

CITY OF NORTH BEND
CITY COUNCIL WORKSTUDY NOTES
July 23, 2024

City Hall, 920 SE Cedar Falls Way, North Bend, WA

Mayor Pro Tem Gothelf called the meeting to order at 7:00 p.m.

Councilmembers Brenden Elwood, Alan Gothelf, Heather Koellen, Suzan Torguson, and Errol Tremolada were present. Councilmembers Jocelyn and Rustik were excused.

Staff Present: Mayor Mary Miller, City Administrator David Miller, Deputy City Administrator/Public Works Director Mark Rigos, Finance Director Martin Chaw, Community & Economic Development Director Rebecca Deming (remote), Administrative Services Director Lisa Escobar, Human Resource Manager Erin Mitchell, Communications Manager Bre Keveren, Economic Development Manager James Henderson, and Deputy City Clerk Jennifer Bourlin.

Guests Present: Economic Services Principal Todd Chase and Senior Analyst Devin Tryon from FCS Group.

2025-2030 Financial Forecast

Finance Director Chaw provided a presentation on the 2025-2030 General Fund Preliminary Financial Forecast. He reviewed the importance of financial forecasting of the operating revenues (Property Taxes, Sales Taxes, Utility Taxes, Business Licenses, Development Fees, etc.), ongoing expenditures (Departmental Budgets, Public Safety, Central Services, Building, Planning and Development Review, Parks, Culture and Recreation, Social and Human Services Funding, Interfund Transfers and Council Decision Cards), Governmental Operating Financial Forecast, Expenditure Assumptions, Revenue Assumptions and Policy Recommendations on Governmental Operating.

Mr. Chaw reviewed the financial forecast which included 2024 budget and forecast for the 2025-2030 planning period. Mr. Chaw explained that the General Fund was forecasted to end 2024 with about \$4.6 million, and that the General Fund ending fund balance was forecasted to gradually decline as expenditures were forecasted to outpace revenue growth through 2030, and that by 2030, the ending fund balance would be slightly below the 2030 reserves target of \$2.4 million. Mr. Chaw stated that public safety expenses (which includes payments to Eastside Fire and Rescue, Police services through the City of Snoqualmie, Jail, Municipal Court, and Legal services) represent about 50 percent of total General Fund expenditures, and the financial forecast does not include a place holder for future Council decision cards.

Mr. Chaw explained that another perspective was to look at total financial performance over the next six-year period. In this case, operating revenues were projected to be \$80.6 million and expenditures were projected to be \$83.0 million, with an ending fund balance of \$2.3 million. As contracted public safety services represented about 50% of the total operating expenses over the next six years, any expenditure reductions needed to be borne by the remaining 50% of the budget to close the shortfall of \$2.4 million.

Mr. Chaw concluded by explaining the City's levy rate, median home values compared to property tax operating levy, levels of service, revenue and expenditure assumptions and budget planning key takeaways.

Fiscal Sustainability Alternative 4

Mr. Chase with the FCS Group explained that the meeting objective was to recap the economic development objectives and available toolsets, Tax Increment Financing (TIF) implementation and the City of Arlington TIF case study. He mentioned there would be another presentation in August about Fiscal Sustainability Strategies if needed.

Mr. Chase presented detailed information about TIF Districts with a model overview. Key mechanics of a TIF district included:

- TIF was a financing tool to fund public infrastructure in targeted areas to encourage private development and investment
- The local government designates an "increment area" surrounding the site of public improvements
- The increase in assessed value and associated property taxes within the increment area was allocated towards paying for the public improvement costs within the TIF
- TIF duration was a maximum of 25 years
- Up to 2 TIF districts are allowed. The assessed value of one or more increment area(s) combined cannot exceed \$200 million or 20% of the jurisdictions total assessed value

Mr. Chase reviewed funding tools in rank order: Tax Increment Finance District (TIF), ULID and Development Agreements, Impact Fees and Late Comers Agreements. Mr. Chase then discussed the City of Arlington TIF case study.

Mr. Chase explained who was part of a TIF Implementation team, TIF formation timeline, and the implementation next steps. He stated a new district cannot be adopted until July 1st. Mr. Chaw confirmed two public hearings were required for the purposes of informing the community and after the public hearings amendments could be made to the final report based on public comments. He noted the State would make the decision for final approval. The City Council asked about next steps and Mr. Chaw stated that FCS has submitted a work plan and scope to implement a TIF district(s) and he planned to bring it to the Finance and Administration Committee at its August 13, 2024, meeting for review and approval.

Adjournment

The Workstudy closed at 8:20 p.m.

ATTEST:

Alan Gothelf, Mayor Pro Tem

Jennifer Bourlin, Deputy City Clerk