue category primarily includes the interfund assessment for the salary and benefit costs for support departments (Finance, Human Resources and Legal). Salary and benefit costs for these departments are charged to the respective General Fund home department and a portion of those costs are recouped from other funds via interfund charges. General Government revenues also include fees for passport services, reimbursement from cities participating in the South King Housing and Homelessness Partners (SKHHP), as well as transportation projects. The slight unfavorable variance to budget is due to the timing of SKHHP revenues, which are received on a reimbursement basis.

Public safety revenues mostly consist of revenues for law enforcement services, which are extra duty security services whereby police officers are contracted for and reimbursement is made by the hiring agency. This category also includes reimbursements from the Muckleshoot Indian Tribe (MIT) for a full-time dedicated police officer and associated expenditures as well as monies collected from the Auburn School District for services rendered. Public safety revenues collected in the first quarter of 2022 totaled $268,000 and were $21,000 favorable to budget primarily due to stronger than anticipated requests for extra duty security services.

Development services fee collections consist primarily of plan check fees, facility extension charges, and zoning and subdivision fees. Through Q1-2022, development service fees collected totaled $375,000 and were $72,000 favorable to budget expectations. A major contributor to this variance was FAC linear charges (fees assessed on projects that require extension of public facilities): February revenues were about $50,000 higher than average monthly revenues in 2021.

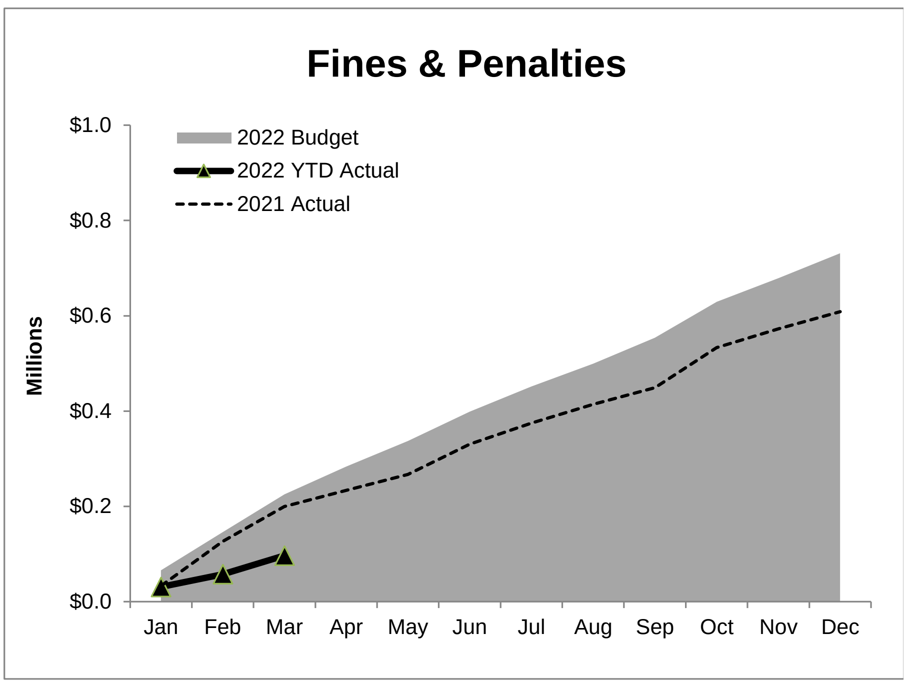


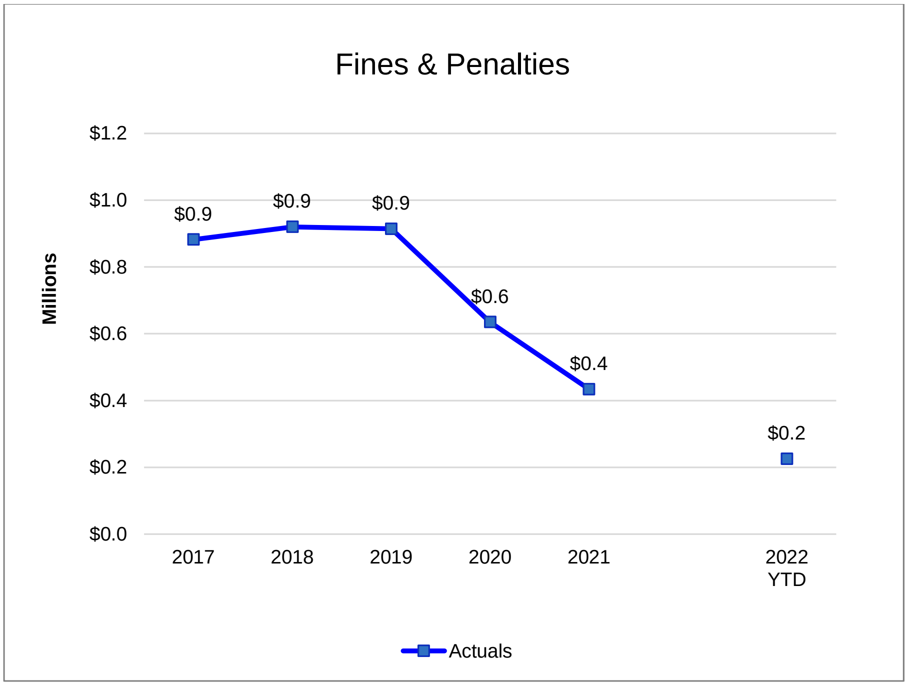
The majority of culture and recreation revenues are derived from greens fees and pro shop sales at the Auburn Golf Course, recreational classes, ticket sales at the Auburn Avenue Theater, senior programs, and special events. Overall, culture and recreation revenues exceeded budget by $130,000, or 28.5%. Nearly 75% of year-to-date revenues have come from greens fees at the Auburn Golf Course and recreation classes. While greens fee revenues have increased a modest $11,000 or 5.9% from the same period last year due to price increases, recreation class revenues have increased by $131,000 or 136.2%. This is primarily attributable to COVID-19 restrictions in place during Q1-2021 that have since been eased or removed.



Fines & Penalties include civil penalties (such as code compliance fines), parking and traffic infraction penalties, criminal fines (including criminal traffic, criminal non-traffic and other criminal offenses) as well as non-court fines such as false alarm fines. Total revenues collected through March 2022 totaled $96,300 as compared to a budget of $225,300 and were 57.2% below budget expectations primarily due to lower-than-budgeted collections in civil infraction penalties (typically consisting of traffic infractions).

Fines & Penalties by Type Through March 2022							
	2021	2022	2022	2022 vs. 2021 Actual		2022 vs. Budget	
Month	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Civil Penalties	$ 382	$ 6,350	$ 165	$ (217)	(56.8) %	$ (6,185)	(97.4) %
Civil Infraction Penalties	54,378	130,700	31,417	(22,961)	(42.2) %	(99,283)	(76.0) %
Redflex Photo Enforcement	855	-	295	(560)	(65.5) %	295	N/A %
Parking Infractions	12,480	33,800	26,666	14,187	113.7 %	(7,134)	(21.1) %
Criminal Traffic Misdemeanor	12,999	14,200	9,195	(3,803)	(29.3) %	(5,005)	(35.2) %
Criminal Non-Traffic Fines	7,904	10,500	11,887	3,982	50.4 %	1,387	13.2 %
Criminal Costs	9,441	4,300	8,469	(973)	(10.3) %	4,169	96.9 %
Non-Court Fines & Penalties	21,700	25,400	8,221	(13,479)	(62.1) %	(17,179)	(67.6) %
YTD Total	$ 120,137	$ 225,250	$ 96,314	$ (23,823)	(19.8) %	$ (128,936)	(57.2) %

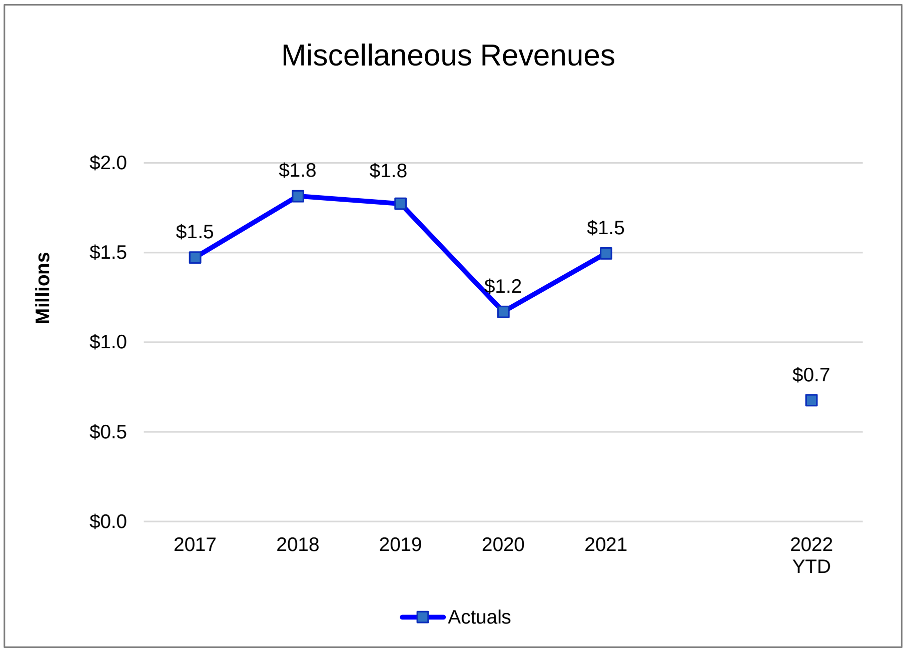




Miscellaneous Revenues consist of investment earnings, income from facility rentals, revenue collected for golf cart rentals at the Auburn Golf Course, contributions and donations, and other income including the quarterly purchasing card (P-card) rebate monies.

Miscellaneous Revenues by Type Through March 2022							
	2021	2022	2022	2022 vs. 2021 Actual		2022 vs. Budget	
Month	YTD Actual	YTD Budget	YTD Actual	Amount	Percentage	Amount	Percentage
Interest & Investments	$ 10,712	$ 22,800	$ 89,509	$ 78,797	735.6 %	$ 66,709	292.6 %
Rents & Leases	110,230	256,900	303,178	192,948	175.0 %	46,278	18.0 %
Contributions & Donations	843	7,100	3,821	2,978	353.3 %	(3,279)	(46.2) %
Other Miscellaneous Revenue	88,424	69,595	280,254	191,830	216.9 %	210,659	302.7 %
YTD Total	$ 210,208	$ 356,395	$ 676,761	$ 466,553	221.9 %	$ 320,366	89.9 %

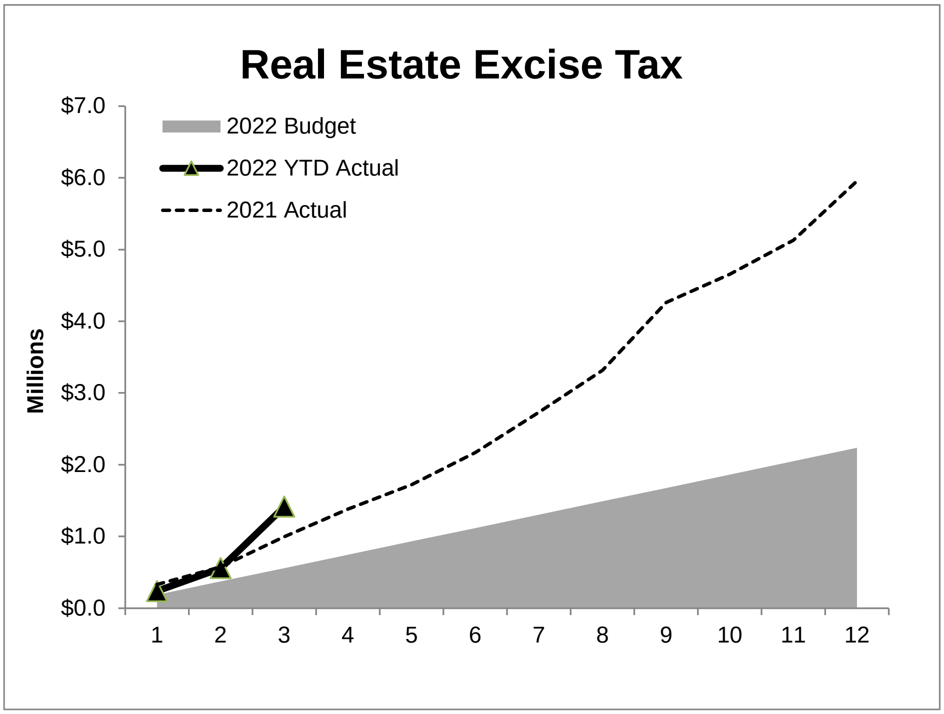
Revenues collected in the first quarter of 2022 in this category totaled $677,000 and were $320,000 favorable to budget. The majority of the favorable variance to budget was in the other miscellaneous revenue category, largely due to the sale of fixed assets with respect to a fire utility easement. Also contributing to the favorable variance were higher than average pre-payments for facility rentals.

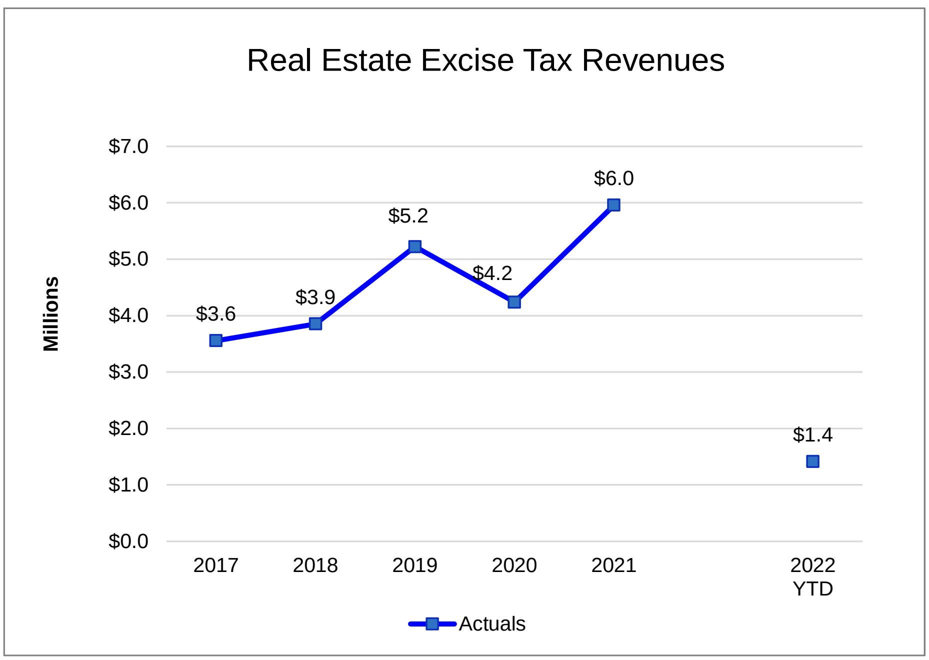


Real Estate Excise Tax (REET) revenues are taxes on the sale of both commercial properties and single-family residences, and are receipted into the Capital Improvement Projects Fund and used for governmental capital projects. REET revenues collected in the first quarter of 2022 totaled $1.4 million, which was $854,000 or 60.5% favorable to budget expectations. This strong performance continues on the heels of 2021, which saw the highest REET revenue collections on record for the City of Auburn. This increase from Q1-2022 is attributable to the continued growth of the real estate market and increase of property values. A notable contributor to the large favorable variance in March was the Logisticenter property in Auburn.

Real Estate Excise Tax Revenues
Through March 2022

Month	2021 YTD Actual	2022 YTD Budget	2022 YTD Actual	2022 vs. 2021 Actual Amount	2022 vs. 2021 Actual Percentage	2022 vs. Budget Amount	2022 vs. Budget Percentage
Jan	328,140	$ 186,200	235,988	(92,152)	(28.1) %	49,788	21.1 %
Feb	244,189	186,200	320,851	76,661	31.4 %	134,651	42.0 %
Mar	423,532	186,200	855,713	432,182	102.0 %	669,513	78.2 %
Apr	385,966	186,200					
May	339,074	186,200					
Jun	447,063	186,200					
Jul	563,422	186,200					
Aug	585,227	186,200					
Sep	946,209	186,200					
Oct	393,570	186,200					
Nov	474,992	186,200					
Dec	825,919	186,500					
YTD Total	995,861	558,600	1,412,552	416,691	41.8%	853,952	60.5%


Real Estate Excise Tax
Millions
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
2022 Budget
2022 YTD Actual
2021 Actual
1
2
3
4
5
6
7
8
9
10
11
12


Real Estate Excise Tax Revenues
Millions
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
$3.6
$3.9
$5.2
$4.2
$6.0
$1.4
2017
2018
2019
2020
2021
2022
YTD
Actuals

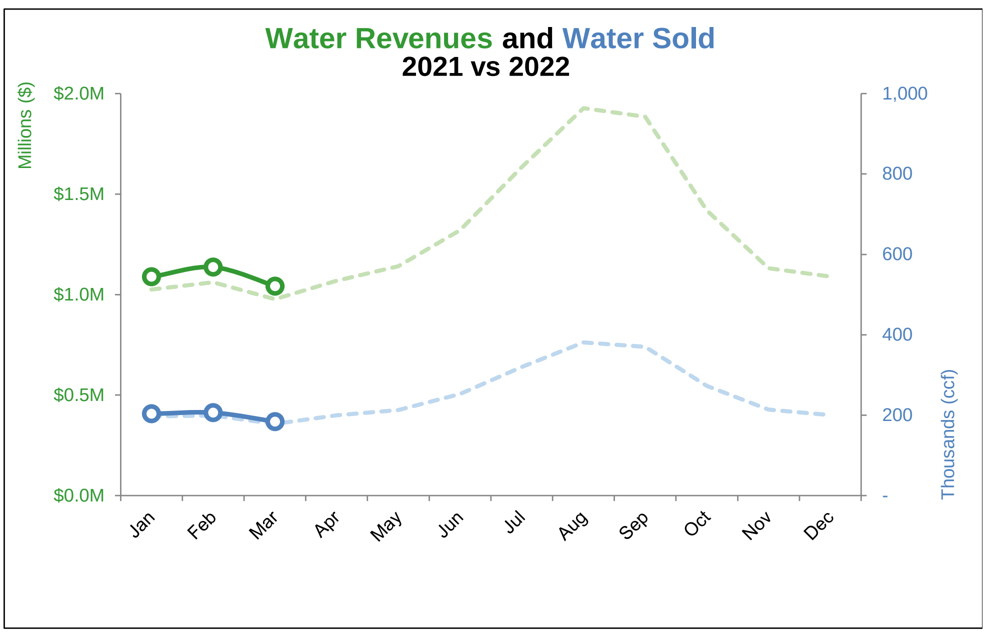
Utility Enterprise Funds

Utility activities are divided between operating funds and capital subfunds. Operating funds house all the operating costs along with debt service and financing obligations. Capital funds show costs associated with capital acquisition and construction. Both the operating and capital funds have a working capital balance. This approach isolates those funds available for capital and cash flow needs for daily operations, and project managers will know exactly how much working capital is available for current and planned projects.

Through March 2022 the **Water Utility** had operating income of $856,400 (operating revenues less operating expenditures), approximately $139,100 below the same period last year. Water Fund operating revenues were $230,500 or 7.4% higher than Q1-2021; the majority of this variance was due to stronger performance in water sales revenue, which was offset by lower interest earnings. Operating expenditures increased by $369,600 mainly due to increased City utility tax payments, higher personnel costs, and increased interfund service charges.

Billable water consumption through March 2022 totaled 593,500 hundred cubic feet (ccf), an increase of 18,600 ccf (3.2%) over Q1-2021. The largest driver of this increase was commercial consumption; with the exception of single family and manufacturing, all customer classes saw an increase in consumption compared to last year.

There is also a trend of decreased year-over-year consumption on a *per account* basis due largely to conservation efforts and appliance efficiency improvements, which are anticipated in the Utilities Comprehensive Plan.



Through March 2022, the **Sewer Utility** finished with operating income of $417,000 as compared to $452,000 through March 2021. Operating revenues were up $230,000 or 10.8% from the same period last year due to stronger performance in charges for City sewer service. Operating expenses were up $265,000 mainly due to increased City interfund utility tax payments, as well as increased personnel and interfund service costs.

In the first quarter of 2022, the **Stormwater Utility** had operating income of $756,000 compared with $725,000 in the same period last year. Operating revenues were up $122,000 compared to Q1-2021 due to charges for City storm service. As most Stormwater Utility charges are based on a flat rate, there are not typically significant fluctuations in this revenue.

Operating expenditures in the Stormwater Utility were up $91,000 compared to the first quarter of last year. This increase was mainly due to higher interfund utility tax payments.

Internal Service Funds

Operating expenditures within the **Insurance** Fund represent the premium cost pool that will be allocated monthly to other City funds over the course of the year. As a result, the expenditure balance gradually diminishes each month throughout the year.

No significant variances are reported in the **Workers' Compensation, Facilities, Innovation & Technology**, or **Equipment Rental** Funds.

Contact Information

This report is prepared by the Finance Department. Additional financial information can also be viewed at our website: http://www.auburnwa.gov/. For any questions about this report please contact Jamie Thomas at jdthomas@auburnwa.gov.

SALES TAX SUMMARY
MARCH 2022 SALES TAX DISTRIBUTIONS (FOR JANUARY 2022 RETAIL ACTIVITY)

NAICS	CONSTRUCTION	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
236	Construction of Buildings	1,822,597	471,532	382,360	-18.9%
237	Heavy and Civil Construction	204,312	55,506	44,122	-20.5%
238	Specialty Trade Contractors	1,007,202	223,432	266,182	19.1%
	TOTAL CONSTRUCTION	**$ 3,034,111**	**$ 750,470**	**$ 692,664**	***-7.7%***
	Overall Change from Previous Year			***$ (57,806)***	

NAICS	MANUFACTURING	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
311	Food Manufacturing	10,030	2,318	3,047	31.4%
312	Beverage and Tobacco Products	14,270	3,139	3,730	18.8%
313	Textile Mills	728	271	244	-10.1%
314	Textile Product Mills	2,905	936	813	-13.2%
315	Apparel Manufacturing	1,759	533	391	-26.5%
316	Leather and Allied Products	612	94	165	74.7%
321	Wood Product Manufacturing	21,166	3,076	6,810	121.4%
322	Paper Manufacturing	5,379	706	1,117	58.3%
323	Printing and Related Support	53,224	10,087	22,048	118.6%
324	Petroleum and Coal Products	15	3	0	-100.0%
325	Chemical Manufacturing	14,340	1,849	2,062	11.6%
326	Plastics and Rubber Products	7,555	2,168	1,417	-34.7%
327	Nonmetallic Mineral Products	18,959	3,911	3,273	-16.3%
331	Primary Metal Manufacturing	8,894	7,144	399	-94.4%
332	Fabricated Metal Product Manuf	38,660	6,497	14,317	120.4%
333	Machinery Manufacturing	17,222	4,416	5,459	23.6%
334	Computer and Electronic Product	15,944	1,806	10,302	470.4%
335	Electric Equipment, Appliances	1,074	266	1,431	438.9%
336	Transportation Equipment Man	219,977	30,078	251,735 c	737.0%
337	Furniture and Related Products	14,021	3,563	4,107	15.3%
339	Miscellaneous Manufacturing	34,746	9,037	12,527	38.6%
	TOTAL MANUFACTURING	**$ 501,480**	**$ 91,899**	**$ 345,395**	***275.8%***
	Overall Change from Previous Year			***$ 253,496***	

NAICS	TRANSPORTATION AND WAREHOUSING	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
481	Air Transportation	0	0	0	N/A
482	Rail Transportation	21,189	5,093	7,857	54.3%
483	Water Transportation	0	0	0	N/A
484	Truck Transportation	30,906	6,241	6,527	4.6%
485	Transit and Ground Passengers	2	0	106	N/A
488	Transportation Support	46,167	11,250	13,353	18.7%
491	Postal Service	736	237	250	5.5%
492	Couriers and Messengers	265,381	63,608	53,761	-15.5%
493	Warehousing and Storage	8,727	3,151	2,374	-24.7%
	TOTAL TRANSPORTATION	**$ 373,108**	**$ 89,580**	**$ 84,228**	***-6.0%***
	Overall Change from Previous Year			***$ (5,352)***	

NAICS	WHOLESALE TRADE	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
423	Wholesale Trade, Durable Goods	1,066,703	255,838	239,152 b	-6.5%
424	Wholesale Trade, Nondurable	337,782	67,233	76,122	13.2%
425	Wholesale Electronic Markets	19,109	4,970	5,980	20.3%
	TOTAL WHOLESALE	**$ 1,423,595**	**$ 328,040**	**$ 321,255**	***-2.1%***
				$ (6,785)	

NAICS	AUTOMOTIVE	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
441	Motor Vehicle and Parts Dealer	4,296,210	962,411	1,043,728	8.4%
447	Gasoline Stations	259,015	58,693	57,423	-2.2%
	TOTAL AUTOMOTIVE	**$ 4,555,224**	**$ 1,021,105**	**$ 1,101,151**	***7.8%***
	Overall Change from Previous Year			***$ 80,046***	

NAICS	RETAIL TRADE	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
442	Furniture and Home Furnishings	290,161	81,415	65,067	-20.1%
443	Electronics and Appliances	343,833	86,317	101,264	17.3%
444	Building Material and Garden	802,678	172,629	172,258	-0.2%
445	Food and Beverage Stores	487,109	113,171	133,589	18.0%
446	Health and Personal Care Store	391,338	96,177	105,412	9.6%
448	Clothing and Accessories	1,122,519	281,111	315,739	12.3%
451	Sporting Goods, Hobby, Books	334,027	82,817	87,319	5.4%
452	General Merchandise Stores	916,949	263,097	251,787	-4.3%
453	Miscellaneous Store Retailers	1,493,818	361,966	431,205	19.1%
454	Nonstore Retailers	279,532	86,991	75,788	-12.9%
	TOTAL RETAIL TRADE	**$ 6,461,966**	**$ 1,625,691**	**$ 1,739,428**	***7.0%***
	Overall Change from Previous Year			***$ 113,738***	

NAICS	SERVICES	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
51*	Information	759,640	193,953	217,553	12.2%
52*	Finance and Insurance	157,662	41,765	39,223	-6.1%
53*	Real Estate, Rental, Leasing	448,984	98,651	114,746	16.3%
541	Professional, Scientific, Tech	481,644 a	109,262	142,602	30.5%
551	Company Management	48	13	60	372.1%
56*	Admin. Supp., Remed Svcs	792,428	200,181	195,571	-2.3%
611	Educational Services	44,374	9,041	13,774	52.4%
62*	Health Care Social Assistance	99,456	26,994	43,815	62.3%
71*	Arts and Entertainment	74,095	8,232	16,392	99.1%
72*	Accommodation and Food Svcs	1,429,205	282,510	342,743	21.3%
81*	Other Services	632,779	143,718	179,992 d	25.2%
92*	Public Administration	3,918	309	733	137.4%
	TOTAL SERVICES	**$ 4,924,232**	**$ 1,114,626**	**$ 1,307,202**	***17.3%***
	Overall Change from Previous Year			***$ 192,576***	

NAICS	MISCELLANEOUS	2021 Annual Total (Nov '20-Oct '21)	2021 YTD (Nov '20-Jan '21)	2022 YTD (Nov '21-Jan '22)	YTD % Diff
000	Unknown	0	0	0	N/A
111-115	Agriculture, Forestry, Fishing	7,443	3,609	3,585	-0.7%
211-221	Mining & Utilities	37,007	8,885	5,380	-39.4%
999	Unclassifiable Establishments	365,056	66,297	73,437	10.8%
	TOTAL SERVICES	**$ 409,506**	**$ 78,790**	**$ 82,401**	***4.6%***
	Overall Change from Previous Year			***$ 3,611***	

		2021 Annual Total	2021 YTD	2022 YTD	YTD % Diff
GRAND TOTAL		$ 21,683,222	$ 5,100,201	$ 5,673,725	
	Overall Change from Previous Year			*$ 573,525*	*11.2%*

Total March 2022 Sales Tax Distributions $ 1,660,763

Percent Change from March 2021 5.9%

Comparisons:

March 2021	$ 1,567,941
March 2020	$ 1,416,529

Includes Adjustments in excess of +/- $10,000.

a. WA State Department of Revenue adjustment to sales tax returns for July 2021 Reporting (adjustment: $42,412).
b. WA State Department of Revenue adjustment to sales tax returns for January 2022 Reporting (adjustment: -$23,324).
c. WA State Department of Revenue adjustment to sales tax returns for January 2022 Reporting (adjustment: $223,728).
d. WA State Department of Revenue adjustment to sales tax returns for February 2022 Reporting (adjustment: $15,861).

AGENDA BILL APPROVAL FORM

Agenda Subject:
1st Quarter ARPA Report (Thomas) (10 Minutes)

Date:
June 22, 2022

Department:
Finance

Attachments:
No Attachments Available

Budget Impact:
Current Budget: $0
Proposed Revision: $0
Revised Budget: $0

Administrative Recommendation:

For information only.

Background for Motion:

Background Summary:

The purpose of this quarterly report is to update the council on the budget and American Rescue Plan Act (ARPA) funding spent-to-date. On August 2, 2021, the City council accepted $14,751,231 in ARPA funding granted by the Department of Treasury. The Council later approved a plan to spend this funding across 6 allowable categories. $6.5 million has been budgeted through 2022 and to-date, $2.3 million has been spent.

This $2.3 million has been spent by the following categories:

- $30,000 to Public Health Response
- $213,918 to Mitigating Negative Economic Impacts
- $800,000 to Revenue Replacement
- $1,212,982 to Services to Disproportionately Impacted Communities

Through the 2023-2024 biennial budget process, finance staff will be working closely with each department to ensure the remaining $12.4 million is spent before the 12/31/2026 deadline and continually reviewing the status of individual projects to make sure any unspent, but previously obligated, funding is made available for other projects and opportunities.

Reviewed by Council Committees:

Councilmember: Baggett
Staff: Thomas
Meeting Date: June 27, 2022
Item Number: