

City of Tukwila Financial Sustainability Plan

Technical Appendix | April 2024

Contents

- Appendix A: Community Profile 2
- Appendix B. City Services and Budget Overview 20
- Appendix C. Financial Overview 27
- Appendix D. Community Priorities..... 39
- Appendix E. City Programs and Services 41
- Appendix F: Service Level Adjustments 53
- Appendix G: Adopted Financial Forecast 55

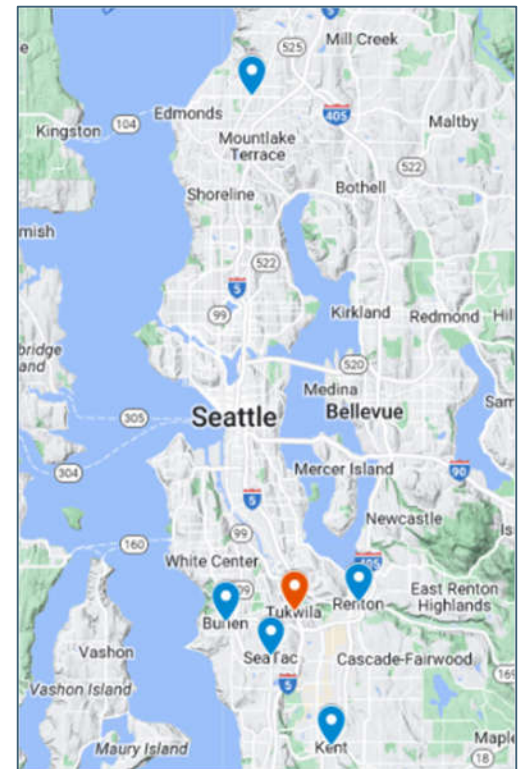
Appendix A: Community Profile

This profile provides an overview of the Tukwila community and comparisons to King County and peer cities in the region. These peer cities are Burien, Kent, Renton, and SeaTac. These peer cities were selected because they are neighbors in the region or have a similar level of revenue collection to Tukwila. The City of Lynnwood is also used as a comparison when looking at the City's finances because it also has a large retail shopping center.

Summary of Key Findings

- Tukwila is a growing and diverse community. Tukwila School District has students that represent many cultures and speak more than 80 world languages. In the past 8 years, Tukwila has grown faster than peer cities. Tukwila is more racially and linguistically diverse than King County as a whole. Tukwila also has a larger share of younger people than King County.
- Tukwila households tend to be larger and more multigenerational than in King County as a whole.
- Tukwila has a higher share of low-income households than King County, particularly among renters.
- Tukwila residents identify as less healthy than residents in King County and Washington State.
- Tukwila has a very high jobs to population ratio, with a strong commercial sector that includes retail sales and manufacturing.
- Employment growth in Tukwila has been slower than peer cities, but jobs are projected to grow over the next two decades.
- Most businesses in Tukwila have 100 or fewer employees. Most jobs are in the service, retail, and manufacturing sectors.
- Most Tukwila workers commute from outside the City, while most Tukwila residents commute to other cities for work.
- Tukwila sees a large influx of daytime non-residents who commute in for shopping and employment, which likely increases the demand for public services.
- More than half of Tukwila's General Fund revenues are from property and sales taxes. With the Southcenter mall, a majority of Tukwila's taxable retail sales are attributed to consumer shopping.
- Tukwila's largest General Fund expenditure is toward Police services, which is similar to peer cities.

Exhibit 1: Tukwila and Peer Cities



Community Characteristics

Population

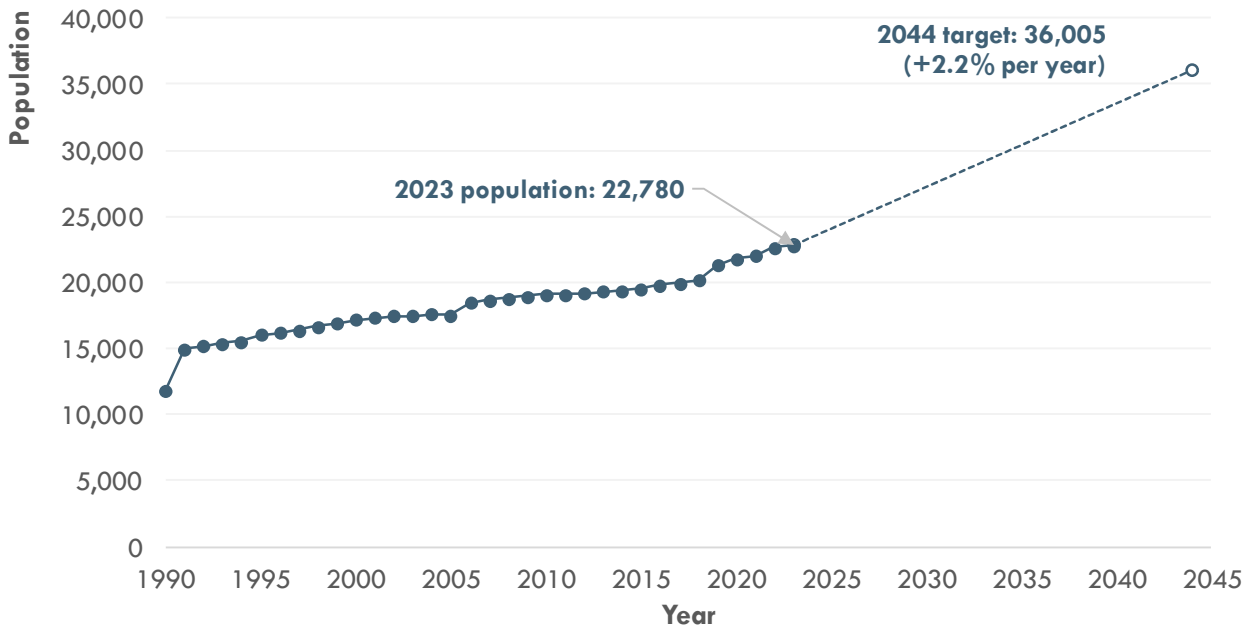
Tukwila is a growing and diverse community. In the past 8 years, Tukwila has grown faster than peer cities. Tukwila is more racially and linguistically diverse than King County as a whole. Tukwila also has a larger share of younger people than King County.

Historical and Projected Growth

Based on the City’s population growth target, Tukwila’s population is estimated to grow 2.2% annually over the next 20 years (). Growth targets are based on the region’s plan for growth. The Puget Sound Regional Council coordinates regional planning policies that provide a framework for cities and counties to achieve shared regional goals. These policies identify the population and employment targets for each city and county that must go into their local comprehensive plans.

In addition to the residential population, approximately 150,000 individuals commute into Tukwila daily for work or shopping.¹ From 2016 to 2023, Tukwila grew faster than King County and peer cities in the region (Exhibit 2).

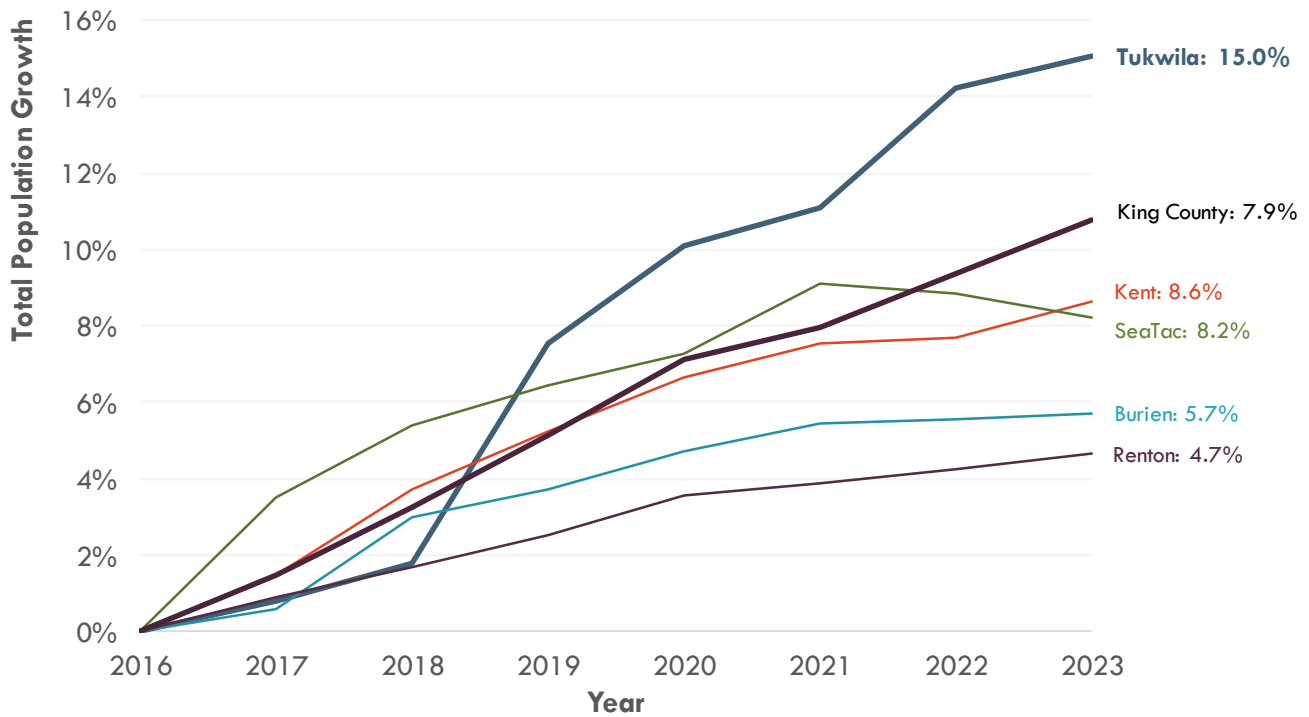
Exhibit 2: Tukwila Historical and Projected Residential Population, 1990-2044



Sources: Washington Office of Financial Management, 2023; PSRC, 2023.

¹ Source: City of Tukwila.

Exhibit 3: Annual Population Growth, Tukwila, Peer Cities, and King County, 2016-2023

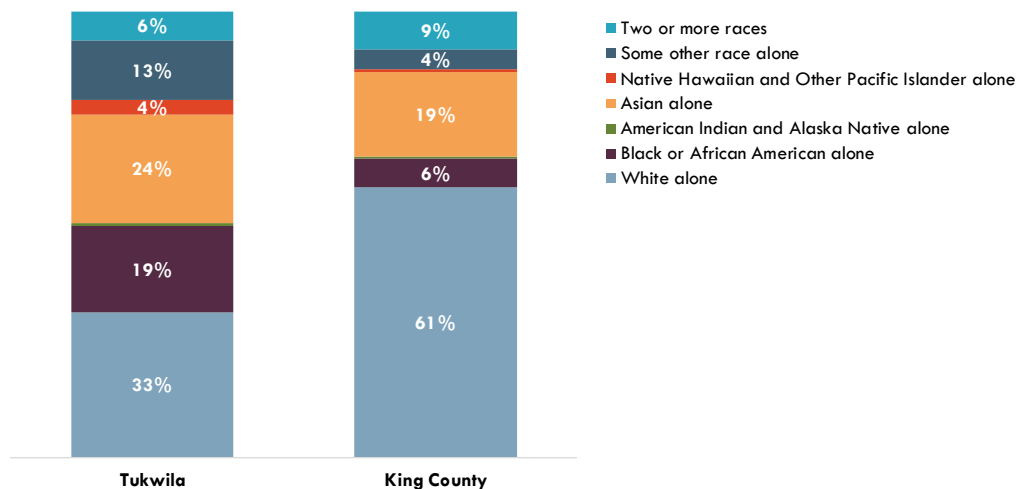


Sources: Washington Office of Financial Management, 2023; PSRC, 2023.

Race and Ethnicity

Compared to King County, a higher proportion of the Tukwila population are Black or African American, American Indian and Alaska Native, Asian, Native Hawaiian and Other Pacific Islander, and Some other race (Exhibit 4). Almost 20% of the Tukwila population identifies as Hispanic or Latino, which is nearly double the King County average (Exhibit 5).

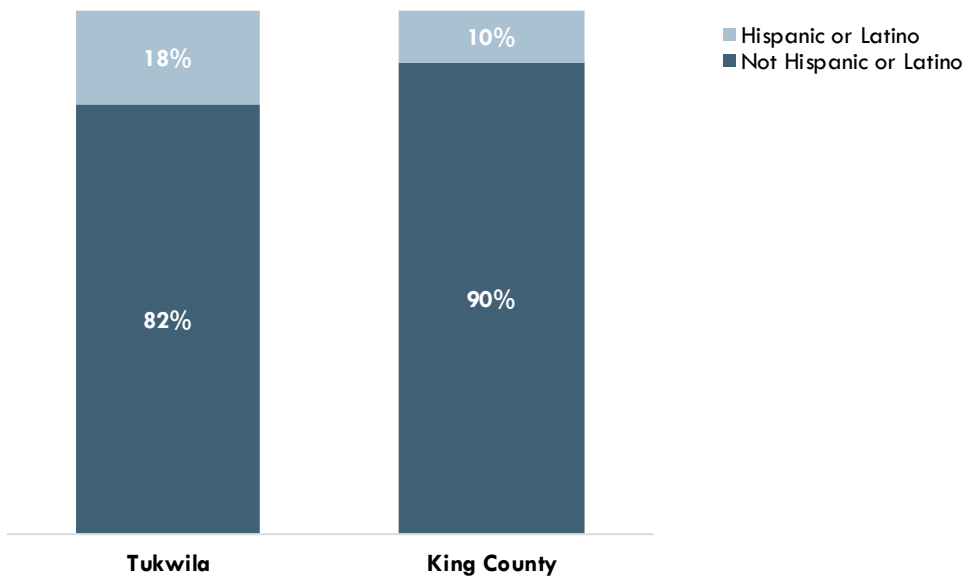
Exhibit 4: Racial Composition of Tukwila and King County, 2021



Note: Labels are suppressed for shares under 1%.

Source: US Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Exhibit 5: Hispanic or Latino Composition of Tukwila and King County, 2021

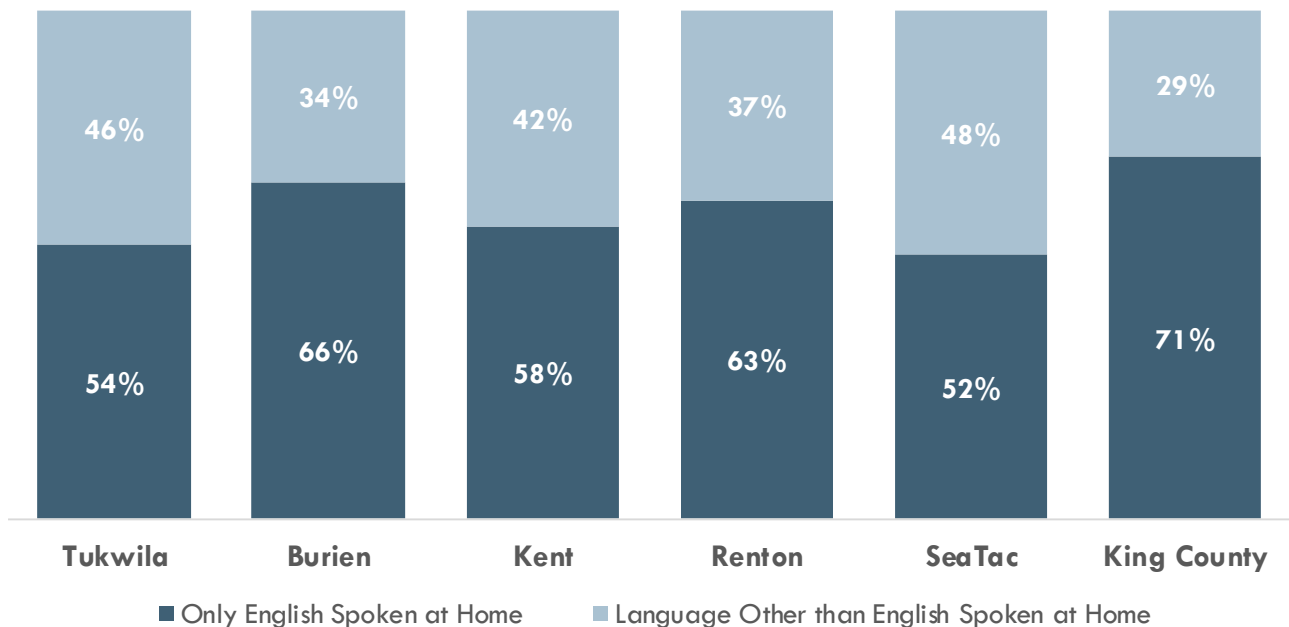


Source: US Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Languages Spoken

Approximately 46% of the Tukwila population speaks a language other than English at home, which is comparable to peer cities and higher than King County (Exhibit 6). The top three language groups spoken at home in Tukwila are English, Asian and Pacific languages, and Spanish. The City generally translates written materials for the community into Somali, Spanish, and Vietnamese. Tukwila School District notes that it has students that speak more than 80 world languages.

Exhibit 6: Language Spoken at Home, Tukwila, Peer Cities, and King County, 2021

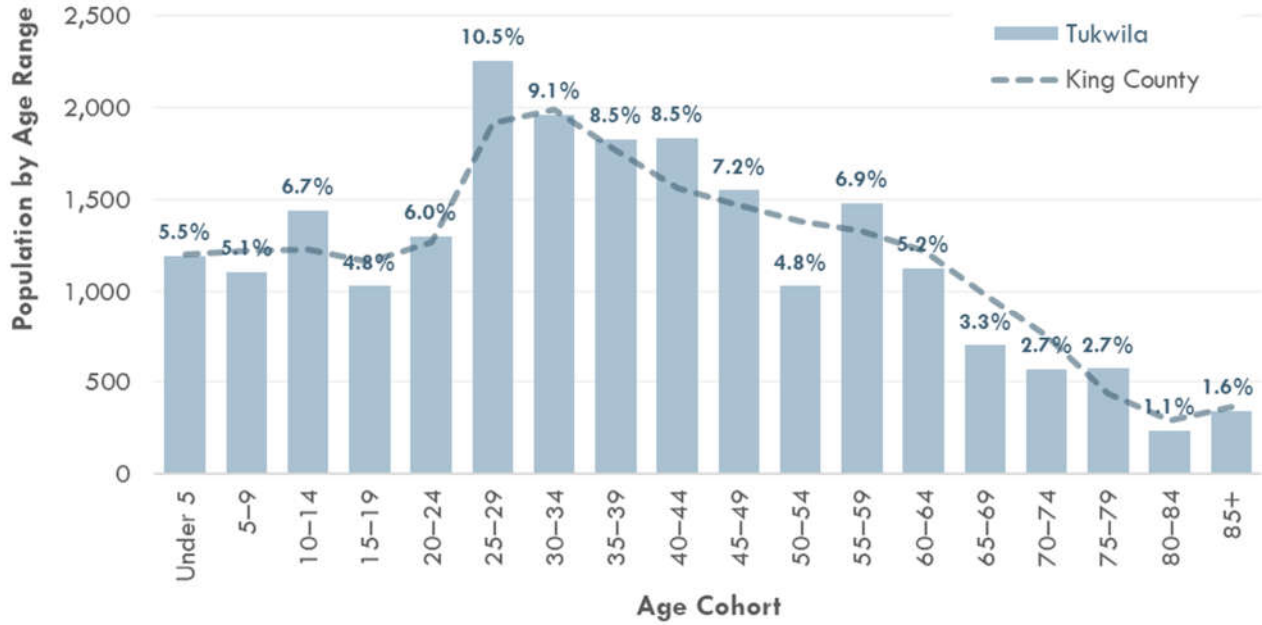


Source: US Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Age Distribution

Compared to King County, Tukwila has a larger share of younger residents, particularly those in the 10-14 and 25-29 age ranges. (Exhibit 7).

Exhibit 7: Age Distribution in Tukwila and King County, 2021



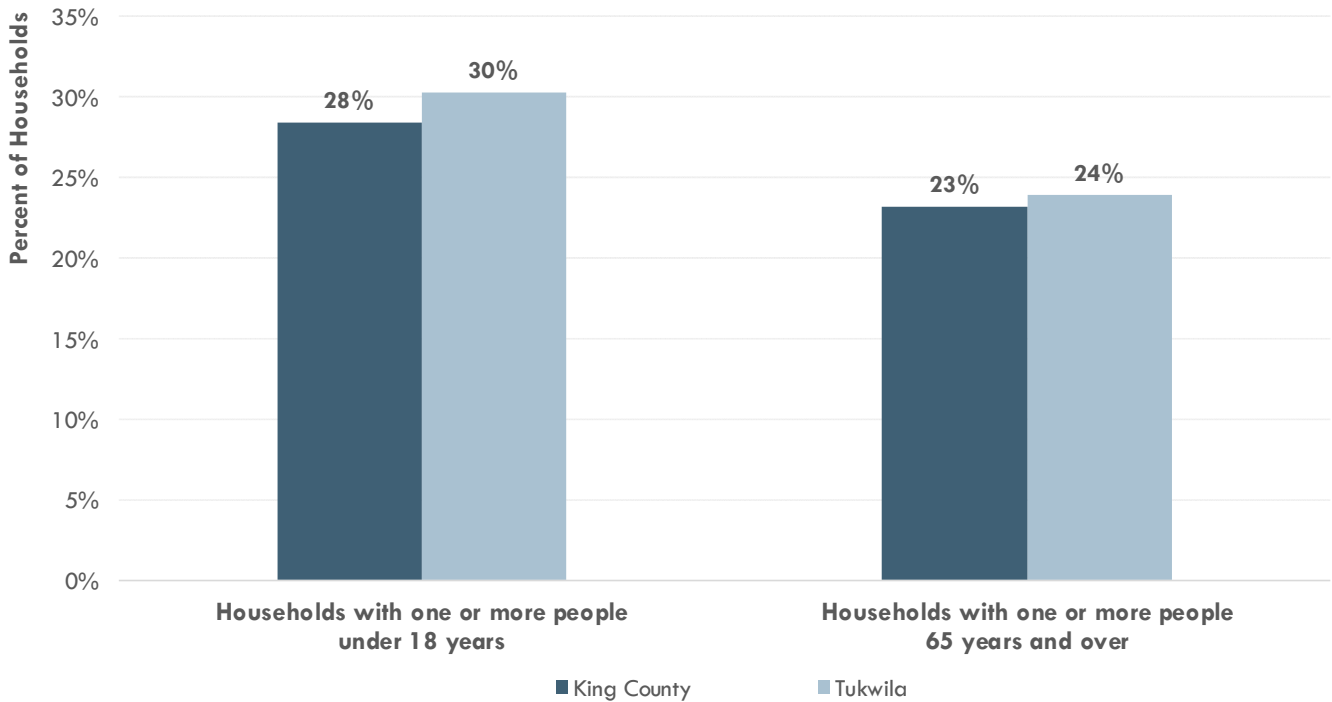
Source: US Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Households

Tukwila households tend to be larger and more multigenerational than in King County as a whole.

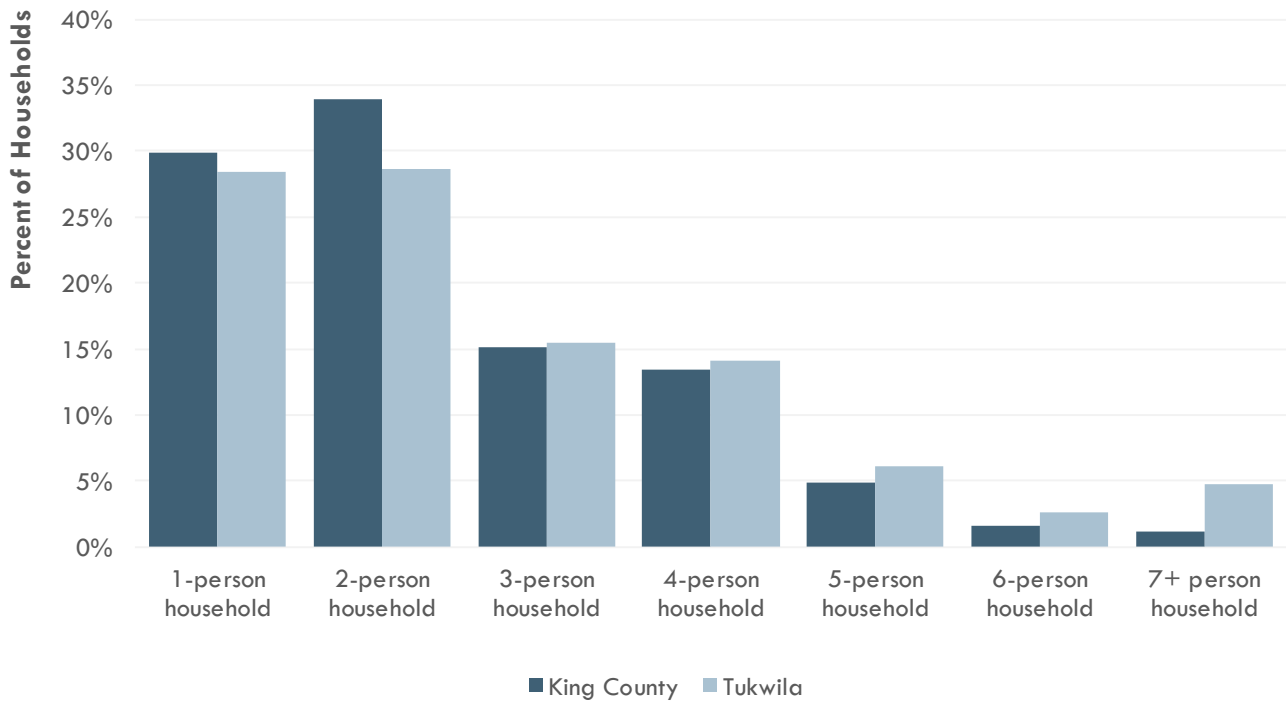
Thirty percent of households in Tukwila have one or more people under 18 years old and 24% have one or more people 65 years and over (Exhibit 8). These percentages are slightly higher than in King County. Tukwila also has more large families compared to King County, with a higher percentage of households with at least three people (Exhibit 9). Tukwila has a similar number of people per household compared to all peer cities, but a slightly higher number than King County (Exhibit 10).

Exhibit 8: Household Profile by Age, Tukwila and King County, 2021



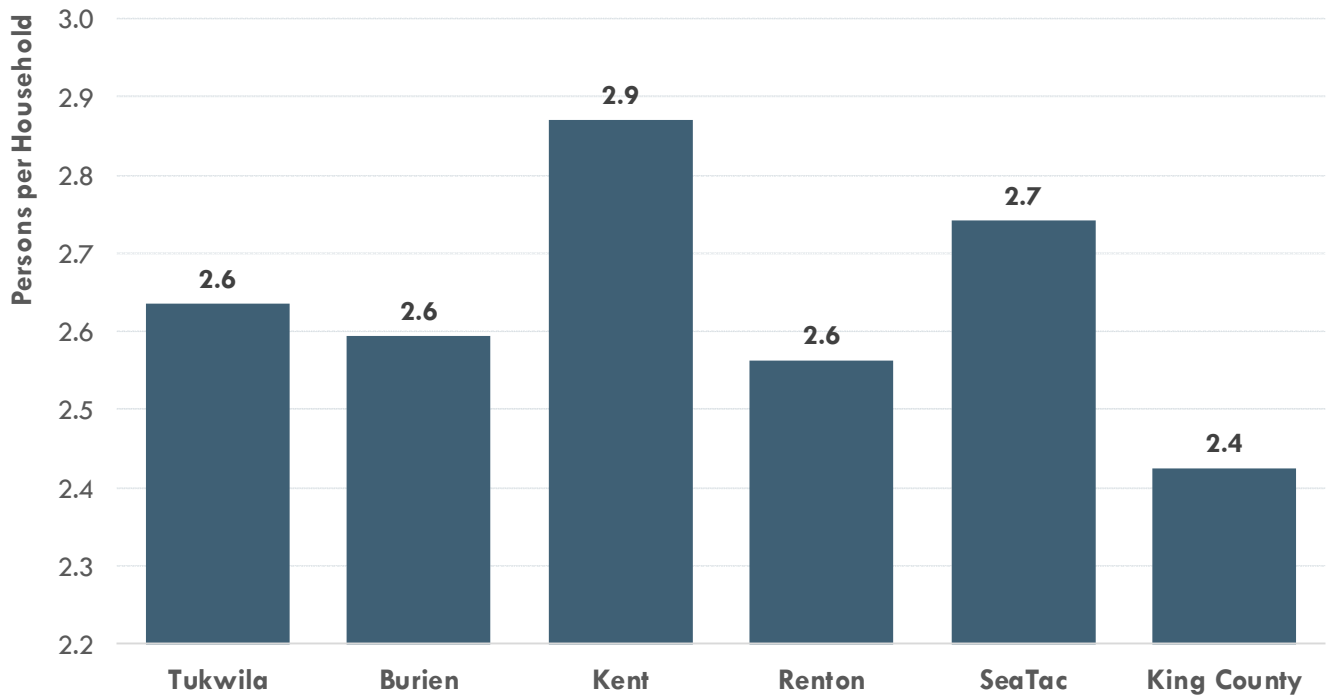
Source: US Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Exhibit 9: Household Profile by Number of People, Tukwila and King County, 2021



Source: US Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Exhibit 10: Persons per Household, Tukwila, Peer Cities, and King County, 2020



Source: Washington Office of Financial Management, 2020.

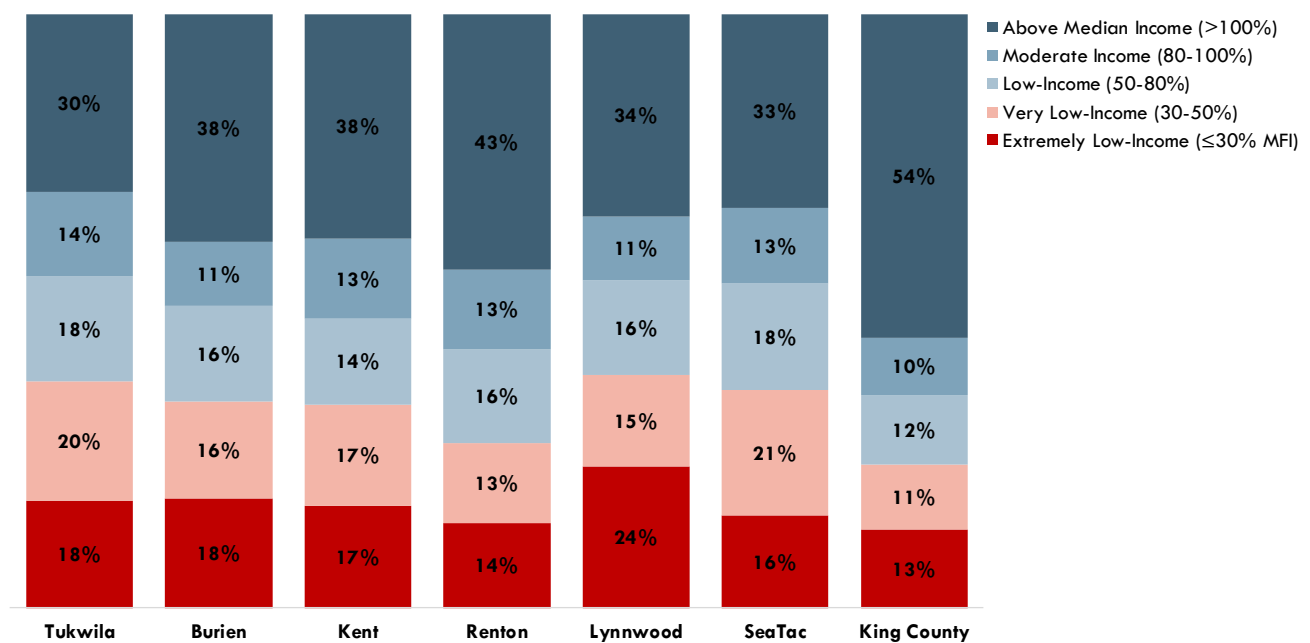
Housing and Income

Tukwila has a higher share of low-income households than King County, particularly among renters.

Seventy percent of Tukwila households have incomes below the area median family income, compared to 46% of King County households (Exhibit 11). Median family income is a common measure used to understand housing affordability. The “median” income is a benchmark that is right in the middle of the income range. Half of the families in the range would make more than this, and the other half would make less. A household may represent a single person, but a family represents related people in a household.

Tukwila has more renter-occupied households than do peer cities and King County (Exhibit 12). Seventy-nine percent of Tukwila renters have an income below the area median family income, compared to 56% of Tukwila homeowners (Exhibit 13 and Exhibit 14).

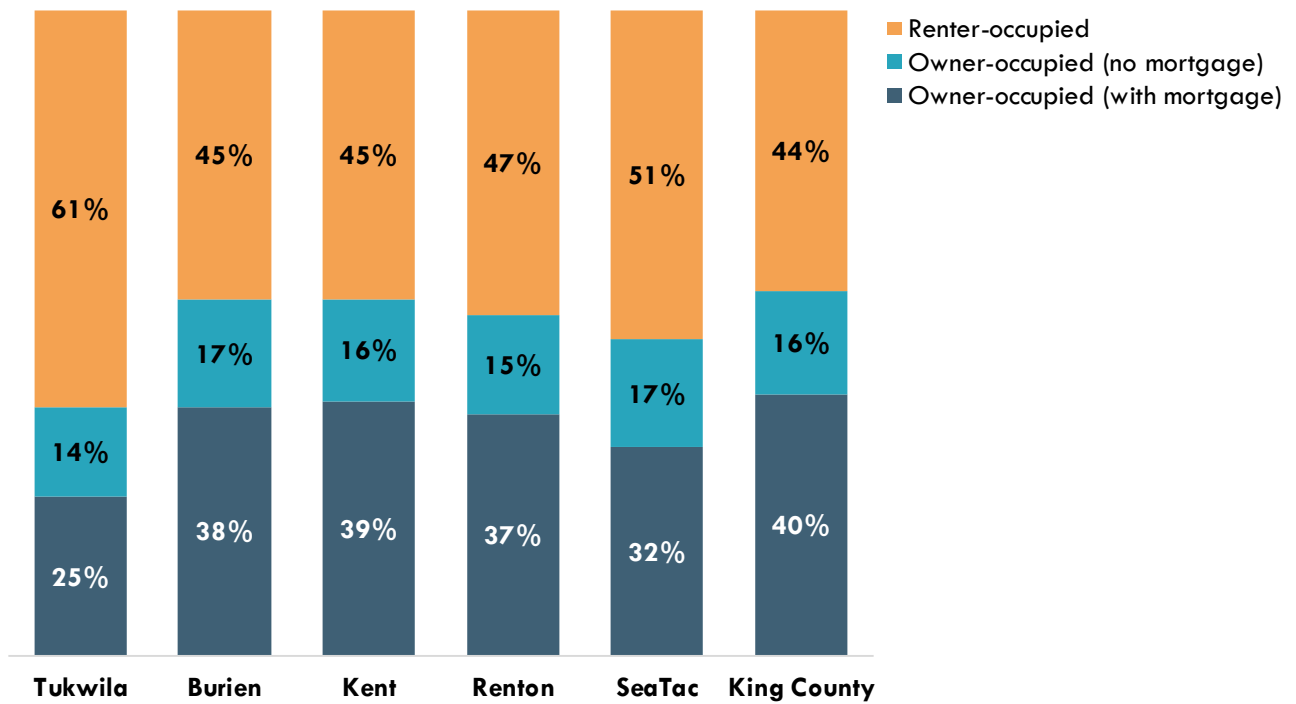
Exhibit 11: Households by Median Family Income (MFI), Tukwila, Peer Cities, and King County, 2020



Note: Median family income refers to the HUD Area Median Family Income for the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, which is adjusted based on household size.

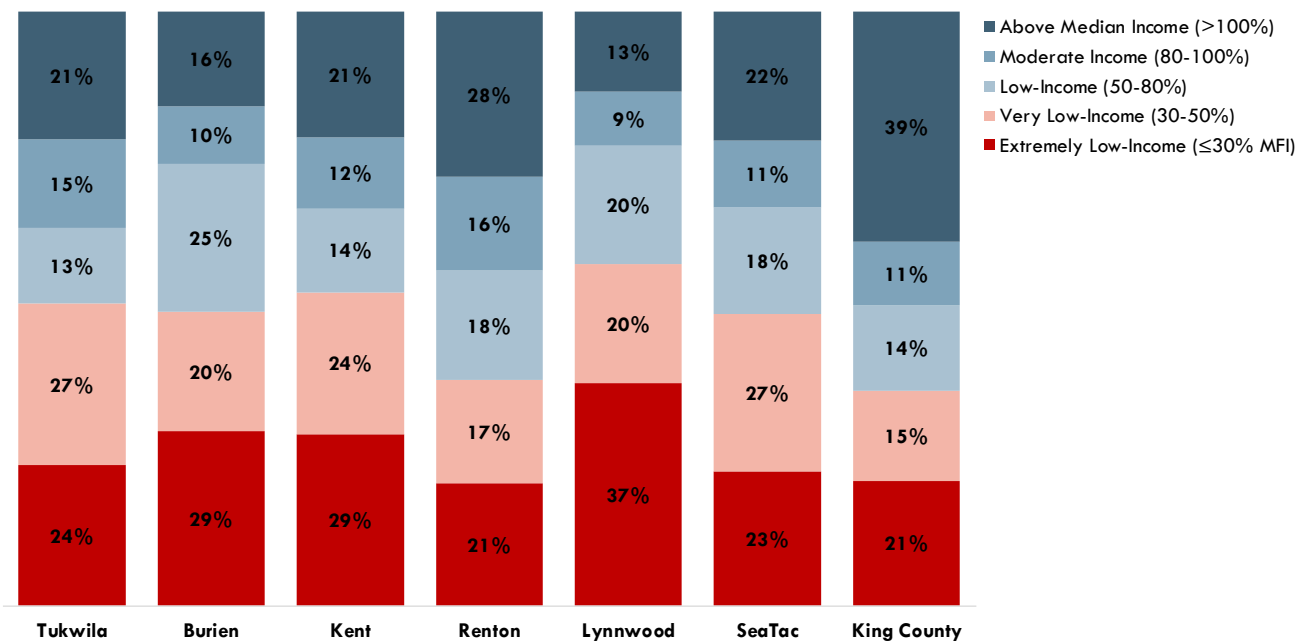
Source: US HUD Comprehensive Housing Affordability Strategy (CHAS) data, 2016–2020.

Exhibit 12: Renter and Owner-Occupied Households, Tukwila, Peer Cities, and King County, 2020



Source: US HUD Comprehensive Housing Affordability Strategy (CHAS) data, 2016–2020.

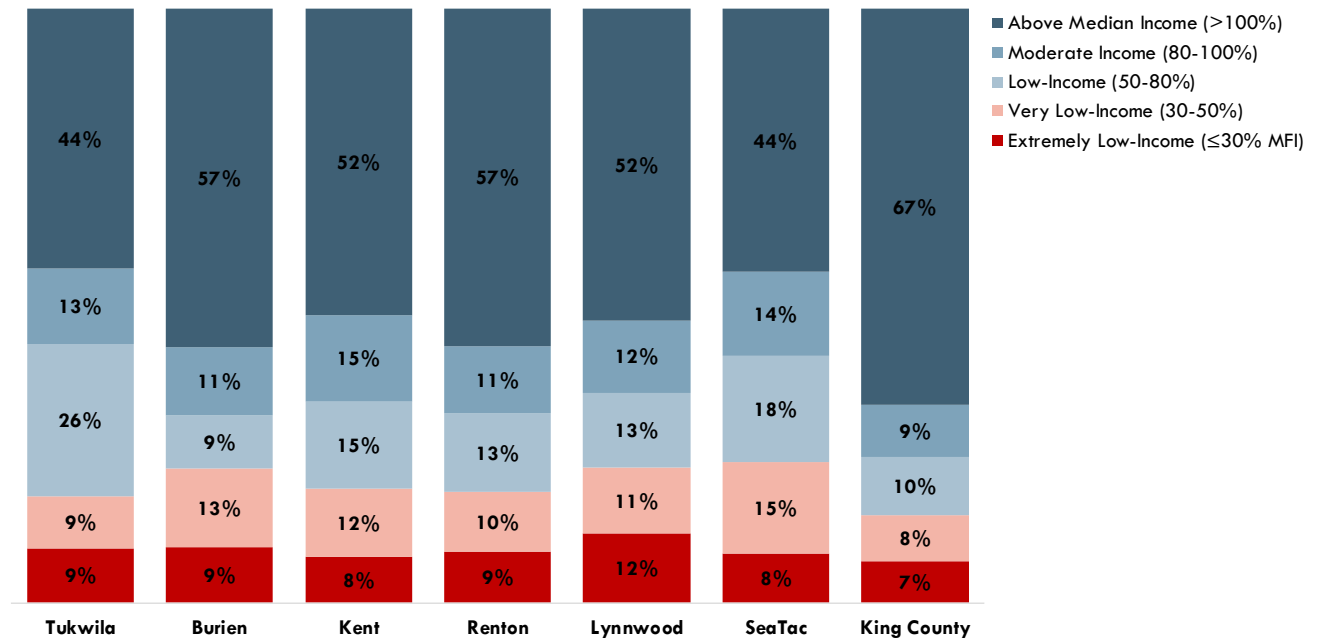
Exhibit 13: Renter Households by Median Family Income, Tukwila, Peer Cities, and King County, 2020



Note: Median family income refers to the HUD Area Median Family Income for the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, which is adjusted based on household size.

Source: US HUD Comprehensive Housing Affordability Strategy (CHAS) data, 2016–2020.

Exhibit 14: Owner Households by Median Family Income, Tukwila, Peer Cities, and King County, 2020



Note: Median family income refers to the HUD Area Median Family Income for the Seattle-Tacoma-Bellevue Metropolitan Statistical Area, which is adjusted based on household size.

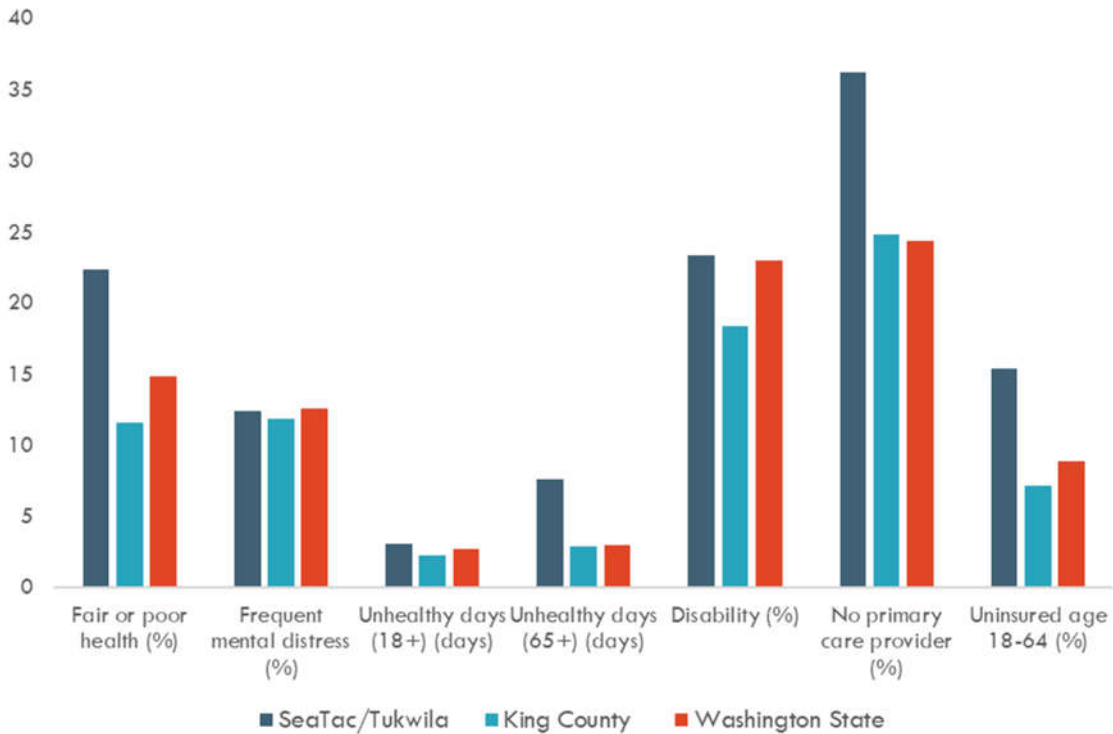
Source: US HUD Comprehensive Housing Affordability Strategy (CHAS) data, 2016–2020.

Community Health

Tukwila residents identify as less healthy than residents in King County and Washington State.

Public Health – Seattle & King County tracks many indicators of health status and determinants of health in cities and neighborhoods in King County. The data for Tukwila includes data for the City of SeaTac. As shown in Exhibit 15, more Tukwila and SeaTac residents are in fair or poor health than in King County and Washington State. More people in Tukwila and SeaTac are uninsured and do not have a primary care provider. Adults over 65 have more unhealthy days than those in King County and the State.

Exhibit 15: Select Community Health Indicators, Tukwila, King County, and Washington State, 2021



Source: Public Health – Seattle & King County, City Profile Data, 2021.

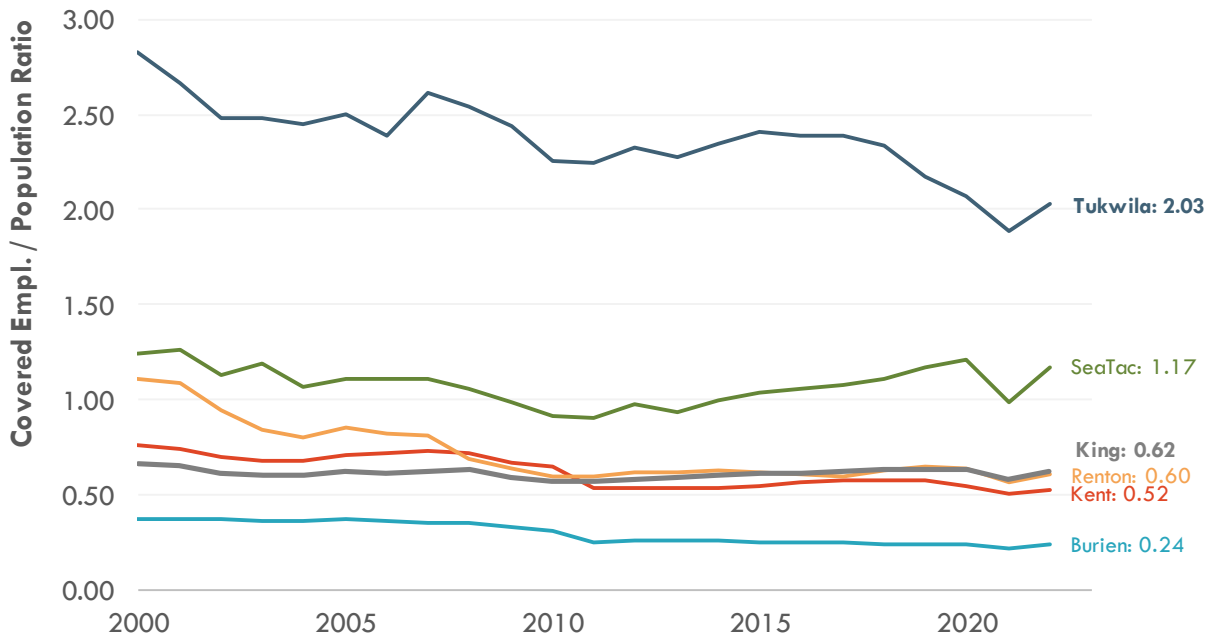
Local Economy

Historical and Projected Employment

Employment growth in Tukwila has been slower than peer cities, but jobs are projected to grow over the next two decades.

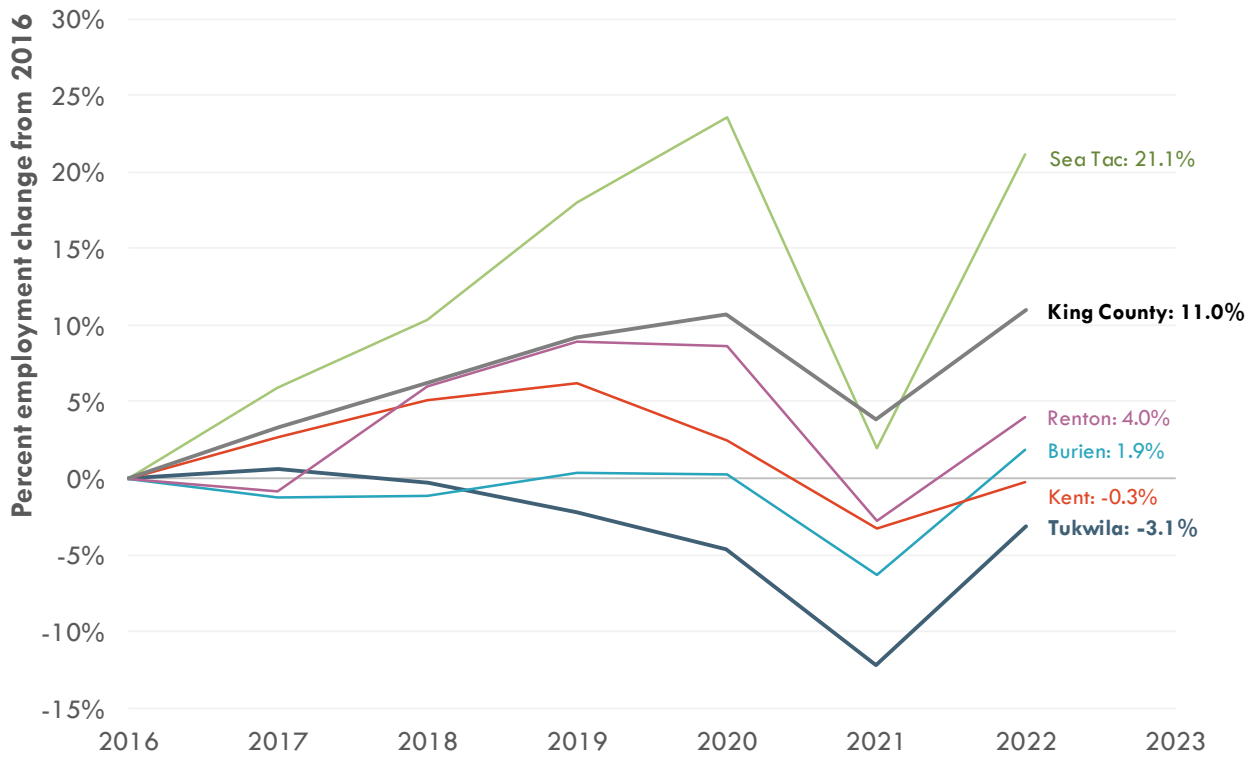
Tukwila has a higher employment to population ratio than peer cities and King County (Exhibit 16). Employment in Tukwila declined by the greatest percentage among peers in 2021 and employment growth in 2022 has not yet recovered to the 2016 level (Exhibit 17). However, jobs in Tukwila are projected to grow 1.5% annually through 2044 (Exhibit 18).

Exhibit 16: Covered Employment to Population Ratio, Tukwila, Peer Cities, and King County, 2000-2022



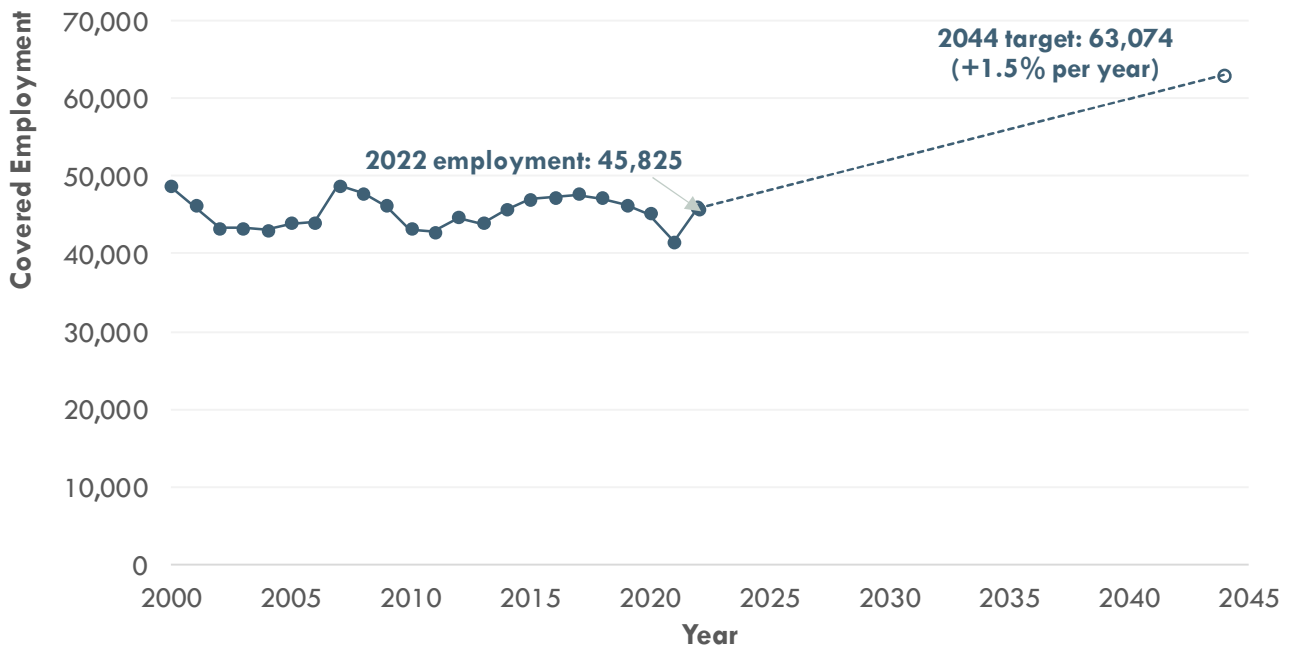
Sources: PSRC Covered Employment, 2023; Washington Office of Financial Management, 2023.

Exhibit 17: Growth in Covered Employment, Tukwila, Peer Cities, and King County, 2023



Source: PSRC Covered Employment, 2023.

Exhibit 18: Covered Employment in Tukwila, 2000-2045



Note: Covered employment refers to jobs "covered" under the state's Unemployment Insurance Program and constitutes 85-90% of total employment.

Source: PSRC Covered Employment, 2023; King County, 2023.

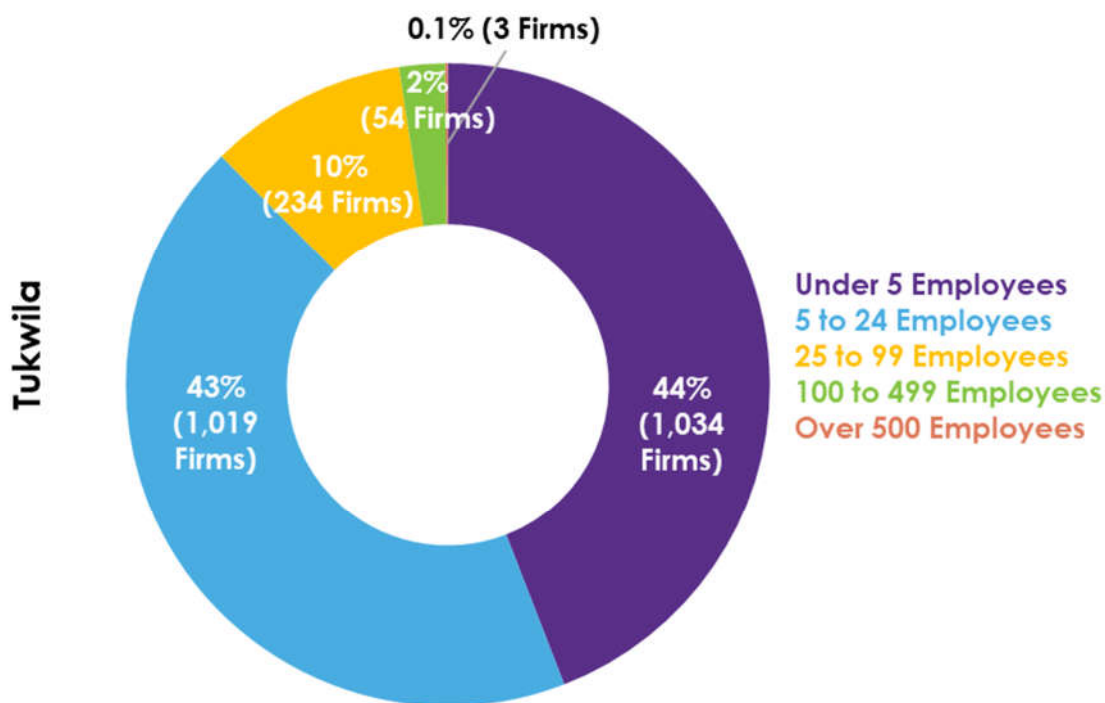
Business Sizes and Sectors

Most businesses in Tukwila have 100 or fewer employees. Most jobs are in the service, retail, and manufacturing sectors.

Out of 2,344 firms in Tukwila, over 97% have fewer than 100 employees (Exhibit 19). Services, retail, and manufacturing comprise most Tukwila jobs, which is comparable to Burien, Kent, Renton, and King County (Exhibit 20 and Exhibit 21). Examples of sectors in the services category are healthcare, arts and entertainment, and information technology. The retail category trade represents retail trade, or the sale of goods to consumers. Examples of manufacturing include the manufacturing of food, materials, or equipment.

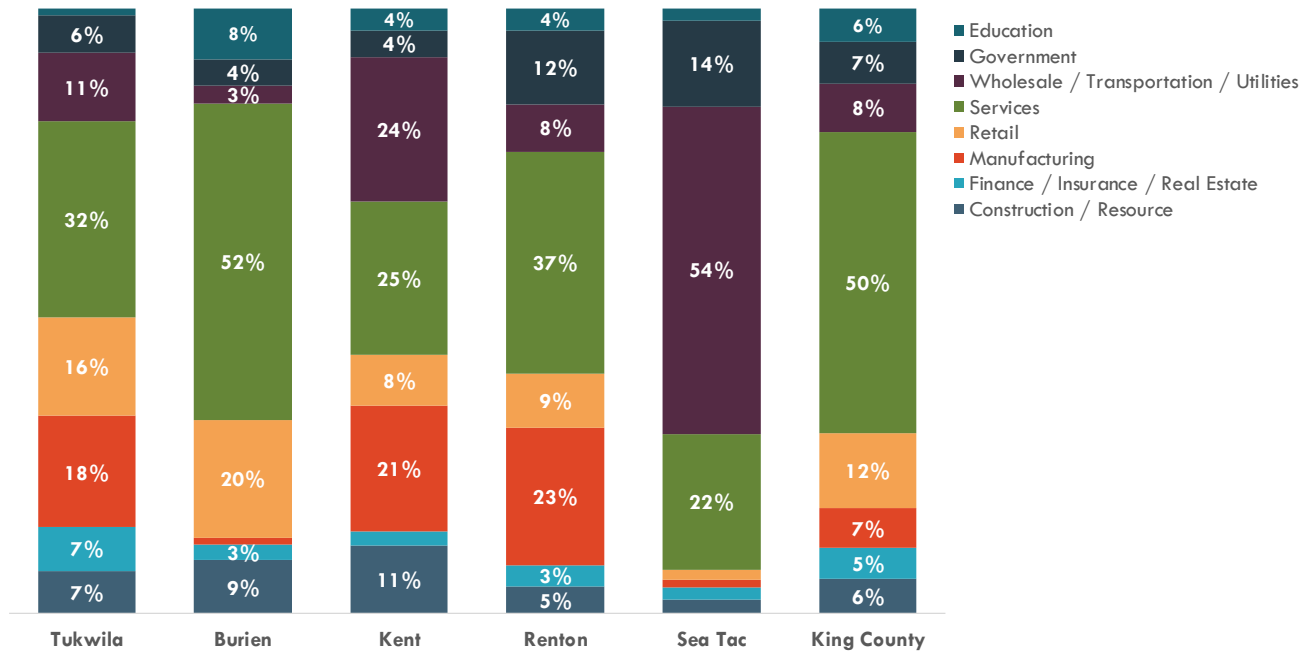
In 2021, approximately one-third of those working in Tukwila made less than \$3,333 per month, which corresponds to a wage of \$20.83 an hour or less (Exhibit 22). For context, the City's minimum wage has increased from \$13.69 per hour in 2021 (per the statewide minimum wage) to \$16.99 per hour for mid-size employers and \$18.99 per hour for large employers in 2023 (following a voter-approved ordinance).

Exhibit 19: Tukwila Businesses by Size, 2021



Sources : Esri/DataAxle (2021); ACS ; CAI, 2022.

Exhibit 20: Covered Employment by Major Sector, Tukwila, Peer Cities, and King County, 2021



Note: Covered employment refers to jobs “covered” under the state’s Unemployment Insurance Program, and constitutes 85-90% of total employment. Labels suppressed for shares under 3%.

Source: PSRC Covered Employment, 2021.

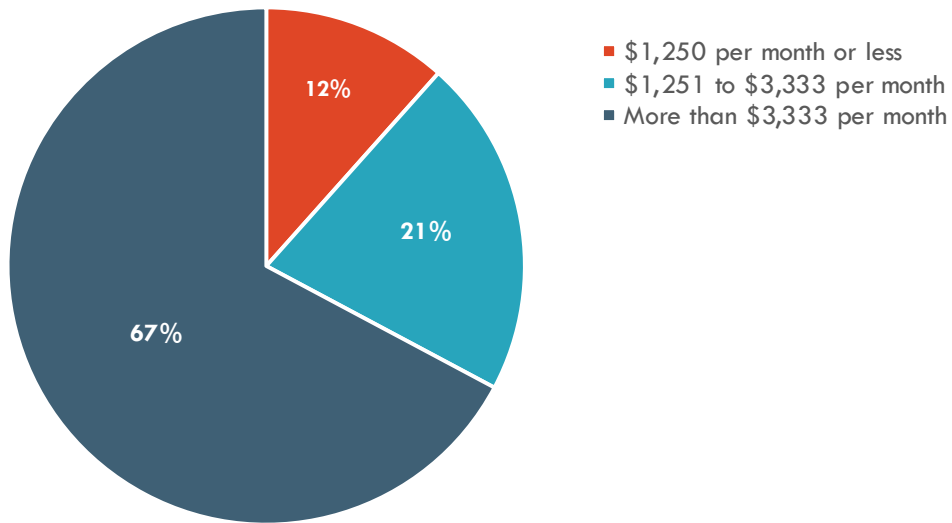
Exhibit 21: Covered Employment Job Count by Major Sector, Tukwila, Peer Cities, and King County, 2021

Major Sector	Tukwila	Burien	Kent	Renton	Sea Tac	King County
Construction / Resource	2,948	1,030	7,899	2,739	710	76,866
Finance / Insurance / Real Estate	3,030	312	1,679	2,110	647	68,823
Manufacturing	7,634	127	14,514	13,851	422	87,605
Retail	6,718	2,280	5,869	5,402	501	166,855
Services	13,462	6,097	17,749	22,269	7,096	668,004
Wholesale / Transportation / Utilities	4,671	348	16,688	4,754	17,068	106,364
Government	2,614	503	3,138	7,406	4,466	93,135
Education	462	981	2,565	2,191	629	73,942
Total	41,538	11,678	70,101	60,723	31,539	1,341,594

Note: Covered employment refers to jobs “covered” under the state’s Unemployment Insurance Program, and constitutes 85-90% of total employment. Labels suppressed for shares under 3%.

Source: PSRC Covered Employment, 2021.

Exhibit 22: Tukwila Employment Shares by Earnings Category, 2021



Note: Employment refers to jobs with positive earnings in 2021 Q2 (April to June).

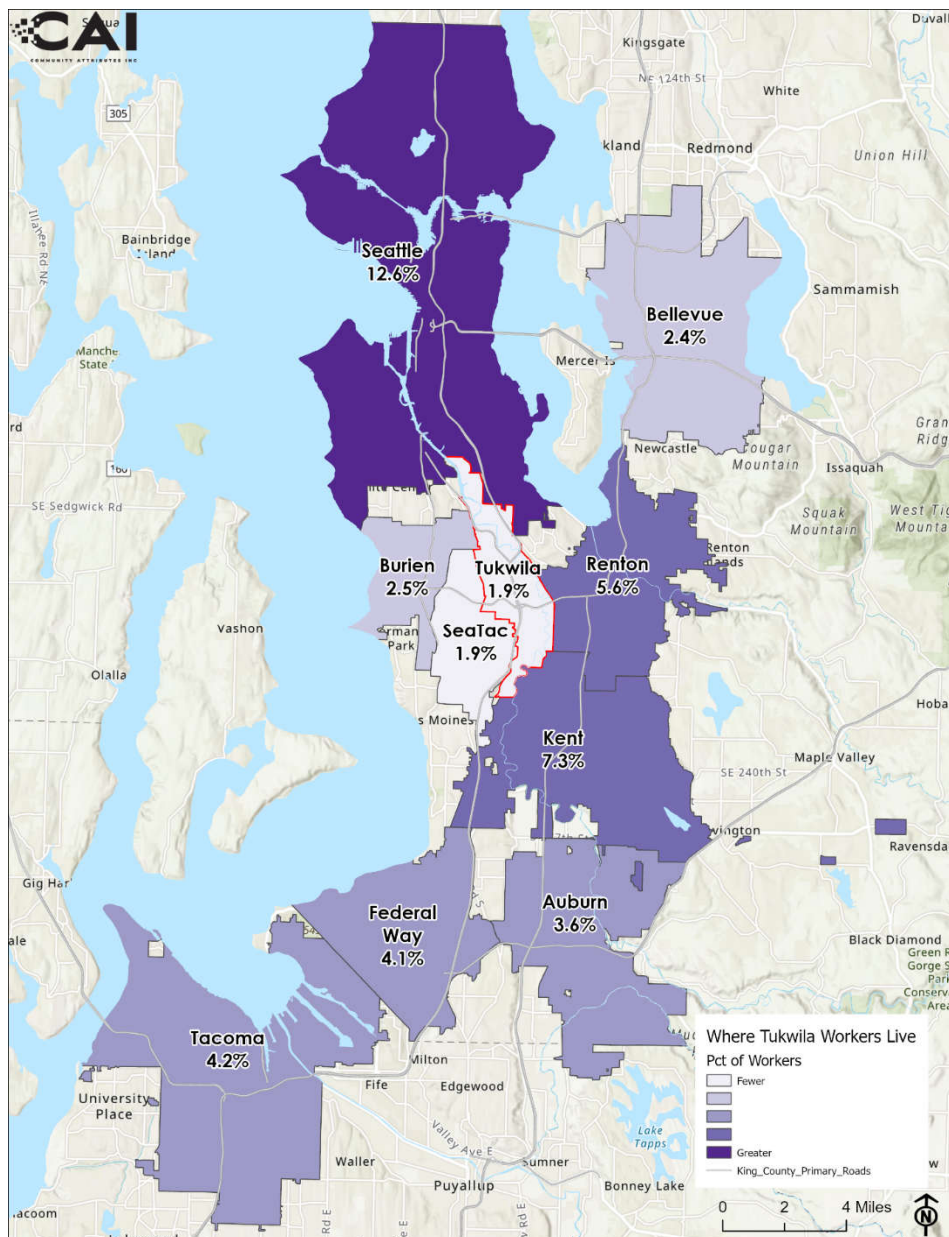
Source: U.S. Census LEHD, 2021.

Journey to Work

Most Tukwila workers commute from outside the City, while most Tukwila residents commute to other cities for work.

Exhibit 23 shows where workers in Tukwila live. Just less than 2% of Tukwila’s approximately 46,000 workers, or approximately 880 workers, also reside in the City. Most employees in Tukwila come from outside the City. The cities with the largest share of Tukwila workers are Seattle, Kent, and Renton.

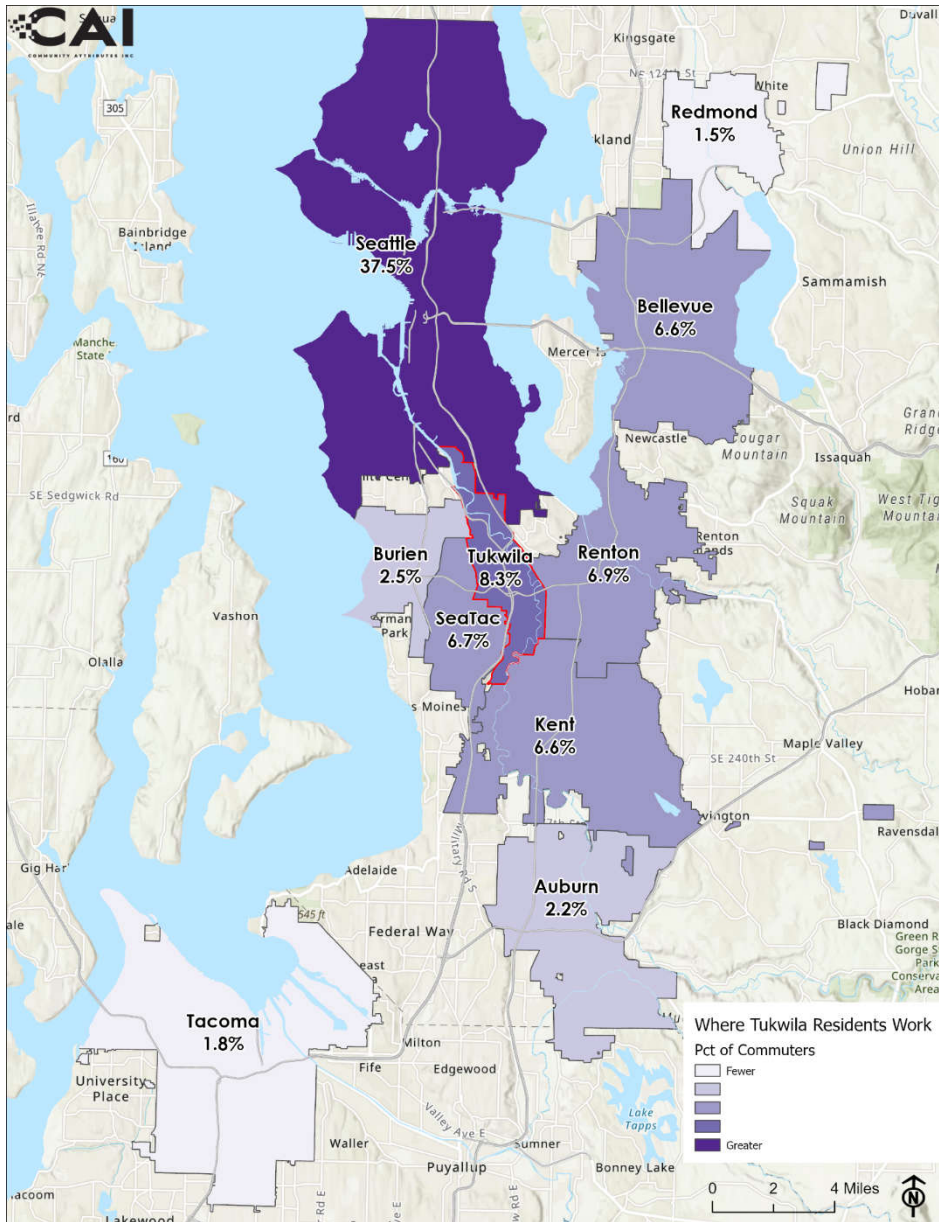
Exhibit 23: Tukwila Employees’ Places of Residence, 2019



Sources: U.S. Census LEHD, 2019; CAI, 2022.

Exhibit 24 shows where Tukwila residents who are in the labor force work. Over 8% of Tukwila’s residents in the labor force, approximately 11,800 people, also work in Tukwila. Over 37% of Tukwila residents who work do so in Seattle. Over 6% work in each of four nearby cities: SeaTac, Kent, Renton, and Bellevue.

Exhibit 24: Tukwila Residents’ Places of Employment, 2019



Sources: U.S. Census LEHD, 2019; CAI, 2022.

Appendix B. City Services and Budget Overview

Tukwila and Peer City Services

Tukwila sees a large influx of daytime non-residents who commute in for shopping and employment, which likely increases the demand for public services.

The City of Tukwila provides most of the services to the community, except for fire and emergency services, which are currently provided by Puget Sound Regional Fire Authority through a contract. In 2025, Puget Sound Regional Fire Authority will provide service directly to Tukwila and the City will no longer pay for this service through a contract. Demand for many City services, including Police and Parks & Recreation, is increased by the large number of non-residents who come to the city during the daytime for shopping or employment. Peer cities provide services to the community in a similar way to Tukwila, with all receiving fire and emergency services from a regional fire authority directly or through a contract. The cities of Burien and SeaTac contract for police services with King County.

Exhibit 25: Services and Providers, Tukwila and Peer Cities

Department	Tukwila	Burien	Kent	Lynnwood	Renton	SeaTac
Population (2023)	22,780	52,560	139,100	40,790	107,900	31,740
Full-Time Equivalent Positions (General Fund)	246	89	745	290	651	156
Executive	Mayor/ Administrator	City Manager	Mayor/ Administrator	Mayor/ Administrator	Mayor/ Administrator	City Manager
City Council	✓	✓	✓	✓	✓	✓
Finance	✓	✓	✓	✓	✓	✓
Administration	✓	✓	✓	✓	✓	✓
Parks & Recreation	✓	✓	✓	✓	✓	✓
Community Development	✓	✓	✓	✓	✓	✓
Municipal Court / Legal	✓	✓	✓	✓	✓	✓
Police	✓	King County Sheriff's Office	✓	✓	✓	King County Sheriff's Office
Public Works	✓	✓	✓	✓	✓	✓
Fire	Regional Fire Authority	Fire District	Regional Fire Authority	Regional Fire Authority	Fire Authority	Regional Fire Authority
Water	✓	Local Districts	✓	✓	✓	Local Districts
Sewer	✓	Local Districts	✓	✓	✓	Local Districts
Surface Water	✓	✓	✓	✓	✓	✓
K-12 Public Education	Local Districts	Local Districts	Local Districts	Local Districts	Local Districts	Local Districts

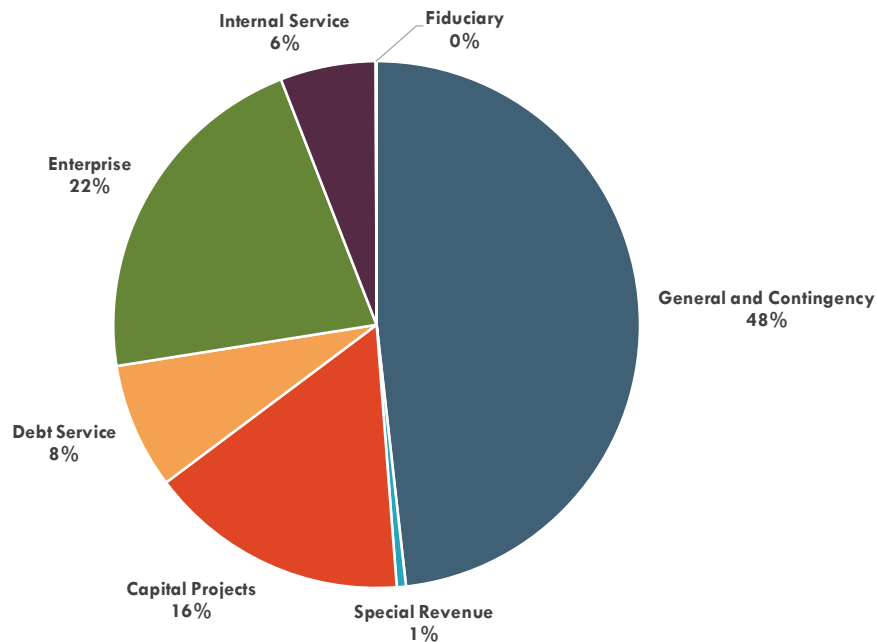
Note: Some properties in Tukwila, Kent, and Renton are serviced by other local utility providers. Sources: City of Burien, City of Kent, City of Lynnwood, City of Renton, City of SeaTac, City of Tukwila, 2023; BERK, 2023.

General Fund Revenues

More than half of Tukwila’s General Fund revenues are from property and sales taxes. With the Southcenter mall, a majority of Tukwila’s taxable retail sales are attributed to consumer shopping.

Tukwila maintains several types of funds, with different purposes and restrictions. The General Fund is the most flexible and collects revenues such as property tax and sales tax. The City also has funds dedicated to paying for capital projects, debt service, internal services (such as vehicle maintenance), and utilities. Utility funds are called Enterprise Funds. These are managed like a business and do not receive general tax dollars—the revenues they generate can only be used to pay for their own expenses. Foster Golf Links, an Enterprise Fund, does receive some support from the General Fund. Per current Council adopted policy, 18% of prior year ongoing revenues are held in General fund reserves and 10% of prior year ongoing revenue are held in Contingency reserves (reserves set aside for emergency use) (Exhibit 26).

Exhibit 26: Tukwila Funds by Type, 2023

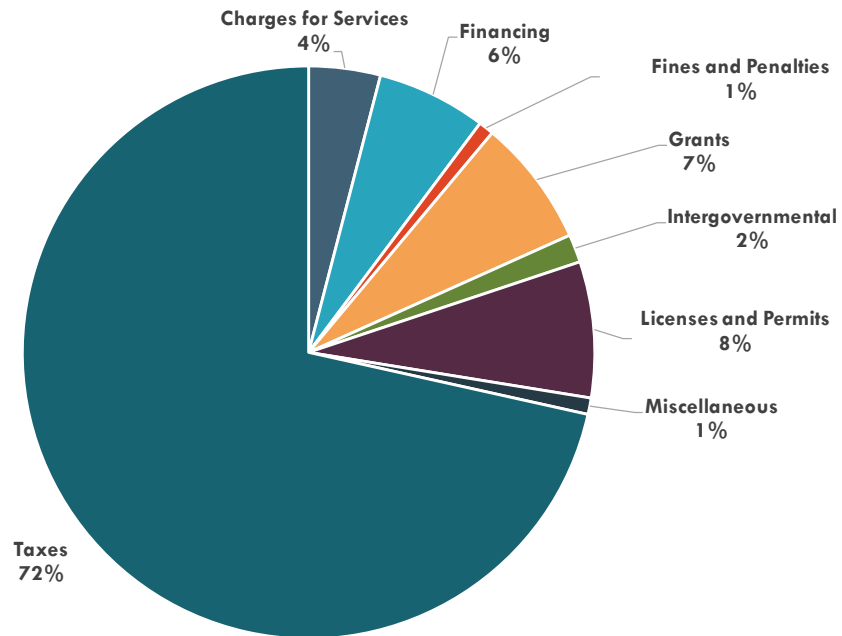


Source: City of Tukwila, 2023.

Tukwila’s General Fund is primarily funded by taxes, with smaller shares of revenue coming from license and permit fees, grants, and charges for service (Exhibit 27). Taxes that contribute to the City’s General Fund can be broken down further into categories: property tax comprises 25% and sales tax comprises 28% of total revenues (Exhibit 28). Sixty-four percent of Tukwila’s taxable retail sales are from consumer shopping, which includes general merchandise, home furnishings/electronics, clothing & accessories, restaurants, automotive/gas, and building materials (Exhibit 29).

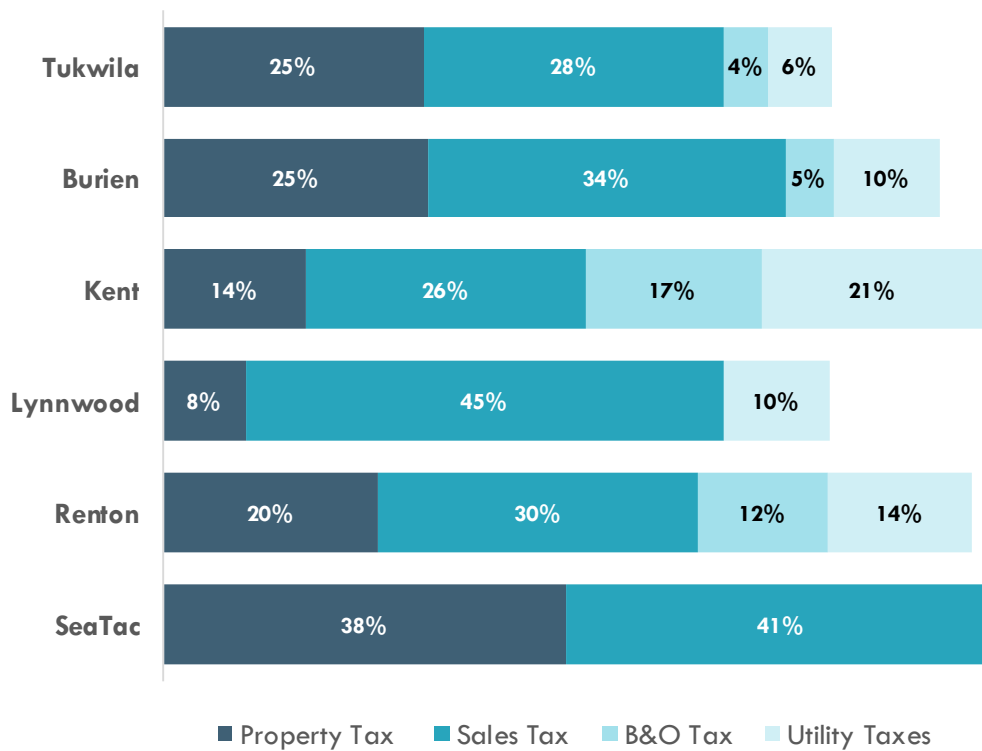
As shown in Exhibit 28, Tukwila’s new business and occupation tax is estimated to contribute 4% of total revenues. Burien, Kent, and Renton also collect a business and occupation tax; these revenues make up a larger share of total revenues in Kent and Renton. Tukwila’s revenue composition is similar to that of SeaTac, with property tax and sales tax making up a roughly equal share of total revenues, though these make up a larger share in SeaTac.

Exhibit 27: Tukwila General Fund Revenues by Source, 2023



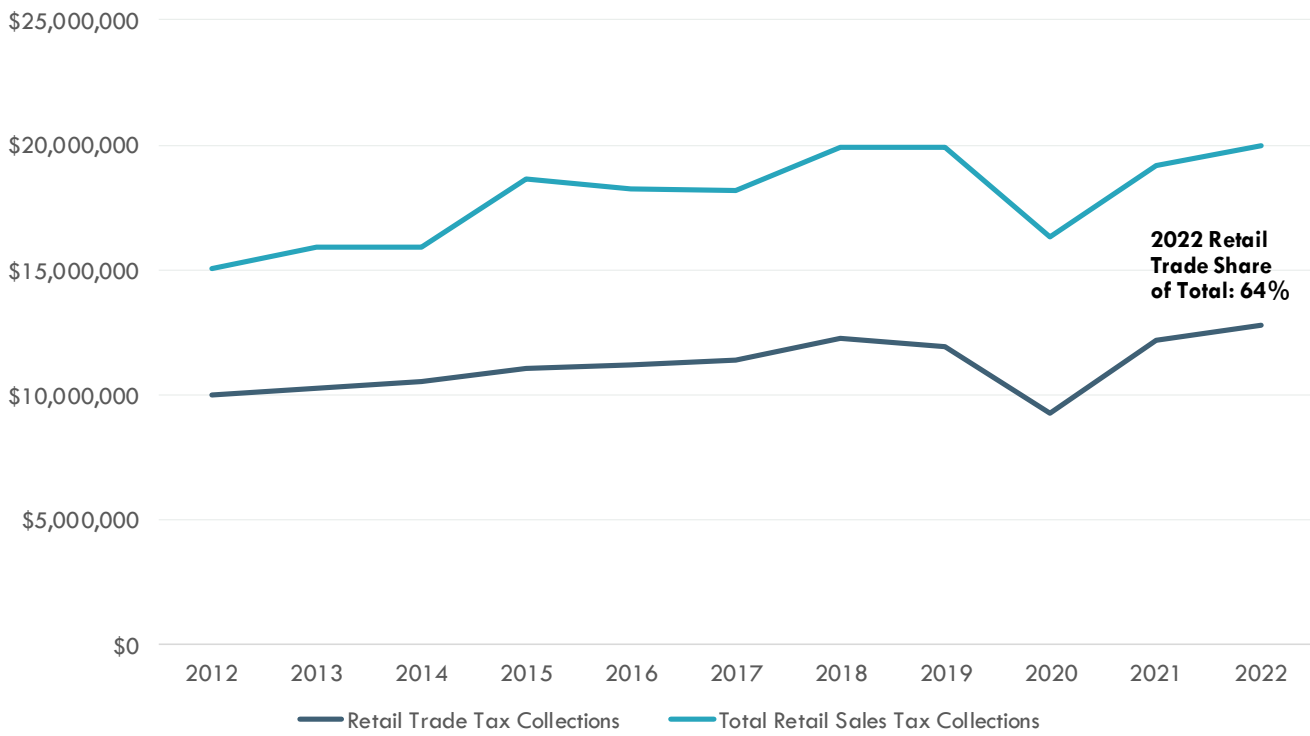
Source: City of Tukwila, 2023.

Exhibit 28: Tax Revenues as a Share of All General Fund Revenues, Tukwila and Peer Cities, 2023



Sources: BERK, 2023; City of Burien, City of Kent, City of Lynnwood, City of Renton, City of SeaTac, City of Tukwila, 2023.

Exhibit 29: Tukwila Taxable Retail Sales, 2012-2022



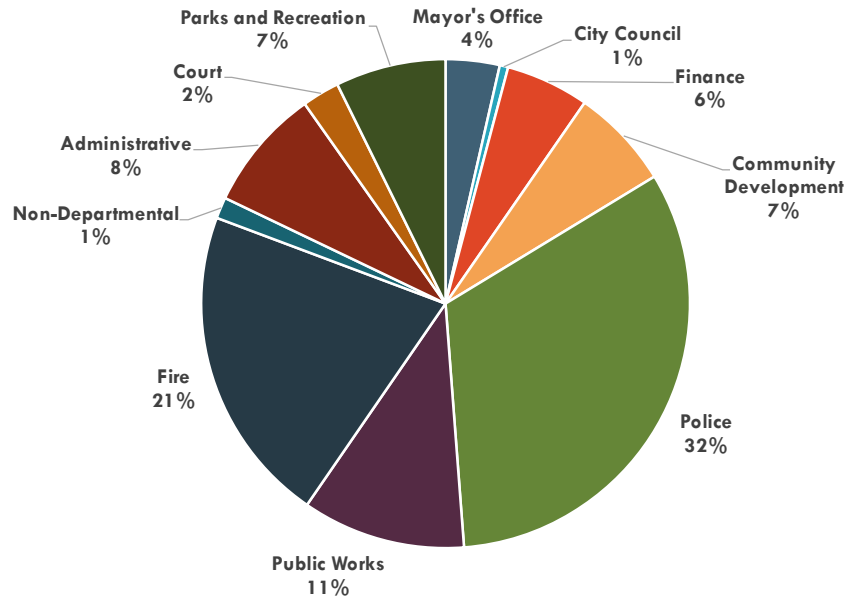
Sources: City of Tukwila, 2023; Washington State Department of Revenue, 2023.

General Fund Expenditures

Tukwila’s largest General Fund expenditure is toward Police services, which is similar to peer cities.

As shown in Exhibit 30, the largest share of Tukwila’s General Fund expenditures goes to the Police department. The next largest share is for Fire services. This will change in 2025, when the City no longer contracts with Puget Sound Regional Fire Authority. Similarly, the General Fund department with the largest number of full-time positions is Police, followed by Community Development, Public Works, and Parks and Recreation (Exhibit 31).

Exhibit 30: Tukwila General Fund Expenditures by Department, 2023



Source: City of Tukwila, 2023.

Exhibit 31: FTEs by Department, 2023

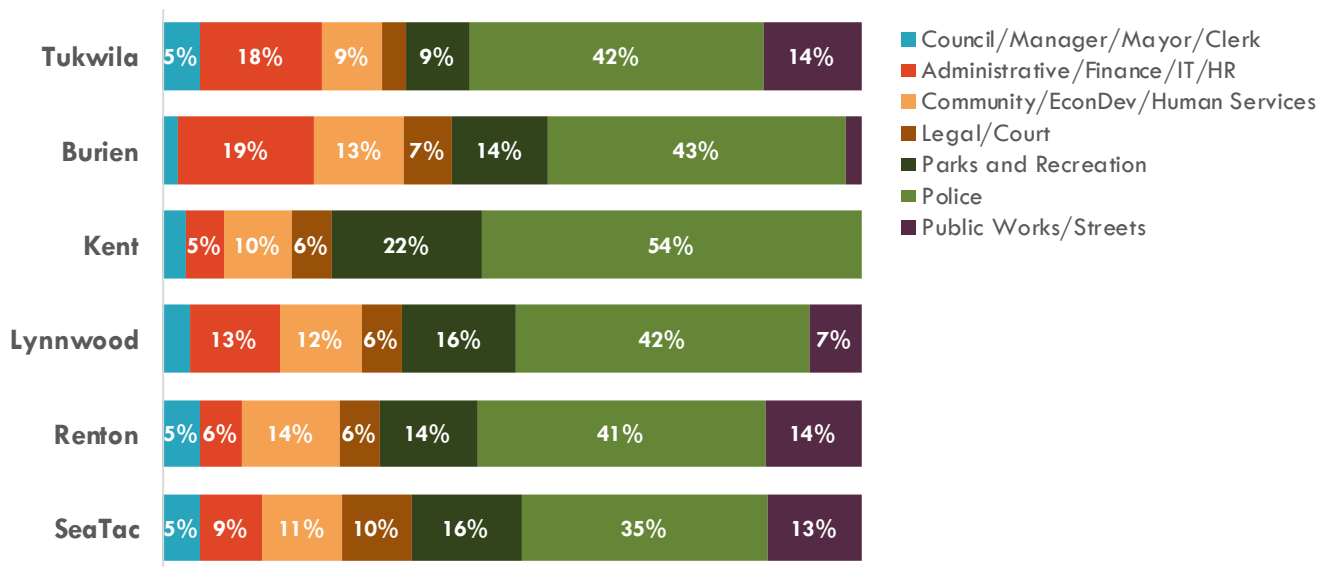
Department	2023 Full-Time Employees
Mayor's Office	4.50
City Council	8.00
Finance	14.00
Administration	22.04
Parks & Recreation	24.50
Community Development	28.25
Municipal Court	10.65
Police	100.00
Public Works	27.50

Source: City of Tukwila, 2023.

When excluding the budget for Fire services, over 40% of Tukwila’s General Fund is dedicated to Police services, followed by administrative services, public works/streets, and parks and recreation (Exhibit 32). Peer city budgets dedicate a similar share for police services. Tukwila spends a smaller share on community and economic development and parks and recreation than some peer cities. Kent and Burien use other funds to pay for some or all public works expenses, which is not represented in the exhibit below.

When looking at budgeted General Fund spending compared to a city’s total assessed value, Tukwila’s spending is comparable to peer cities (Exhibit 33). The high police spending per assessed value in Tukwila and Lynnwood likely reflects the large daytime population drawn by a mall and resulting need for services.

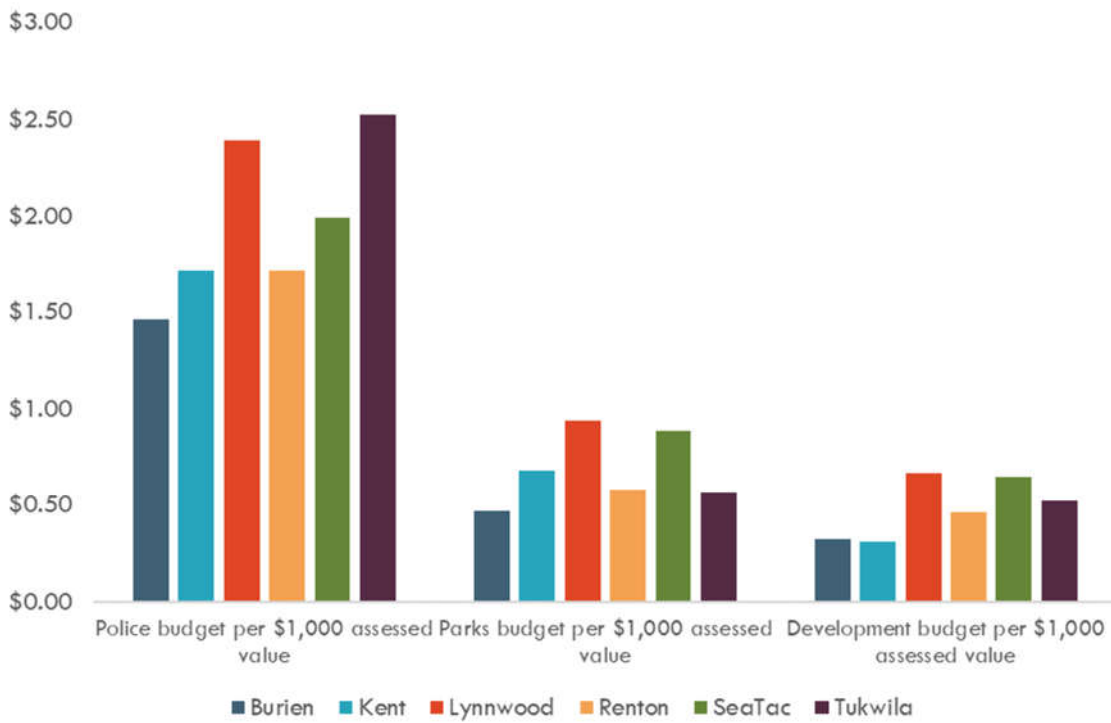
Exhibit 32: General Fund Expenditures Excluding Fire by Department in Tukwila and Peer Cities, 2023



Note: Labels suppressed for shares under 5%.

Sources: BERK, 2023; City of Burien, City of Kent, City of Lynnwood, City of Renton, City of SeaTac, City of Tukwila, 2023.

Exhibit 33: General Fund Expenditures per \$1,000 of Assessed Value, Tukwila and Peer Cities, 2023



Note: This chart represents General Fund budgeted expenditures only. Cities may pay for these services using other funds as well, which are not represented here.

Sources: City of Burien, City of Kent, City of Lynnwood, City of Renton, City of SeaTac, City of Tukwila, 2023; BERK 2023.

Appendix C. Financial Overview

Overview

This document provides an overview of the City of Tukwila's revenue tools, comparisons to revenue tools in peer cities, General Fund budget trends, and staffing levels. This information can be used to provide a basis for understanding the City's financial status and to guide the City's financial sustainability plan.

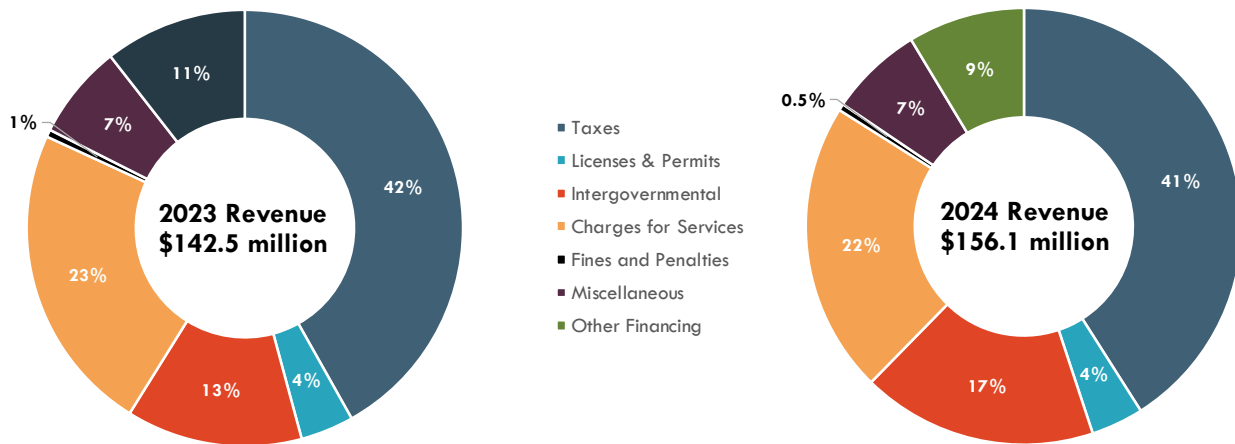
Key Points

- The City collects different types of revenues from different groups, such as residents and businesses.
- Tukwila's total property tax rate is similar to peer cities in King County. Compared to peer cities, Tukwila has a lower business and occupation tax rate.
- The cities of Burien and Lynnwood collect additional revenues from transportation benefit district charges, which are not currently used by Tukwila.
- General Fund revenues decreased significantly at the onset of the pandemic and increased as the economy began to recover. As part of the budget and budget amendment processes, the City aligns service levels to match expenditures with available revenues.
- As a service provider, the City spends the largest percentage of General Fund expenditures on salaries and benefits. Labor costs are driven by the regional employment market and City policies.
- Total City staffing has decreased slightly since 2016, during which time the City's population has continued to grow.
- Increased service needs and the growing cost of providing existing services will impact the City's financial forecast.

Revenue Tools

Exhibit 34 shows the City's budgeted revenue mix across all funds in 2023 and 2024. Taxes are the largest category of revenue, followed by fees which include charges for service, licenses, permits, fines, and penalties. The City also receives intergovernmental revenues, such as state and federal grants, and other financing, such as sale of capital assets and internal fund transfers.

Exhibit 34: Tukwila Revenue Mix for All Funds, 2023-2024



Sources: BERK, 2023; City of Tukwila, 2023.

Most **taxes** support all government functions and are not tied to a particular service. Some taxes are collected for a specific purpose or are restricted by State law. **Fees** are related to the cost of the service provided and are paid by the person using the service. To illustrate the difference, all property owners pay property tax, and the amount does not depend on how much a resident uses City services. Property owners only pay permit fees if applying for a permit and the fee is intended to offset all or a portion of the cost of providing the service. Utility rates, which are categorized as a **charge for service**, support operating and capital needs for the utility. These are paid by customers of the utility and may be based the type of customer or consumption.

Exhibit 35 lists examples of the City’s major revenue collections, who pays them, how they are used, and the 2024 budgeted amount from all funds. Some revenues are collected from multiple groups, such as residents and businesses, and some are collected from only one group, such as users of a service or just businesses. The revenues listed do not include all revenues collected by the City but include the City’s largest sources or the most common taxes, fees, and rates paid by members of the community.

Exhibit 35: Examples of Tukwila Major Revenue Sources with Groups Impacted and Uses

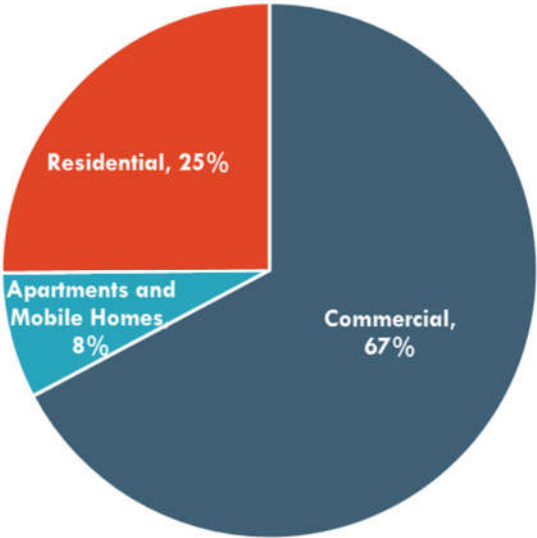
Revenue Source	Received From	Use of Revenue	2024 Budget
Taxes			
<i>Property Tax</i>	Residents, businesses	General operations	\$23.1 million
<i>Retail Sales Tax</i>	Residents, visitors	General operations	\$21.4 million
<i>Utility Tax</i>	Private utility providers	General operations, though a portion of solid waste tax revenue is dedicated to streets projects	\$5.6 million
<i>Business & Occupation Tax</i>	Businesses	General operations	\$3 million
<i>Gambling and Admissions Tax</i>	Visitors to gambling/entertainment venues	Gambling tax must first be used for public safety	\$5.4 million
<i>Commercial Parking Tax</i>	Businesses that charge a fee for parking	Transportation purposes	\$600,000
Fees			
<i>Business License Fees</i>	Businesses	General operations	\$3.2 million
<i>Impact Fees</i>	Developers	Capital improvements	\$900,000
<i>Parks & Recreation Activity Fees</i>	Users of parks & recreation programs	General operations	\$1.6 million
<i>Building Permit Fees</i>	Residents, organizations, businesses	General operations	\$1.7 million
Utility Rates			
<i>Water Utility Charges</i>	Residents, businesses	Water operations and capital; cannot be used for general fund operations	\$8.2 million
<i>Sewer Utility Charges</i>	Residents, businesses	Sewer operations and capital; cannot be used for general fund operations	\$11.1 million
<i>Surface Water Utility Charges</i>	Residents, businesses	Surface water operations and capital; cannot be used for general fund operations	\$8.1 million

Note: 2024 budgeted revenue amounts are from all City funds. The City dedicated some of the Business & Occupation tax to restoring police positions that had been frozen during the pandemic.

Sources: BERK, 2023; City of Tukwila, 2023.

Property tax is a large source of revenue for the City. Over two-thirds of the City’s property tax revenue comes from commercial property and one quarter comes from residential property (Exhibit 36). This accounts for exemptions or properties paying reduced or no property taxes. Exemptions distribute the burden of tax payments differently than would be without exempt property.

Exhibit 36: Property Tax Revenue by Property Type, 2023



Notes: Limited to commercial and residential property types. Commercial properties with non-zero residential units are classified as apartments and mobile homes.

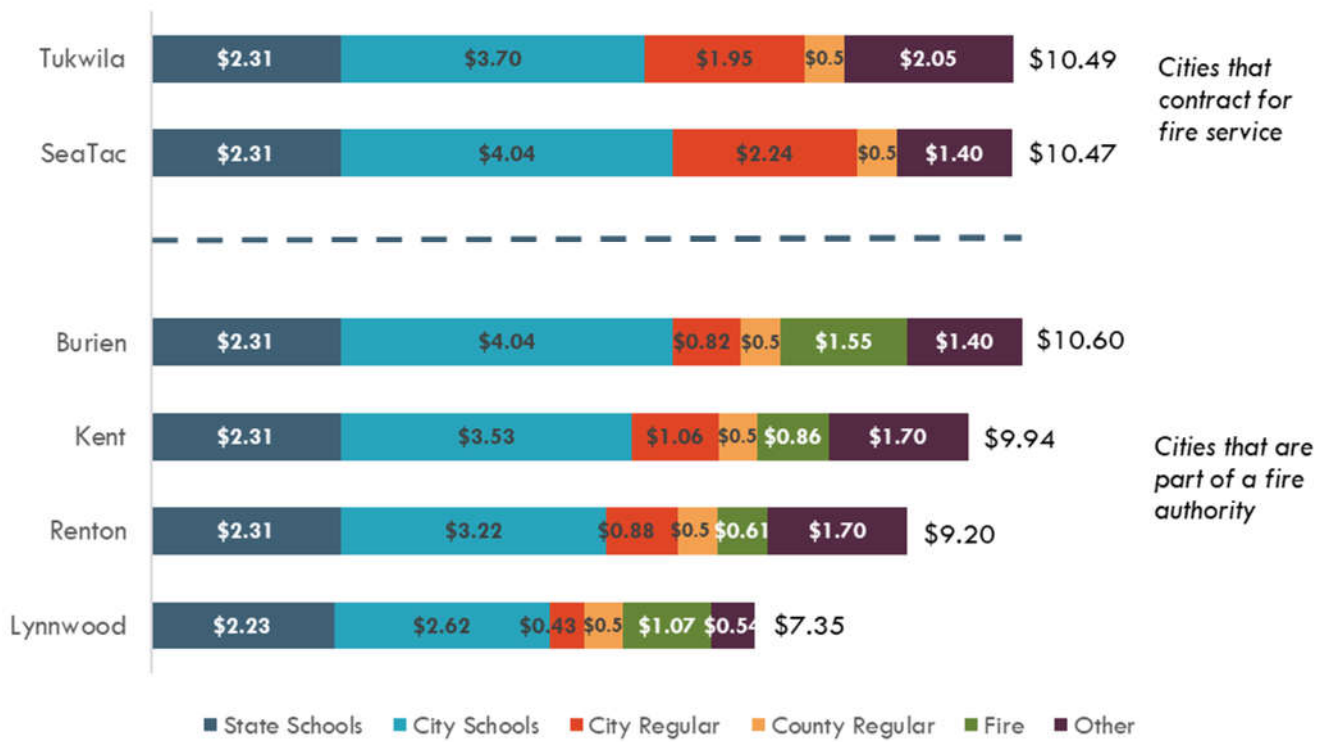
Source: BERK, 2023; King County Assessor’s Office, 2023.

Comparison to peer cities

Exhibit 37 compares property tax rates for Tukwila and peer cities. The total property tax is similar for Tukwila and peer cities in King County. Tukwila and SeaTac both pay for fire services through a contract, so use local property tax revenue to pay for this and have a higher city levy rate. The other cities are annexed into a fire district, so do not collect property tax revenue to pay for fire service. Across all peer cities, a large share of property tax goes to other taxing districts.

Exhibit 38 and Exhibit 39 compare the business and occupation tax rate and business license fee in Tukwila and peer cities. Tukwila has the lowest business and occupation tax rate. Tukwila’s business license fee is per full-time employee. Lynnwood also assesses a per employee fee in addition to a base fee.

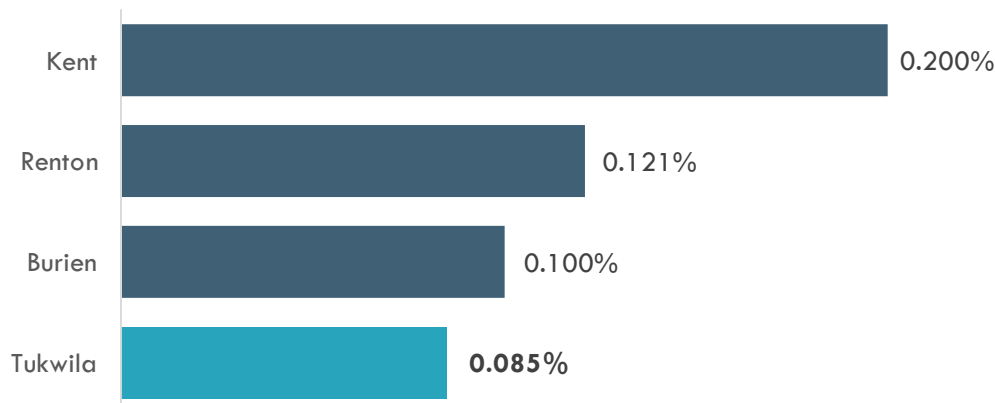
Exhibit 37: Property Tax Levy Rate for Tukwila and Peer Cities, 2023



Note: "Other" includes other taxing districts and excess city levies.

Sources: BERK, 2023; King County Assessor's Office, 2023; Snohomish County Assessor's Office, 2023.

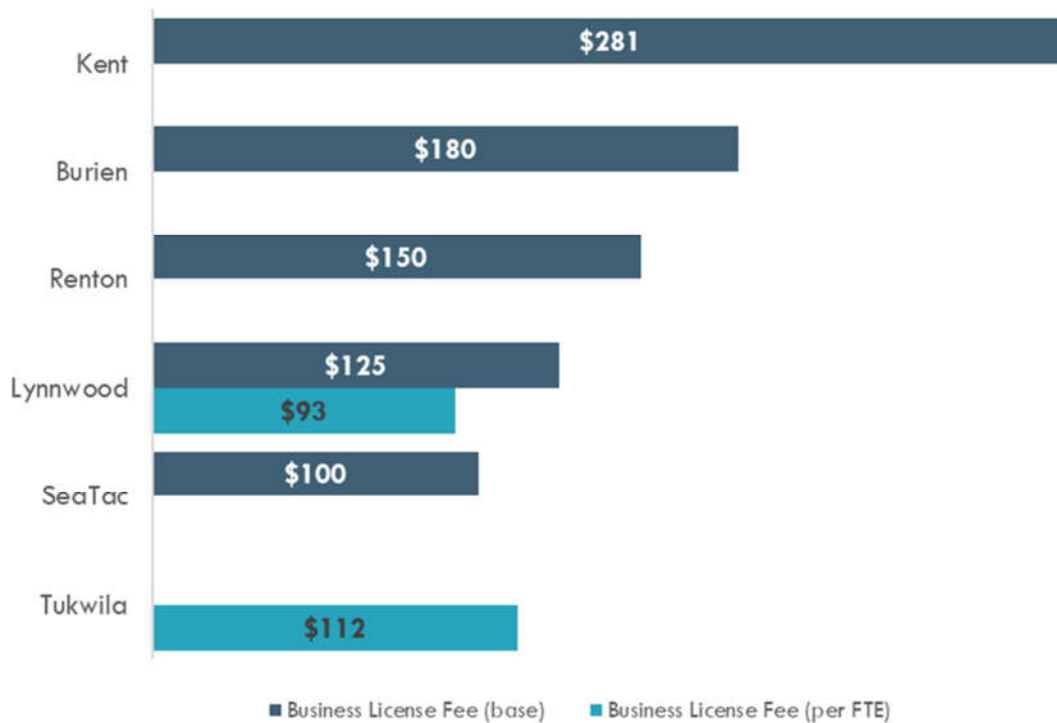
Exhibit 38: Business and Occupation Tax Rate for Tukwila and Peer Cities, 2023



Notes: Tukwila's Business and Occupation Tax begin January 1, 2024. These rates represent the highest rate levied if the city has a range depending on the type of business activity.

Sources: BERK, 2023; City of Burien, City of Kent, City of Renton, City of Tukwila, 2023.

Exhibit 39: Business License Fee for Tukwila and Peer Cities, 2023



Note: Burien, Kent, and SeaTac have a different base rate based on the number of employees.

Sources: BERK, 2023; City of Burien, City of Kent, City of Lynnwood, City of Renton, City of SeaTac, City of Tukwila, 2023.

Other revenue tools that are commonly used by cities include a transportation benefit district fee or tax, which pays for street maintenance, or impact fees, which pay for capital improvement projects. Exhibit 40 shows these tools and which peer cities currently use them. Tukwila assesses a lodging tax, along with most other cities. Tukwila also assesses impact fees, which are below some rates of peer cities. Only two cities in this group charge fees for a transportation benefit district.

Exhibit 40: Other Revenue Tools and Current Rates for Tukwila and Peer Cities, 2023

City	Lodging Tax	Transportation Benefit District Fee	Transportation Benefit District Sales Tax	Transportation Impact Fees	Parks Impact Fees
Burien	Not used	\$20	Not used	\$948	Not used
Kent	1.0%	Not used	Not used	\$8,979	Not used
Lynnwood	2.0%	\$40	0.10%	\$6,525	\$5,899
Renton	1.0%	Not used	Not used	\$12,209	\$3,276
SeaTac	1.0%	Not used	Not used	\$3,733	Not used
Tukwila	1.0%	Not used	Not used	\$3,726	\$3,629

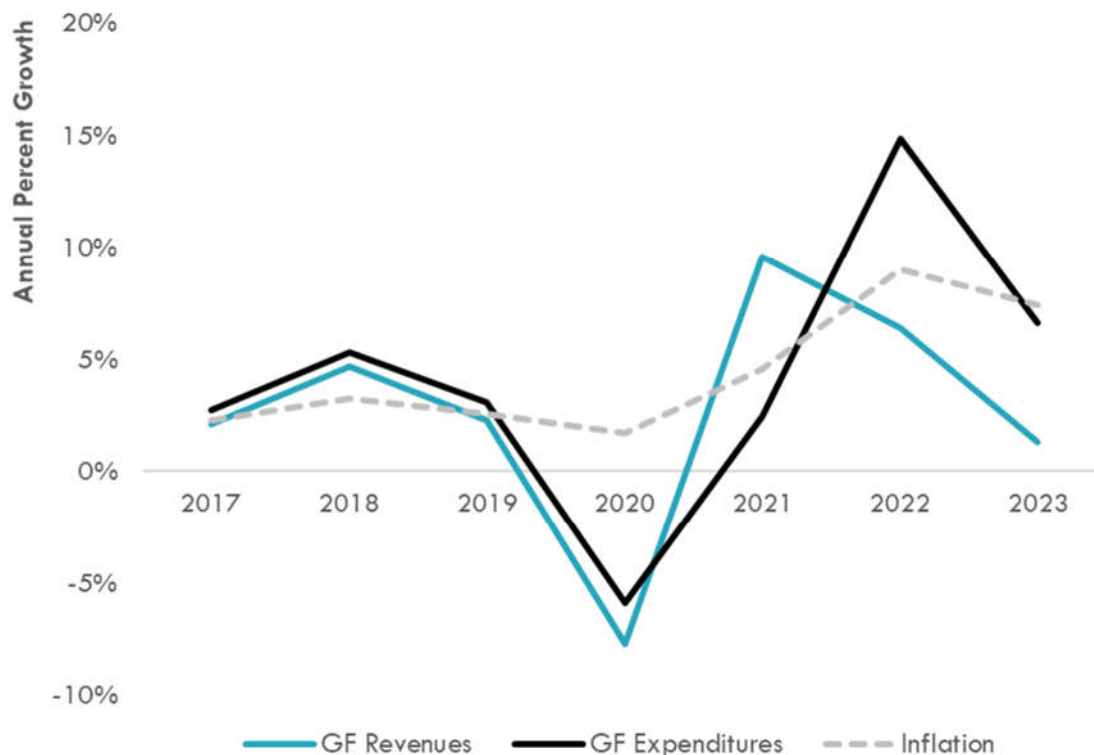
Sources: BERK, 2023; Municipal Research and Services Center, 2023; Washington State Department of Revenue, 2023.

General Fund Budget and Staffing Trends

The General Fund is the City’s largest and most flexible fund. Exhibit 41 shows that prior to the pandemic, between 2017 and 2019, revenues and expenditures grew in line with inflation. The City aligned service levels and expenditures with available revenues. Revenues declined during the pandemic, in 2020, and expenditures decreased to match. Revenues grew after the pandemic, in 2021 and 2022, as the economy began to recover during the pandemic. Expenditures grew during 2021 and 2022 as well, though at a slower rate in 2021.

In response to the decrease in revenues in 2020, the City froze positions, implemented employee furloughs, and reduced service levels in areas such as street maintenance and recreation. In the 2021-2022 biennium, federal funds allowed the City to reinstate key positions in Parks and Recreation, Community Development, and the Streets Division to continue to provide services in these areas. However, this did not return the City to previous service levels as several positions continue to be frozen. Exhibit 42 depicts the impact to the City’s total position count, which declined between 2016 and 2023.

Exhibit 41: Tukwila General Fund Revenue and Expenditure Annual Growth Compared to Inflation, 2017-2023



Note: Inflation is based on the annual Consumer Price Index for Seattle-Bellevue-Tacoma.

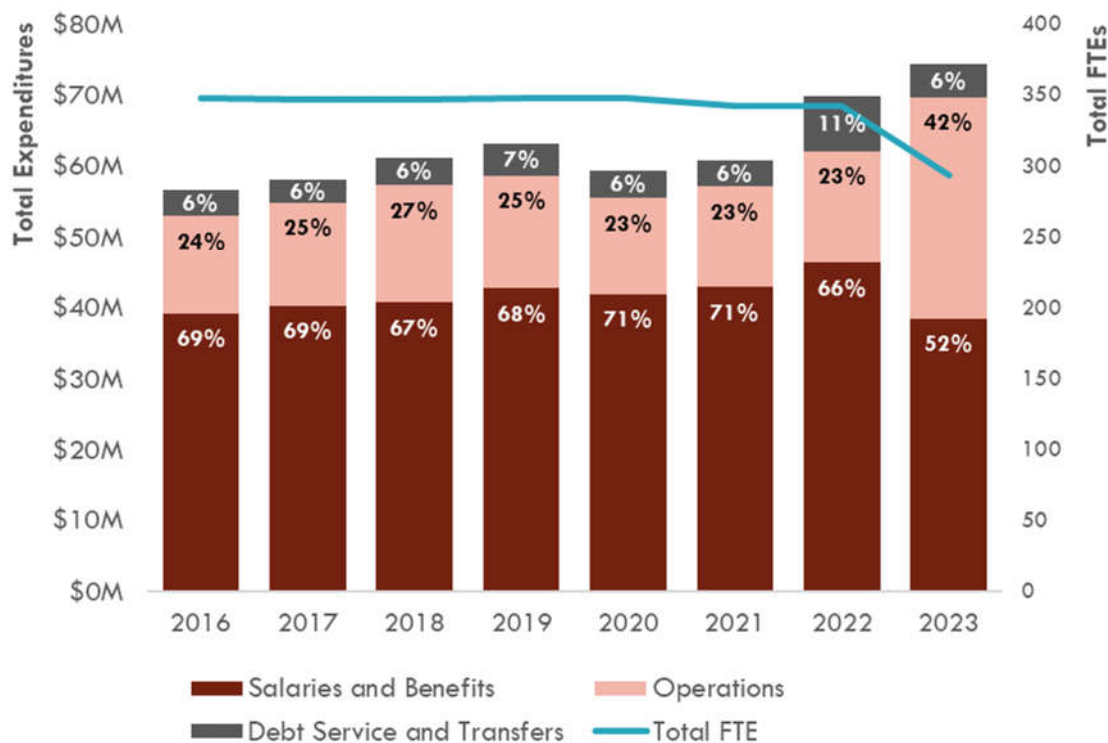
Sources: BERK, 2023; City of Tukwila, 2023; US Bureau of Labor Statistics, 2023.

The City's General Fund expenditures are made up of the following categories:

- **Salaries and benefits** include overtime, extra labor, holiday pay, insurance, pensions, uniforms, and unemployment compensation.
- **Operations** include supplies, professional development, communication, advertising, rentals, leases, technology services, public utilities, repairs, and maintenance.
- **Debt service and transfers** include principal and interest payments on debt and internal transfers from the General Fund to other City funds.

Exhibit 42 shows that approximately 70% of General Fund expenditures are spent on salaries and benefits. A city provides services to the community, which require employees to deliver, so it is standard that most of a city's budget is spent on salaries and benefits. In 2023, the City changed its fire and emergency services model to contract for service instead of providing the service. This resulted in a drop in salaries and benefits and FTEs and an increase in operational expenditures. Exhibit 42 also shows the number of full-time positions over this period. The total number of positions has been consistent, though there was a decline in 2020 as the City reduced service levels.

Exhibit 42: Tukwila General Fund Expenditures by Category and Total FTEs, 2016-2023



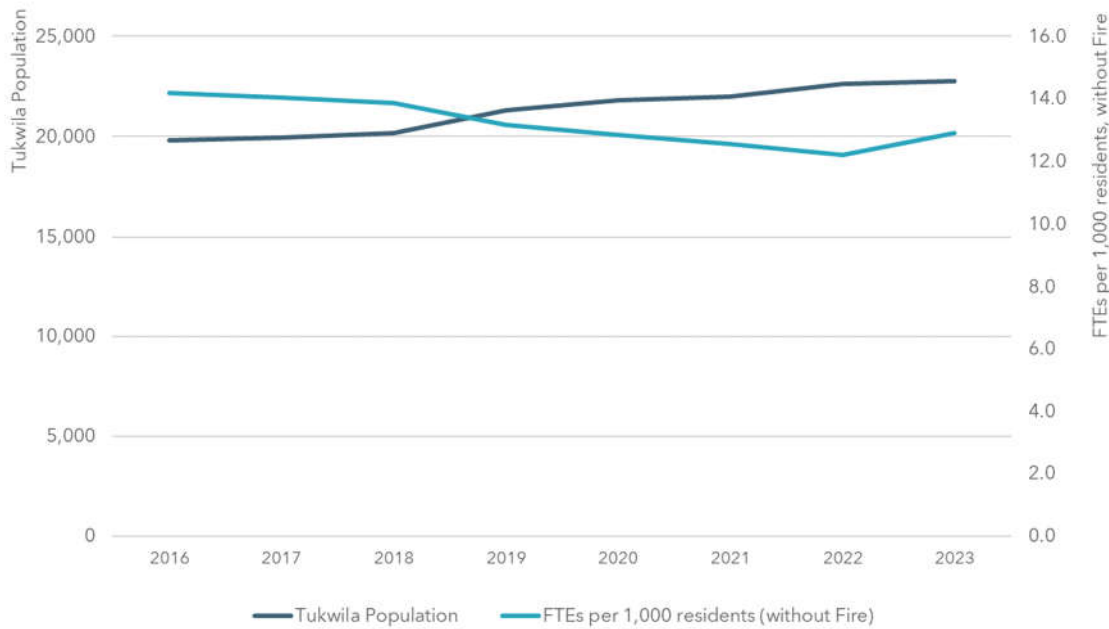
Note: The City had a large one-time debt service payment in 2022.

Sources: BERK, 2023; City of Tukwila, 2023.

Staffing and Services Over Time

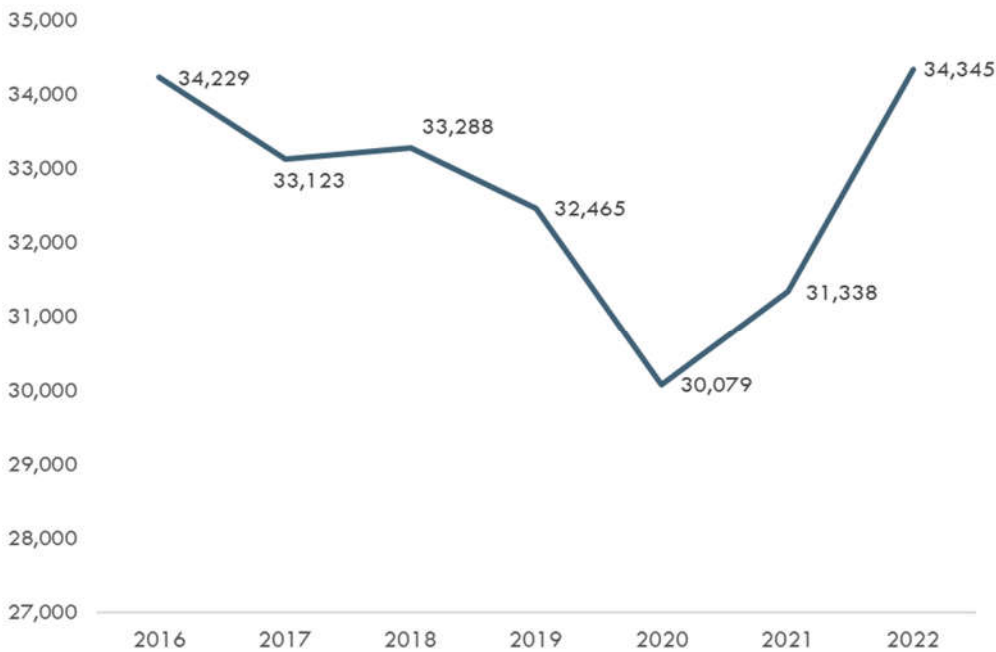
The City has seen a slight reduction in City staffing per population between 2016 and 2023 (Exhibit 43). Over the same period, demand has varied for different services. For many services, demand decreased during the pandemic but has rebounded or begun to rebound.

Exhibit 43: City Population and FTEs per 1,000 Residents, 2016-2023



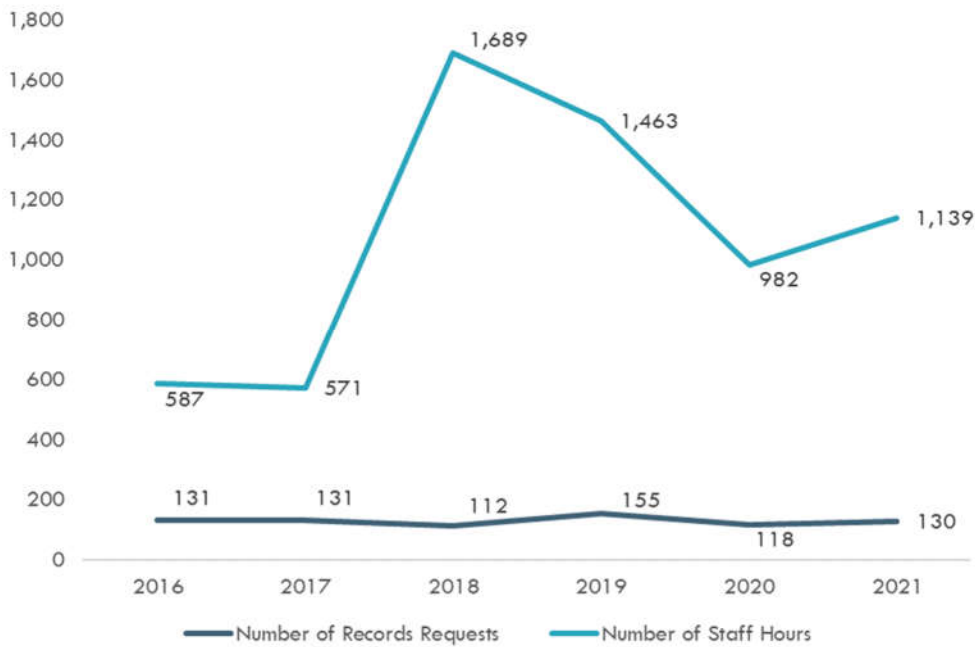
Sources: City of Tukwila, 2023; WA Office of Financial Management, 2024; BERK, 2023.

Exhibit 44: Police Calls for Service, 2016-2022



Sources: City of Tukwila, 2023; BERK, 2023.

Exhibit 45: Number of Records Requests and Number of Staff Hours Annually, 2016-2021



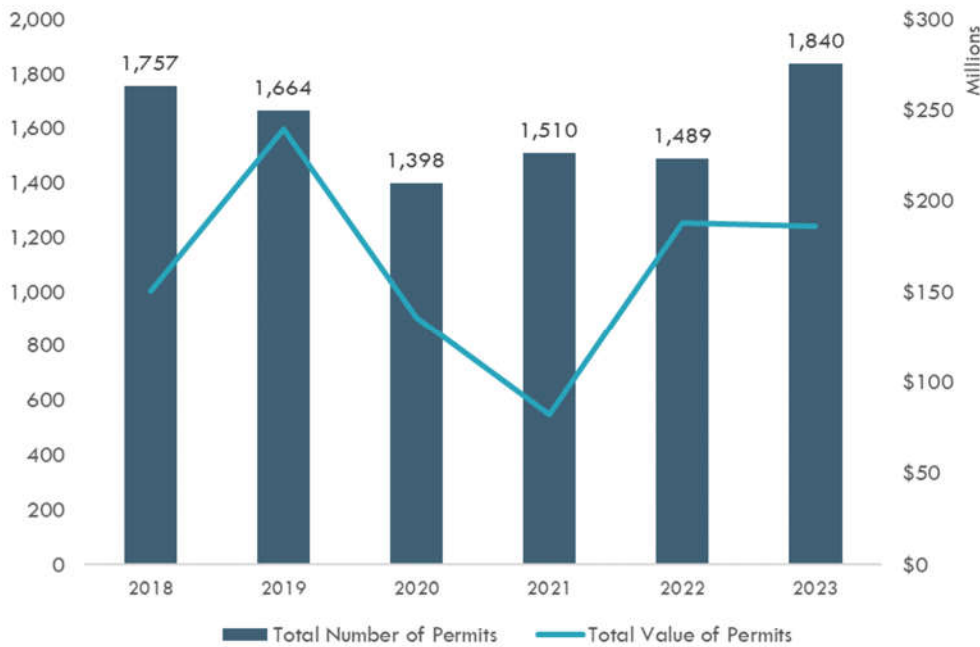
Sources: City of Tukwila, 2023; BERK, 2023.

Exhibit 46: Number of Recreation Class Participants and Community Center Admissions, 2016-2022



Sources: City of Tukwila, 2023; BERK, 2023.

Exhibit 47: Number and Total Value of Permits Issued by Community Development, 2018-2023



Sources: City of Tukwila, 2023; BERK, 2023.

Note: Includes building, mechanical, electrical, and plumbing permits.

City Staff Compensation

The bulk of the City’s activities are in service provision. These services are principally delivered by City staff and labor costs make up nearly 70% of the City’s General Fund budget. As this is such a large cost driver, additional information is provided on employee compensation.

Salaries and benefits are guided by a City Council-adopted compensation policy and philosophy. The policy was adopted to address issues such as parity between represented and non-represented employees, internal equity between functions, salary compression, and how compensation can support recruitment and retention of employees in the local labor market.

The policy guides compensation by identifying comparable cities. It states that the City will seek to set salaries at the market average for non-represented positions and at a “competitive” level for represented employees. It grants adjustments when salaries are outside of the market range. The policy also states that when economic conditions allow, the City should provide benefits to represented and non-represented employees that are slightly above average of comparable jurisdictions. The City aims for cost-of-living adjustments (COLA) based on 90% of Consumer Price Index- Clerical Workers (CPI-W) and parity between represented and non-represented employees’ COLA and benefits.

Represented Employees

87% of the City’s workforce is represented by a union. Salaries and benefits for represented employees are negotiated through agreements between cities and their labor organizations and dictated by collective bargaining rules as well as federal and state labor laws. Collective bargaining agreements are contracts ratified by labor groups and approved by City Council that govern specific aspects of employment.

Non-represented Employees

The McGrath Human Resources Group completed a market study of non-represented positions in 2023 which found that **salaries for non-represented Tukwila staff were competitive with the market average.** The study includes recommendations for position movement to better align with the market and the following additional recommendations:

1. Maintain the compensation philosophy of market average compensation. Consider looking at comparable cities based on geography instead of assessed value.
2. Complete market studies every three to four years and include a total compensation review.
3. Evaluate moving to merit/performance-based pay for higher steps.

McGrath also noted that following the pandemic, all industries, both public and private, are competing for already limited staff. In addition, state minimum wage laws are pushing non-skilled wages higher and bargained agreements around compensation among represented workers often lead to upward pressure on compensation for non-represented staff as well. These forces have caused many employers to increase wages to help recruit and retain talent, with nearly every employer in both the public and private sector experiencing recruitment and retention challenges.

Appendix D. Community Priorities

This document provides an overview of the Tukwila community’s values and priorities as expressed in City documents and plans. This information provides context for understanding what the community’s priorities are and how they inform City priorities and service delivery. Common themes reflect the community’s desire to have:

- great neighborhoods and quality public spaces,
- a vibrant and diverse economy,
- a positive community identity,
- and opportunity for all Tukwila residents.

Strategic Plan

The City’s budget document references the City’s strategic priorities, which were articulated in the Tukwila Strategic Plan. These priorities are used to align resources so that the City funds programs and services that align with community desires. The Strategic Plan establishes the City’s Vision and Mission:

COMMUNITY VISION
*The city of opportunity,
the community of choice.*

CITY MISSION
*To provide superior services
that support a safe, inviting
and healthy environment for our
residents, businesses and guests.*

The Strategic Plan’s five Goals that inform budget priorities are:

- A community of inviting neighborhoods and vibrant business districts.
- A solid foundation for all Tukwila residents.
- A diverse and regionally competitive economy.
- A high performing and effective organization.
- A positive community identity and image.

Economic Development Strategy

The City has developed an Economic Development Strategy to guide its efforts to strengthen Tukwila’s economic future. The primary purpose of the Economic Development Strategy is to describe Tukwila’s vision for sustainable and inclusive economic prosperity and to identify strategies and actions to achieve that

vision. The vision in the strategy is: **“Tukwila is a vibrant community with a strong and sustainable economy that celebrates and empowers its diversity, supports economic prosperity for all residents, and sustains a foundation for businesses of all sizes.”**

The Economic Development Strategy’s Goals are:

- A vibrant, diverse, and resilient economy.
- A safe and desirable community with a positive identity.
- Prosperity and opportunity for businesses, workers, and residents.
- A supportive environment for small business and entrepreneurs.
- A community that celebrates and invites diversity.

[Parks, Recreation and Open Space Plan](#)

Another planning document that incorporates the community’s priorities is the City’s Parks, Recreation and Open Space Plan (PROS Plan), which was adopted in 2020. This PROS Plan guides future investments for the City’s parks and recreation system. Plan recommendations address priorities and key needs identified during the planning process:

- Close interaction with nature.
- Cultural heritage inspiration.
- Vibrant urban water centerpiece.
- Lively park-adjacent commerce.
- Expanded parks/preserved open space.
- Reinvigorated quality of existing parks and facilities.
- Fun fitness opportunities.
- Affordable, stimulating experiences for all ages.
- Convenient, accessible system.
- Safe, family-friendly places.

The Plan’s Goals are focused as follows:

- Safe, convenient, and connected system.
- A network of green spaces.
- A sense of community.
- Opportunities for all.
- Safe, inviting, and affordable.
- Healthy people and places.

Appendix E. City Programs and Services

This document provides an overview of the programs and services provided by the City. This document also describes factors that impact the cost of these programs and services, recent changes in levels of service, priorities and unfunded needs, and opportunities for efficiencies. The information in this overview provides context for future discussion about levels of service and priorities in different program areas. All information provided in this overview is from the City's 2023-2024 Adopted Budget.

Program Budgeting

Tukwila uses a budgeting approach called “Priority-Based Budgeting”, which shows how resources are allocated to the programs and services that provide the greatest value to residents. The City established a program inventory that encompassed all the activities the City performs. Costs and positions were then assigned to each program. Programs are identified as mandated – meaning the program meets a federal, state, or local requirement – or non-mandated – meaning the program is not required but is a best practice or a program desired by the community.

For this overview, programs are grouped into several categories:

- Community and economic development
- Community engagement
- Culture and recreation
- General government
- Infrastructure maintenance/improvement
- Public safety

These categories are used instead of departments so that programs that support the same priority or function can be viewed together. For example, a department may provide programs that support public safety and community engagement. This overview provides a list of all programs for each category and the 2024 total budget and positions for each program. This overview includes programs in the General Fund, capital funds, and other operating funds. It does not include Debt Service Funds or Enterprise Funds, which are utilities and Foster Golf Course.

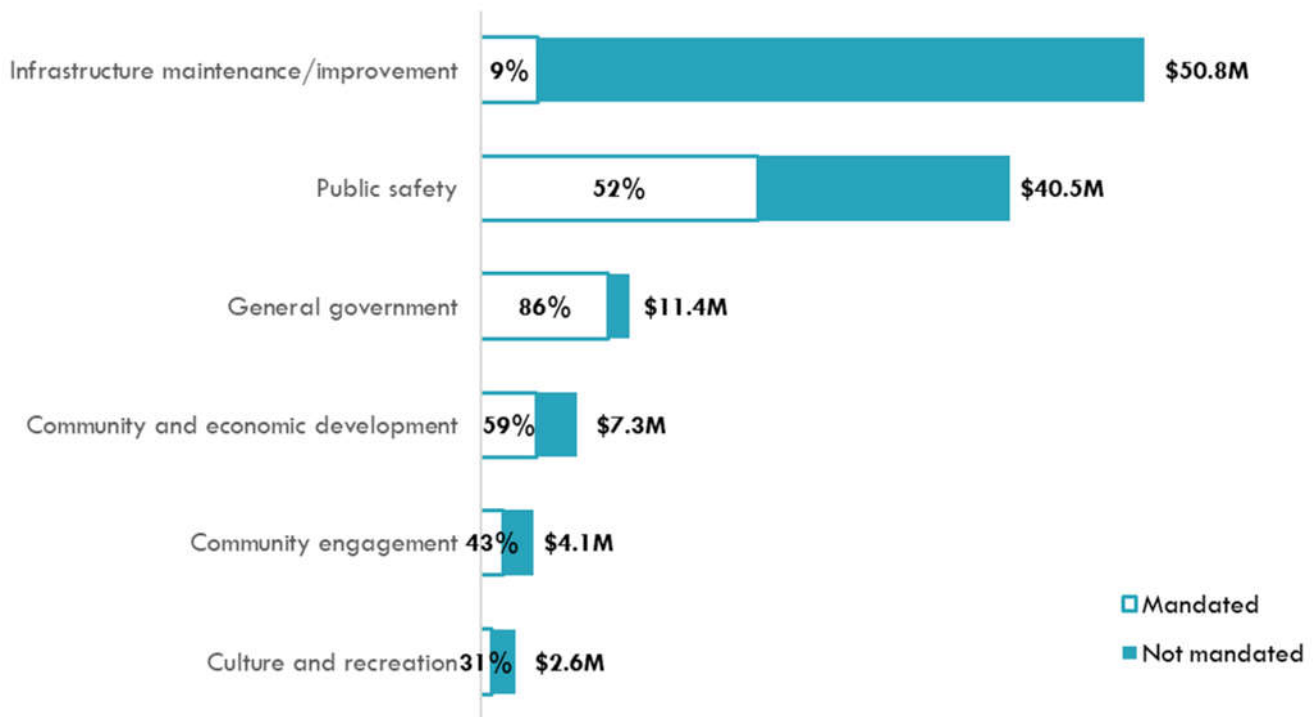
Budget and Positions by Category

Exhibit 48 shows the City's total budget by category and what percent of each category is dedicated to mandated programs. Over 80% of general government programs are mandated and over 50% of programs in the public safety and community and economic development categories are mandated. As shown in Exhibit 48 below, the largest categories of the 2024 budget are infrastructure maintenance and improvement and public safety. Infrastructure maintenance and improvement includes spending on capital projects.

Exhibit 49 shows the number of full-time positions in each category and what percent of each category is dedicated to mandated programs. The category with the largest number of positions is public safety. The second largest is general government, which has a smaller share of the total budget than other categories. The budget for general government is primarily dedicated to staff, while in categories like public safety or

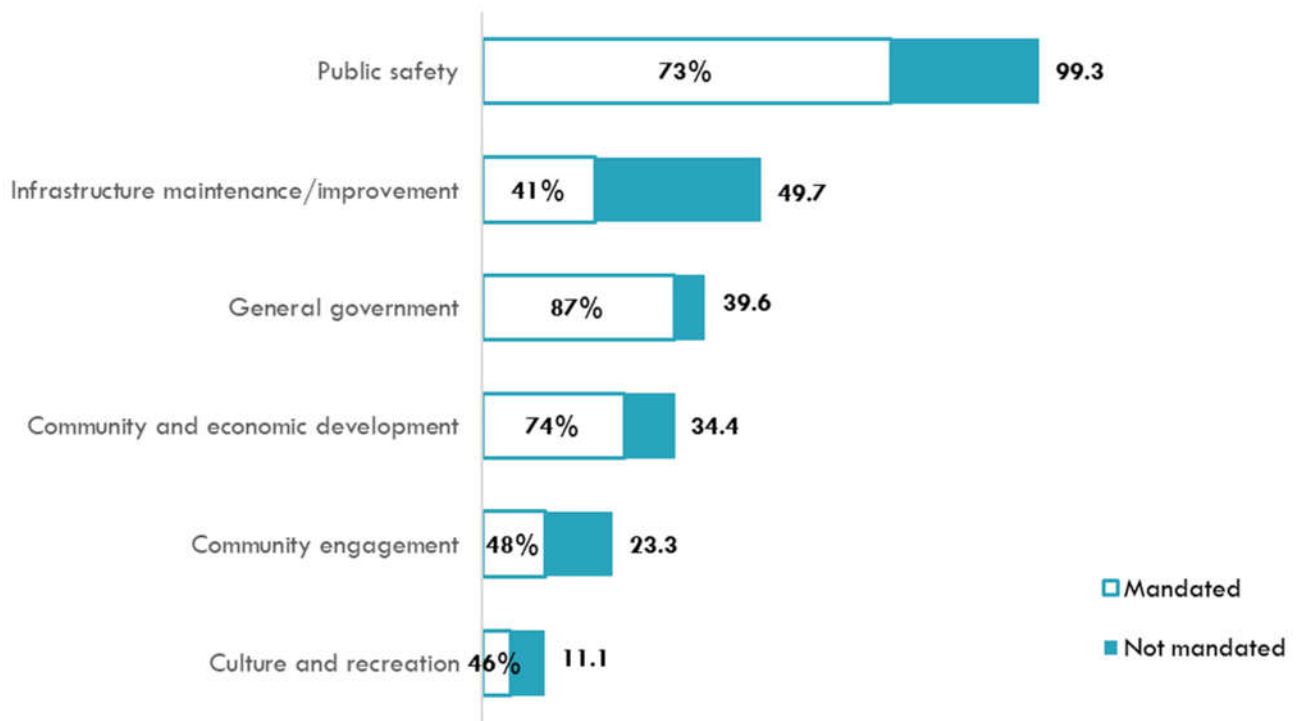
infrastructure maintenance and improvement there is a higher level of non-personnel expenditures like contracts or supplies.

Exhibit 48: City of Tukwila 2024 Total Budget by Category, Operating and Capital Funds



Source: City of Tukwila, 2023; BERK 2023.

Exhibit 49: City of Tukwila 2024 FTE Count by Category, Operating and Capital Funds



Source: City of Tukwila, 2023; BERK 2023.

Community and Economic Development Summary

Community and Economic Development includes programs to support City businesses, attract and grow new businesses, manage development, and conduct long-range planning.

Changes in Levels of Service

- Increase in permit review timelines due to high levels of permit activity and frozen staff positions.
- Increase in service levels per Council direction.

Priorities and Unfunded Needs

- Staff to support a higher level of environmental permitting.
- Bringing service levels back up to pre-pandemic levels.
- Investment in staff and succession planning to ensure the City can maintain service levels and retain high quality staff.

Opportunities for Efficiencies

- Reviewing and streamlining processes to allow staff to keep up with workload or address additional tasks.
- Potentially shifting positions to meet needs and dedicating time to cross-training to help staff meet workload demands with existing resources.

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Construction Permit Review & Inspection	\$1,241,580	7.6	Y - Federal/State
Permit Intake, Issuance, Coordination	\$689,749	4.9	Y - Federal/State
Code Enforcement	\$518,412	3.2	Y - City Code
Administration	\$462,304	2.5	Y - Federal/State
Long-Range & Comprehensive Planning	\$382,649	1.6	Y - Federal/State
Current Planning	\$375,975	2.0	Y - Federal/State
Rental Housing	\$169,516	1.2	Y - City Code
Professional Development & Training	\$157,785	1.0	Y - Ordinance/Resolution
Ordinance, Resolution and Code Development	\$145,831	0.8	Y - Federal/State
Lodging Tax Oversight/Support	\$72,096	0.2	Y - City Code
Mandatory Training	\$49,918	0.2	Y - Federal/State
Business License Administration	\$24,255	0.2	Y - City Code
City Policy Development	\$19,166	0.1	Y - Federal/State
Community Investment	\$1,966,626	7.8	N - Best Practice
Destination Development	\$439,993	0.1	N - Best Practice

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Tourism Marketing	\$399,965	0.3	N - Best Practice
Business & Development Attraction/Retention	\$136,714	0.5	N - Best Practice
City Property Development & Management	\$86,915	0.4	N - No Mandate
Total	\$7,339,448	34.4	

Community Engagement

Community Engagement includes programs to share information with the community, learn from community members, manage public records requests, and support the City's boards, commissions, and advisory bodies.

Cost Drivers

- Required participation in mandated training or adoption of new processes from updated state legislation.

Priorities and Unfunded Needs

- Staff to support the increase in the number and complexity of public records requests.
- Training for existing staff to maintain certifications/credentials and keep current on best practices and changes in regulations.

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Public Records Requests & Records Management	\$1,192,875	8.8	Y - Federal/State
Boards/Commissions/Committees	\$352,757	1.5	Y - City Code
Digital Records Center	\$182,968	1.0	Y - Federal/State
Communications & Community Engagement	\$2,328,591	12.0	N - Best Practice
Total	\$4,057,191	23.3	

Culture and Recreation

Culture and Recreation includes recreation and wellness programs designed for community members of all ages.

Cost Drivers

- Minimum wage requirements that impact the cost of labor.
- Increase in service levels per Council direction.

Changes in Levels of Service

- Elimination of some recreation programs and services and reduction in the days and hours of facility operations. Some reductions to recreation programs were restored with one-time funding from Federal American Rescue Plan Act (ARPA) funds. To maintain these restored services, ongoing funding will need to be identified.

Priorities and Unfunded Needs

- Restoring service levels to pre-pandemic levels.
- Resources dedicated to facility planning, maintenance, and operations.
- Resources dedicated to grant administration to maximize potential grant revenue for the City.
- Promoting and administering citywide volunteer opportunities, programs, and initiatives.
- Addressing physical and operational inequities, including enhanced language access services, ADA transition planning, and barrier elimination.

Opportunities for Efficiencies

- Exploration of alternative service delivery methods, such as shared service delivery or joint efforts with other organizations or neighboring cities.

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Administration	\$749,782	4.8	Y - Federal/State
Professional Development & Training	\$65,564	0.2	Y - Ordinance/Resolution
Mandatory Training	\$9,158	0.1	Y - Federal/State
Youth & Teen Services & Programs	\$869,555	2.0	N - No Mandate
Older Adult Services and Programs	\$354,767	1.8	N - No Mandate
Wellness & Adult Services & Programs	\$342,810	1.1	N - No Mandate
Facility Rentals	\$147,477	0.5	N - No Mandate
Preschool Services and Program	\$82,715	0.6	N - No Mandate
Total	\$2,621,827	11.1	

General Government

General Government programs include the central services that support all other departments, such as financial processing and reporting, personnel management, and City policy management.

Cost Drivers

- Required participation in mandated training or adoption of new processes from updated state legislation.
- Administration of City policies such as a new minimum wage ordinance.

Priorities and Unfunded Needs

- Investment in staff and succession planning to ensure the City can maintain service levels and retain high quality staff.
- Resources dedicated to grant administration to maximize potential grant revenue for the City.
- Operational support for capital investments, such as staff to implement and maintain new technology.

Opportunities for Efficiencies

- Reviewing and streamlining processes to allow staff to keep up with workload or address additional tasks.
- Potentially shifting positions to meet needs and dedicating time to cross-training to help staff meet workload demands with existing resources.

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Administration	\$3,942,031	8.2	Y - Federal/State
Risk Management	\$861,572	0.1	Y - Federal/State
City Attorney Services	\$525,987	0.0	Y - Federal/State
Sales and Other Taxes	\$451,131	2.6	Y - Federal/State
Financial Reporting/Audit/Account Administration	\$369,822	1.0	Y - Federal/State
Payroll & Benefit Administration	\$325,231	1.6	Y - Federal/State
Governmental & Regional Affairs	\$313,495	1.5	Y - Federal/State
Accounts Payable	\$288,772	1.7	Y - Federal/State
Legislative & Budget Oversight	\$263,281	6.0	Y - Federal/State
Accts Receivable/Misc Billing/LID/etc.	\$260,606	1.6	Y - Federal/State
Professional Development & Training	\$192,947	0.9	Y - Ordinance/Resolution
City Policy Development	\$178,826	0.7	Y - Federal/State
Business System Management/Support	\$176,922	0.6	Y - Federal/State
Civil Service Recruiting & Hiring	\$158,249	0.7	Y - Federal/State

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Recruiting and Hiring	\$157,801	0.8	Y - City Code
Equity	\$125,110	0.6	Y - Ordinance/Resolution
Council Agenda/Meeting Functions	\$122,517	0.8	Y - Federal/State
Grants Administration & Accounting	\$115,065	0.7	Y - Federal/State
Business Application Services	\$109,548	0.3	Y - Federal/State
Budget/CIP Development	\$109,042	0.6	Y - Federal/State
Labor & Employee Relations	\$96,626	0.4	Y - Federal/State
Financial Reporting/Analysis for Departments	\$93,069	0.5	Y - Federal/State
Benefit Plan Management	\$91,047	0.4	Y - Federal/State
GIS (mapping)	\$83,457	0.3	Y - City Code
Council Legislative Support	\$71,842	0.3	Y - Federal/State
Ordinance, Resolution and Code Development	\$63,564	0.4	Y - Federal/State
Policy Development/Compliance	\$57,578	0.3	Y - Federal/State
Classification & Compensation	\$44,915	0.2	Y - Ordinance/Resolution
Investments/Cash Management/Reporting	\$40,114	0.2	Y - Ordinance/Resolution
Debt Management	\$19,236	0.1	Y - Federal/State
Long-Range Financial Planning Model	\$13,699	0.1	Y - City Code
Capital Asset Accounting	\$12,913	0.1	Y - Federal/State
Indirect Cost Allocation Admin	\$6,560	0.0	Y - City Code
Mandatory Training	\$2,718	0.0	Y - Federal/State
End-User Infrastructure Services	\$524,987	0.6	N - Best Practice
Service Desk	\$356,826	2.1	N - Best Practice
Essential Public Services	\$220,251	0.4	N - Best Practice
Network Infrastructure Services	\$196,988	0.5	N - Best Practice
Cyber Security/Business Continuity	\$190,923	0.9	N - Best Practice
Mobility Services	\$66,235	0.4	N - Best Practice
Data Analytics	\$32,539	0.2	N - Best Practice
Emergency Application Services	\$31,921	0.2	N - Best Practice
Total	\$11,365,963	39.6	

Infrastructure Maintenance and Improvement

Cost Drivers

- Minimum wage requirements that impact the cost of labor.
- Inflationary increases in the cost of supplies, fuel, and contracts.
- Maintenance and operational costs for new facilities and newly acquired properties and lands.
- Increase in service levels per Council direction.
- Unforeseen events that occur after the budget is adopted such as weather events or damage to City-owned property.

Changes in Levels of Service

- Some reductions such as maintenance of parks, trails, bus stops, and medians, were restored with one-time funding from Federal American Rescue Plan Act (ARPA) funds. To maintain these restored services, ongoing funding will need to be identified.

Priorities and Unfunded Needs

- Resources dedicated to facility planning, maintenance and operations.
- Resources dedicated to grant administration to maximize potential grant revenue for the City.
- Dedicated sources of funding for capital projects.
- Operational support for capital investments such as facility and park maintenance.
- Investments in risk management and workplace health and safety.
- Addressing physical and operational inequities, including enhanced language access services, ADA transition planning, and barrier elimination.

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Administration	\$1,147,263	5.4	Y - Federal/State
Environmental Stewardship	\$880,566	4.9	Y - Ordinance/Resolution
Street Lighting	\$679,648	2.5	Y - Ordinance/Resolution
Traffic Control Devices	\$580,799	2.7	Y - Federal/State
Street Cleaning	\$425,982	0.8	Y - Ordinance/Resolution
Video & Fiber	\$151,611	0.9	Y - City Code
Snow & Ice Control	\$143,321	1.0	Y - City Code
Grants Administration & Accounting	\$140,834	0.8	Y - Federal/State
Budget/CIP Development	\$132,729	0.7	Y - Federal/State
Sidewalks	\$77,422	0.4	Y - City Code

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Mandatory Training	\$28,083	0.1	Y - Federal/State
Professional Development & Training	\$23,383	0.1	Y - Ordinance/Resolution
Projects & Capital Improvement Management	\$40,329,210	9.1	N - Best Practice
Facility Management & Improvement	\$2,011,828	7.8	N - Best Practice
Parks Maintenance	\$1,536,910	4.5	N - Best Practice
Pothole and Litter Control	\$1,155,174	0.4	N - Best Practice
TIB Bus Stop/Streetscape	\$315,789	2.2	N - Best Practice
Trail Maintenance	\$274,310	0.6	N - Best Practice
Graffiti, vandalism & garbage	\$223,223	1.5	N - Best Practice
Parks Facility Maintenance	\$211,652	1.6	N - Best Practice
Streetscapes/Median Landscape	\$92,400	0.8	N - Best Practice
Grounds Maintenance-City Facilities	\$89,974	0.7	N - No Mandate
Park Restrooms Contract	\$83,976	0.0	N - Best Practice
Minor Structural Repairs	\$51,448	0.4	N - Best Practice
Total	\$50,787,534	49.7	

Public Safety

Cost Drivers

- Inflationary increases in the cost of supplies, fuel, and contracts.
- Staff participation in mandated training or adoption of new processes from updated state legislation.
- Increase in service levels per Council direction.
- Unforeseen events that occur after the budget is adopted such as humanitarian crises.
- Growth in residential and daytime population may increase the number of incidents and the need for police services.

Changes in Levels of Service

- The Police Department was fully funded in the 2023-2024 budget and the department was able to fill previously frozen positions. The Police Department created new positions to focus on community engagement and emergency management.

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Police Patrol Services	\$9,039,888	36.1	Y - City Code
Investigation of Felony and Juvenile Crimes	\$2,276,505	11.4	Y - City Code
Administration	\$2,155,129	4.6	Y - Federal/State
Detention & Incarceration Services	\$1,123,782	0.3	Y - Federal/State
Traffic Enforcement & Crash Investigation Team	\$913,639	4.5	Y - Federal/State
Community Risk Reduction	\$723,800	0.0	Y - Ordinance/Resolution
Emergency Preparedness & Response	\$640,853	1.1	Y - Federal/State
Mandatory Training	\$551,850	2.3	Y - Federal/State
Public Defense Program	\$448,184	0.1	Y - Federal/State
Professional Development & Training	\$443,453	1.3	Y - Ordinance/Resolution
Case Management	\$414,622	2.3	Y - Federal/State
Emergency Management Program	\$412,537	2.0	Y - Federal/State
Civil Service Recruiting & Hiring	\$402,963	1.3	Y - Federal/State
Risk Management	\$365,664	0.0	Y - Federal/State
Evidence and Property Management	\$332,542	2.2	Y - Federal/State
Professional Standards	\$323,553	1.6	Y - Federal/State
Court Support Services	\$209,797	1.4	Y - Federal/State

Program Name	2024 Budget	2024 FTE Count	Program Mandate
Prosecution Services	\$155,231	0.0	Y - Federal/State
Animal Control	\$125,142	0.0	Y - City Code
Health & Safety	\$96,912	0.3	Y - Federal/State
Court Interpreter Program	\$73,864	0.3	Y - Federal/State
Public Safety Plan	\$18,138	0.1	Y - City Code
Accounts Payable	\$1,000	0.0	Y - Federal/State
Narcotics & Human Traffic Investigations	\$1,346,478	6.3	N - Best Practice
Police Support Operations	\$1,201,183	8.8	N - Best Practice
Community Policing Team	\$973,842	4.9	N - Best Practice
School Zone Safety Cameras	\$504,279	3.0	N - Best Practice
Critical Incident Response	\$394,697	1.7	N - Best Practice
Community Investment	\$162,297	1.0	N - Best Practice
Valley Independent Investigative Team	\$98,805	0.5	N - Best Practice
Homeless Encampment Response	\$46,618	0.2	N - Best Practice
Fire Services Contract	\$14,202,720	0.0	Not Applicable
Fire Retiree Benefits	\$309,500	0.0	Not Applicable
Total	\$40,489,467	99.3	

Appendix F: Service Level Adjustments

In response to the COVID-19 pandemic, the City reduced service levels and expenditures to align with reduced revenues. The City restored some services using new revenue and some one-time funding in the 2023-2024 “bridge budget.” A description of those service level adjustments is provided in Exhibit 50 below. The City’s adopted 6-year Financial Plan **assumes that services reduced in the pandemic will be restored to pre-pandemic levels.**

Exhibit 50: Summary of Tukwila’s Recent Service Level Adjustments

Category	2021-2022 Adopted Budget	2023-2024 Adopted Budget
Community and Economic Development	<ul style="list-style-type: none"> 4. Longer response time to customer inquiries (1-2 days to 4+ days) and longer processing time for permits (4-6 weeks to 8-12 weeks). 5. Less staff time spent on housing and regional planning issues. 	<ul style="list-style-type: none"> 6. Restored funding for 2 positions with Federal American Rescue Plan Act (ARPA) funds.
Community Engagement	<ul style="list-style-type: none"> 7. Elimination of the Community Connections program. 8. Prohibitions on public gatherings impeded the ability to adequately gather public input on City initiatives. 	<ul style="list-style-type: none"> 9. The Community Connectors Program, renamed the Tukwila Community Leadership Initiative, has been restored with ARPA funds.
Culture and Recreation	<ul style="list-style-type: none"> 10. Reduction in the number of recreation programs and services offered. 11. Reduction in funding for seasonal staff. 12. Reductions in park maintenance service levels: longer intervals between mowing, tree trimming, and weed removal; longer response times for graffiti removal and emergency repairs; and scheduled maintenance items, like painting benches are delayed or eliminated. 	<ul style="list-style-type: none"> 13. Restored funding for part-time labor and program supplies for teen and youth programs with ARPA funds. 14. Restored 2 part-time positions for Parks with ARPA funds.
General Government	<ul style="list-style-type: none"> 15. Reductions in travel and training budgets. 16. Elimination of the SeeClickFix contract, Commute Trip Reduction incentives (including ORCA cards), and Employee Recognition Program. 17. Reductions in City Attorney contract hours. 	<ul style="list-style-type: none"> 19. The SeeClickFix contract was restored with the use of Federal American Rescue Plan Act (ARPA) funds, as well as partial restoration of the Commute Trip Reduction and Employee Recognition programs. 20. The City Clerk’s extra labor position that works on public records requests was restored.

Category	2021-2022 Adopted Budget	2023-2024 Adopted Budget
	<p>18. Longer response time to review contracts and internal documents and provide support on financial tasks.</p>	<p>21. The Human Resources Director position in the previous biennium was changed to a Deputy Director Admin. Services & Chief People Officer.</p> <p>22. Addition of 2 FTEs to support implementation and management of the new B&O tax program.</p>
<p>Infrastructure Maintenance/Improvement</p>	<p>23. Deferred maintenance on various City facilities.</p> <p>24. Elimination of street sweeping and sidewalk cleaning.</p> <p>25. Deferred maintenance for traffic signals and signal cable upgrades.</p> <p>26. Rather than frontloading snow and ice response material purchases, if a snow and/or ice event occurs, staff will purchase required materials and maintain the roads. Such expenditures will be covered via a budget amendment later in the year</p>	<p>27. Restored funding for 2 positions with Federal American Rescue Plan Act (ARPA) funds.</p> <p>28. The City hired a contract Project Manager to lead the Environmental Impact Statement for the Allentown Neighborhood Truck Reroute Project.</p>
<p>Public Safety</p>	<p>29. Reductions in Court staffing but ability to maintain service levels due to increased use of technology.</p> <p>30. Reductions in Police staff time on refugee/homeless outreach, drug and human trafficking investigations, and felony investigations.</p> <p>31. Freezing of K9 Program.</p> <p>32. Temporary re-assignment of School Resource Officers.</p>	<p>33. Increase in Court overtime budget to respond to new state requirements and manage traffic filings associated with red light cameras.</p> <p>34. Police positions that were frozen were fully funded through the B&O tax.</p> <p>35. Police created new positions: a Community Engagement Coordinator, an Emergency Management Coordinator, and a Public Disclosure Records Specialist.</p>

Sources: City of Tukwila 2021-2022 Adopted Budget and 2023-2024 Adopted Budget; BERK 2024.

Appendix G: Adopted Financial Forecast

The City develops a six-year financial plan for the General Fund to see the impact of financial policies and budget decisions. Revenues and expenditures are projected based on economic factors, past trends, and known program or policy changes.

The City's adopted 6-year Financial Plan (Exhibit 51) (found within the City's budget document) funds current programs and services, as well as those programs and services that were reduced during the pandemic and have not yet been restored. The 6-year plan calls for restoring all remaining reductions from the pandemic and using ongoing revenue to support these programs beginning in 2025.

The adopted Financial Plan includes the following revenue assumptions:

- Use of about half of the property tax capacity created with annexation into the Puget Sound Regional Fire Authority (PSRFA), starting in 2025.
- Addition of the Business & Occupation Tax starting in 2024.
- Reduction in some fire department revenues, as they will transfer to PSRFA, starting in 2025.
- The Plan includes the following expenditure assumptions:
 - Reduction in contract expenditures with PSRFA, starting in 2025.
 - Funding of 8 FTE positions that were frozen in the 2023-2024 budget, starting in 2025.
 - No other increase in staffing.
 - Less than 2% annual increase in budgets for salaries and benefits.
 - No increase in budgets for operational expenses like supplies, technology, and professional development.
 - Funding of planned debt service payments.

In the adopted 6-year Financial Plan, the General Fund meets minimum fund balance requirements. The City's reserve policy, as revised in 2015, requires a General Fund minimum fund balance of 18% as calculated on the prior year ongoing General Fund revenue. A new discretionary reserve was added to the policy. Under this section, 10% of one-time revenue realized in the previous year will be set aside as a one-time revenue reserve, to the extent doing so does not negatively impact compliance with the General Fund minimum fund balance requirement.

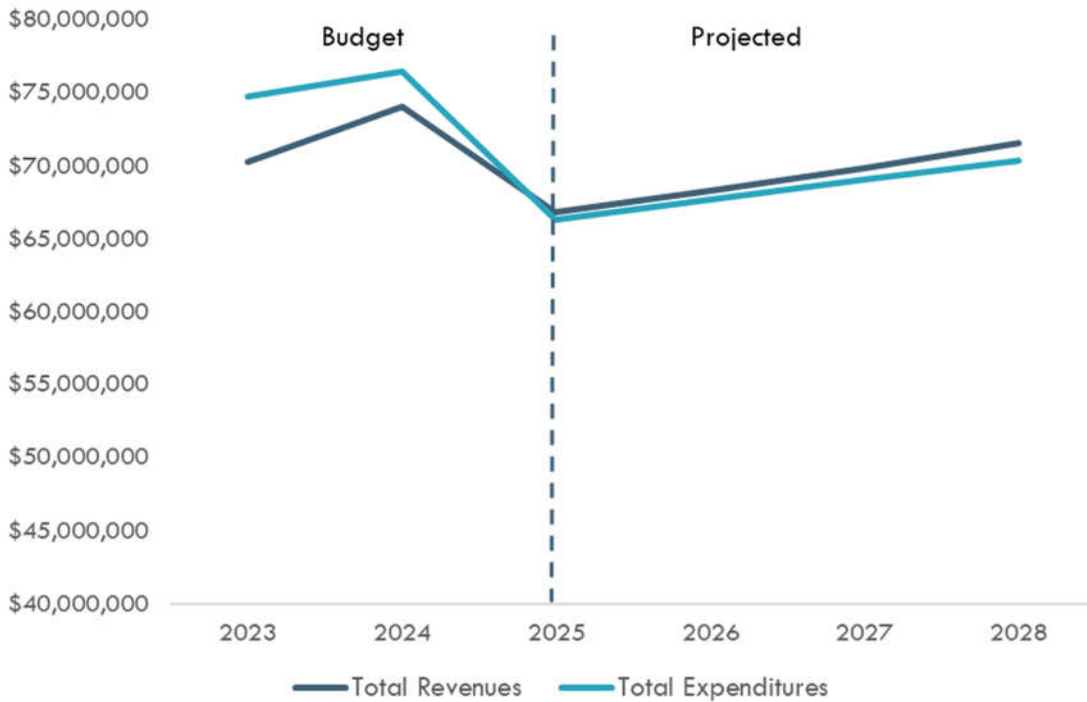
Reserve funds are set aside to mitigate current and future risks, such as revenue shortfalls or unanticipated expenditures. Examples include responding to weather events or unforeseen human services needs.

Since revenues will decrease due to the annexation into PSRFA, the reserve policy allows reserves to decrease as well. In the adopted 6-year Financial Plan, the City chose to hold reserves at the current level until such time as revenues rebound. This conservative approach is how the reserve policy was implemented during the COVID-19 pandemic, and the recommendation from staff is to continue this approach in the future.

Summary Impact

In the adopted 6-year Financial Plan, revenue growth is projected to be higher than expenditure growth, which would provide for modest capacity for either additional expenditures or a reduction in revenues (detailed in Exhibit 52). The projected variance between revenues and expenditures is approximately 1% of total revenues.

Exhibit 51. Revenues and Expenditures in Adopted 6-year General Fund Financial Plan, 2023-2028



Source: City of Tukwila, 2023; BERK 2024.

Exhibit 52: Projected Revenues and Expenditures in Adopted 6-Year General Fund Financial Plan, 2025-2028

	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Revenues	\$66,814,000	\$68,258,000	\$69,792,000	\$71,551,000
Expenditures	\$66,331,000	\$67,696,000	\$69,009,000	\$70,357,000
Variance	\$483,000	\$562,000	\$783,000	\$1,194,000

Note: Amounts have been rounded to the nearest \$1,000.

Source: City of Tukwila, 2023; BERK 2024.