

**CITY OF MARYSVILLE AGENDA BILL**

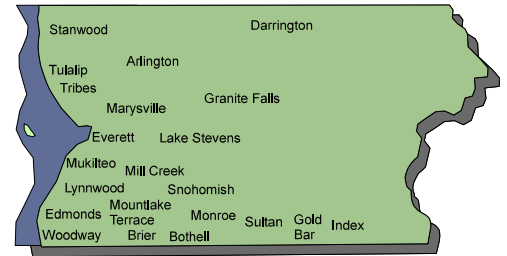
**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE: June 06, 2022**

<b>AGENDA ITEM:</b>	
Discussion related to the estimated dues increase for Snohomish County Tomorrow (SCT) services.	
<b>PREPARED BY:</b>	<b>DIRECTOR APPROVAL:</b>
Discussion item requested by Councilmember Richards.	N/A
<b>DEPARTMENT:</b>	
N/A	
<b>ATTACHMENTS:</b>	
1. SCT Revenue and Dues Estimate 2023-2027 dated 05-25-22	
<b>BUDGET CODE:</b>	<b>AMOUNT:</b>
N/A	N/A
<b>SUMMARY:</b>	
<p>As summarized in Attachment 1, Snohomish County Tomorrow (SCT) is operating with an annual budget deficit of approximately \$26,000. Projected operating expenses exceed revenue, and an annual dues increase of 4.5% is insufficient to balance SCT's budget. Future deficits are projected absent a significant increase in revenue or reduction of expenses. Last year during the 2022 budget development process, the Executive Committee requested more information and discussion about what value and services SCT members receive for their dues before considering a higher dues increase. Attachment 1 addresses the current SCT services, products, value, and their costs as well as the dues increases needed over the next five years to continue to provide that level of service.</p> <p>The projected SCT rate increase for 2023 is 19.5% for all jurisdictions. The 2022 rates for Marysville were \$14,489. With the rate increase, Marysville will pay an additional \$2,825, totaling \$17,315 for 2023.</p>	
<b>RECOMMENDED ACTION:</b> Discussion item (requested by Councilmember Richards).	
<b>RECOMMENDED MOTION:</b> N/A	

# Snohomish County Tomorrow

## *A GROWTH MANAGEMENT ADVISORY COUNCIL*



### MEMORANDUM

TO: Steering Committee

FROM: Brett Gailey, Nate Nehring, Dave Somers, Barbara Tolbert, and Executive Committee members

DATE: May 25, 2022

SUBJECT: Revenue and Dues Estimate 2023-2027

#### Introduction

Snohomish County Tomorrow is operating with an annual budget deficit of approximately \$26,000. Projected operating expenses exceed revenue, and an annual dues increase of 4.5% is insufficient to balance SCT's budget. Future deficits are projected absent a significant increase in revenue or reduction of expenses. Last year during the 2022 budget development process, the Executive Committee requested more information and discussion about what value and services SCT members receive for their dues before considering a higher dues increase. This memo addresses the current SCT services, products, value, and their costs as well as the dues increases needed over the next five years to continue to provide that level of service.

#### Current SCT Products and Services

##### A. Reports:

Several reports required by the Growth Management Act (GMA) are drafted by Snohomish County staff and refined by SCT committees. Those reports include the Buildable Lands Report (BLR), required by the Growth Management Act (GMA) (RCW 36.70A.215). The Growth Monitoring Report (GMR) is required by GMA, also, (RCW 36.70A.110) as well as Growth Targets (RCW 36.70A.110). Countywide Planning Policies (CPPs) are also required by GMA (RCW 36.70A.210). The County and cities are required under GMA to collect data and report on growth trends. SCT does this on behalf of all members by first preparing biennial Growth Monitoring Reports. SCT also provides the forum for collaboration among jurisdictions on the preparation of the 'Buildable Lands Report.' Without this collaboration on these reports, each jurisdiction would be required to complete this work on their own. In addition, SCT has contributed to the expenses of development of the last two Buildable Lands Reports.

##### B. Infrastructure Funding; Federal STP and CMAQ (transportation projects), Rural Town Centers/Corridors, and Local Public Assistance Funding

SCT committees review and recommend priorities for transportation funding to PSRC. They also recommend funding priorities to the County Council for local jurisdictions' projects. Without this collaborative, priority-setting process, each individual jurisdiction would need to lobby on their own behalf for funding, competing with other jurisdictions, counties, and transit agencies.

C. Staffing Four SCT Committees and Annual Assembly Event Planning

The SCT Manager staffs four SCT committees (Steering and Executive committees, PAC, and CAB). The SCT Manager also provides all the event planning and management for the annual SCT Assembly. Each face-to-face Assembly has averaged about 100 SCT staff time hours.

**Costs of Products and Services**

The cost of staffing SCT committees and events was \$175,420 in 2021 which includes SCT staffing, operating expenses, and County overhead. Below is a breakdown of SCT costs for 2018-2021 excluding the contribution to the BLR mentioned above.

**Table 1.**

	<b>Staffing Costs</b>	<b>Operating Expenses</b>	<b>Overhead Expenses</b>	<b>Total Expenses</b>
2018	\$ 91,844	\$ 8,234	\$ 18,406	\$ 118,484
2019	\$ 111,369	\$ 8,319	\$ 21,899	\$ 141,587
2020	\$ 150,351	\$ 1,769	\$ 21,694	\$ 173,814
2021	\$ 153,157	\$ 2,193	\$ 20,070	\$ 175,420

The 2022 budget for the cost of SCT staffing and event planning is \$195,663. Dues revenue is estimated at \$169,535, resulting in a projected deficit of \$26,128. The estimated 2023 expense budget for the same level of staffing is approximately \$202,000, which would require a dues increase of 19.5% to cover those costs. If SCT stayed with a 4.5% dues increase, the annual deficit for 2023 would be \$25,000

In addition to SCT staffing, the cost of products and services provided by Snohomish County to members of Snohomish County Tomorrow over the past four years (2018-2021) ranges from \$32,000 to \$753,000 - for the BLR (of which \$88,050 was funded by SCT). As noted throughout this memo, some of these costs have been covered by SCT member dues, but the County has paid for most of them. Snohomish County's Long Range Planning staff costs have exceeded \$1 million for the four major projects described above.

To recap, the current dues rates for SCT members does not cover the costs of SCT staffing, overhead and operating expenses. Without higher dues increases or a reduction in expenses, there will continue to be a shortfall between revenue and expense. SCT's fund balance was \$97,825 at the end of 2021. The \$26,000 budgeted deficit in 2022 will deplete SCT's fund balance to around \$72,000. Absent a larger dues increase and/or reduction of expenditures, based on the trending budget deficits, SCT will run out of fund balance within three-four years.

**Closing the Gap**

To close the gap between revenue and expenses, and to start building reserves for future needs such as the BLR, a larger dues increase is needed in future years. If SCT expenses remain status quo in 2023, a 19.5% one-time dues increase would be needed to cover the estimated \$202,000 in costs and balance the budget. On the other hand, a dues increase of 4.5% in 2023 would result in a projected deficit of \$25,000 which would further reduce the fund balance to around \$47,000 at the end of 2023.

**Estimated Expenses**

Following is a look at forecasted expenses and probable dues rates for the next five years, assuming SCT adopts a balanced budget in 2023 and beyond. The estimated expenses and dues below assume that SCT products and services remain at the same level. This level includes a full time SCT Manager and cooperation with the Planning and Development Services staff to complete GMA-required reports.

Estimated expenses for this year as well as five years beyond are shown on Table 2 below. In making these forecasts we assumed that the staffing level will remain the same (one full-time SCT Manager). We assumed staffing expenses would increase 3% per year due to cost-of-living increases, operating

expenses would remain constant, and overhead costs would increase 5% annually. While there is no way to predict the future in today's economic environment, we felt these assumptions were reasonable for the intended purpose.

**Table 2.**

	<b>Staffing</b>	<b>Operating Expenses</b>	<b>Overhead</b>	<b>Total Expenses</b>
2022	\$144,050	\$30,299	\$21,314	\$195,663
2023	\$149,837	\$29,944	\$22,236	\$202,017
2024	\$154,114	\$29,944	\$23,025	\$207,083
2025	\$158,662	\$29,944	\$23,854	\$212,460
2026	\$163,347	\$29,944	\$24,724	\$218,015
2027	\$168,172	\$29,944	\$25,638	\$223,754

**Projected Revenue & Dues**

A dues rate that would match the forecasted expenses is shown in Table 3 below. (This rate of dues would not build additional reserves for another SCT contribution to the Buildable Lands Report, but it would leave the current fund balance intact.) Table 3 also shows the revenue from the projected dues, and investment revenue (Other Revenue).

**Table 3.**

	<b>Total Expenses</b>	<b>Rate of Increase</b>	<b>Revenue From Dues</b>	<b>Other Revenue</b>	<b>Gain/Loss</b>
2023	\$202,017	19.5%	\$201,998	\$250	\$231
2024	\$207,083	2.4%	\$206,883	\$250	\$50
2025	\$212,460	2.6%	\$212,210	\$250	\$0
2026	\$218,015	2.6%	\$217,765	\$250	\$0
2027	\$223,754	2.6%	\$223,504	\$250	\$0

A one-time increase of 19.5% in 2023 is needed to close the historical gap between costs and revenues. After that, dues increases would be adjusted to adequately cover SCT's costs, estimated to be between 2.4% and 2.6%.

**Summary**

Balancing the SCT budget through 2027 can be addressed by raising dues by 19.5% in 2023 with smaller increases thereafter. This strategy would retain an SCT fund balance of approximately \$72,000 at the end of 2022 as well as continue the current level of products and services. See Table 4 on the next page for an estimate of SCT member jurisdictions' dues.

**Table 4. Estimated 2023-2027 Dues Increases**

Based on November 2021 Population Estimates

Jurisdiction	Nov 2021 Total Population	2021 SCT Dues	2022 SCT Dues	2023 Dues to cover expected costs (19.5%)	Difference 2023- 2022	2024 Dues	2025 Dues	2026 Dues	2027 Dues
Everett	112,300	\$22,057	\$22,837	\$27,290	\$4,453	\$27,950	\$28,670	\$29,420	\$30,196
Marysville	71,250	\$13,539	\$14,489	\$17,315	\$2,825	\$17,733	\$18,190	\$18,666	\$19,158
Edmonds	42,900	\$8,312	\$8,724	\$10,425	\$1,701	\$10,677	\$10,952	\$11,239	\$11,535
Lynnwood	38,650	\$7,964	\$7,860	\$9,392	\$1,533	\$9,620	\$9,867	\$10,125	\$10,392
Lake Stevens	37,000	\$6,684	\$7,524	\$8,991	\$1,467	\$9,209	\$9,446	\$9,693	\$9,949
Mountlake Terrace	21,980	\$4,239	\$4,470	\$5,341	\$872	\$5,471	\$5,611	\$5,758	\$5,910
Mukilteo	20,690	\$4,180	\$4,207	\$5,028	\$820	\$5,149	\$5,282	\$5,420	\$5,563
Mill Creek	21,560	\$4,030	\$4,384	\$5,239	\$855	\$5,366	\$5,504	\$5,648	\$5,797
Arlington	20,930	\$4,032	\$4,256	\$5,086	\$830	\$5,209	\$5,343	\$5,483	\$5,628
Monroe	19,900	\$3,875	\$4,047	\$4,836	\$789	\$4,953	\$5,080	\$5,213	\$5,351
Bothell*	19,400	\$3,654	\$3,945	\$4,714	\$769	\$4,828	\$4,953	\$5,082	\$5,216
Snohomish	10,160	\$2,004	\$2,066	\$2,469	\$403	\$2,529	\$2,594	\$2,662	\$2,732
Stanwood	7,980	\$1,394	\$1,623	\$1,939	\$316	\$1,986	\$2,037	\$2,091	\$2,146
Sultan	5,370	\$1,082	\$1,092	\$1,305	\$213	\$1,337	\$1,371	\$1,407	\$1,444
Granite Falls	4,490	\$866	\$913	\$1,091	\$178	\$1,118	\$1,146	\$1,176	\$1,207
Tulalip Tribes**	2,742	\$541	\$558	\$666	\$109	\$682	\$700	\$718	\$737
Gold Bar	2,420	\$430	\$492	\$588	\$96	\$602	\$618	\$634	\$651
Darrington	1,470	\$278	\$299	\$357	\$58	\$366	\$375	\$385	\$395
Woodway	1,325	\$266	\$269	\$322	\$53	\$330	\$338	\$347	\$356
Index	155	\$34	\$32	\$38	\$6	\$39	\$40	\$41	\$42
Snohomish County***	368,558	\$72,296	\$74,948	\$89,564	\$14,615	\$91,730	\$94,092	\$96,555	\$99,099
<b>Total</b>	<b>831,230</b>	<b>\$161,757</b>	<b>\$169,035</b>	<b>\$201,998</b>	<b>\$32,963</b>	<b>\$206,883</b>	<b>\$212,210</b>	<b>\$217,765</b>	<b>\$223,504</b>
			4.50%	19.5%		2.4%	2.6%	2.6%	2.6%
<b>Other Revenue</b>		\$125	\$500	\$250		\$250	\$250	\$250	\$250
<b>Expenses</b>		(\$175,419)	(\$195,663)	(\$202,017)		(\$207,083)	(\$212,460)	(\$218,015)	(\$223,754)
<b>Gain/Loss</b>		(\$13,537)	\$(26,128)	\$231		\$50	\$0	\$0	\$0
<b>Fund Balance</b>		\$97,825	\$71,697	\$71,928		\$71,978	\$71,978	\$71,978	\$71,978