FileLocal

Executive Board:

Susy Haugen, Chair
City of Everett

Toni Call
City of Bellevue

Glen Lee
City of Seattle

Andy Cherullo
City of Tacoma

Executive Board Agenda

February 6, 2017

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

1. CALL TO ORDER

A. Introductions

2. PUBLIC COMMENT*

3. ACTION ITEMS

A. Resolution FL2017-01: Revised 2017 Budget
   I. Briefing Paper: Resolution FL2017-01 **Page 2**
   II. Resolution FL2017-01 **Page 3**
   III. Attachment A: Revised 2017 Budget **Page 5**

4. NEXT MEETING:

A. Executive Board meeting: Monday, March 27, 2017, at 12:00 p.m.
B. Operations Committee Meeting: Monday, March 13, 2017, at 2:00 p.m.

5. ADJOURNMENT

*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

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File Local Resolution FL2017-01
Briefing Paper

Date: February 6, 2017

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the revised final 2017 budget?

Recommendation: The Portal Agency Executive Board should pass Resolution FL2017-01 approved the revised final 2017 budget.

Rationale: Section 13.v.f of the Interlocal Agreement allows for budget modifications, approved by a Supermajority Vote of the Executive board, as necessary from time to time to account for changes in expenditures and revenues.

Background: The reimbursable costs included in the approved final 2017 budget has been determined to be insufficient to cover the City of Seattle's 2017 expenses. This resolution is intended to cover part of that shortage using the 2016 fund balance carry forward.

RESOLUTION NO. 2017-11

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board adopting a revised final 2017 Budget.

Whereas, the Washington Multi-City Interlocal Business License and Tax Portal Agency ("Portal Agency") Interlocal Agreement ("Agreement") requires the Executive Board to adopt a final Portal Agency budget by December 13 annually;

Whereas, the Program Manager shall present a proposed budget to the Executive Board no later than May 1 prior to the commencement of the budget period, together with the Operation Committee's recommendations with respect to the proposed budget;

Whereas, the Executive Board received a draft 2017 budget for review on May 12, 2016, approved a draft 2017 budget on June 2, 2016, and approved the final 2017 budget on December 12, 2016;

Whereas, Section 13.v.f of the Agreement allows for budget modifications, approved by a Supermajority Vote of the Executive board, as necessary from time to time to account for changes in expenditures and revenues;

Whereas, the reimbursement cost included in the approved final 2017 budget has been determined to be insufficient to cover the City of Seattle's expenses;

Now Therefore,

BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby adopts the revised final 2017 budget for the Portal Agency as set forth in Exhibit A to this Resolution.

ADOPTED this 6th day of February, 2017.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

Board Secretary

Board Chair

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Proposed 2017 Final Budget

This update is a request by the City of Seattle to reduce the FY2017 reimbursable costs by the FY2016 Fund Carryover.

Washington Cities Business License and Tax Portal Agency
2017 Proposed Budget
January 28, 2017

	(Jan 2017 Revised) 2017 Budget		(Dec 2016) Final 2017 Budget	(May 2016) 2017 Adopted Budget	2016 Final	(Jan 2017 Revised) vs. (Dec 2016) 2017 Budget	2016 Final vs. May 2016 Adopted Budget	May 2016 Adopted Buget vs. Dec 2016 Final Budget
Revenue								
Fund Carryover	151,578		185,606	-	457,757	(34,028)	185,606	(457,757)
User Fees	56,000	<1>	56,000	96,755	48,378	-	(40,755)	48,377
Reimbursable Costs						-	-	-
- City of Seattle	502,378	<2>	602,472	670,852	406,490	(100,093)	(68,380)	264,362
- City of Bellevue	73,130	<2>	87,701	97,655	59,172	(14,570)	(9,954)	38,483
- City of Tacoma	118,231	<2>	141,787	157,879	95,664	(23,556)	(16,092)	62,215
- City of Everett	34,032	<2>	40,812	45,444	27,536	(6,780)	(4,632)	17,908
Total Reimbursable Costs	727,771		872,771	971,830	588,862	(145,000)	(99,059)	382,968
Capital Cost Recovery Charges								
- City of Bellevue	4,000	<8>	4,000	4,000	8,000	-	-	(4,000)
- City of Tacoma	6,000	<8>	6,000	6,000	12,000	-	-	(6,000)
- City of Everett	2,000	<8>	2,000	2,000	4,000	-	-	(2,000)
Total Capital Cost Recovery Charges	12,000		12,000	12,000	24,000	-	-	(12,000)
Total Revenue	**947,349**		**1,126,377**	**1,080,585**	**1,118,996**	**(179,028)**	**45,792**	**(38,411)**
						-	-	-
Expenditures						-	-	-
Labor	333,952	<3>	333,952	363,952	324,182	-	(30,000)	39,770
Contracts	44,556	<4>	44,556	44,556	43,520	-	(0)	1,036
Overhead	55,031	<5>	55,031	80,031	48,868	-	(25,000)	31,163
Technology Costs	457,000	<6>	457,000	523,577	269,089	-	(66,577)	254,488
Operating Reserve	38,232	<7>	38,232	56,469	409,338	-	(18,237)	(352,869)
Capital Cost Recovery Payments	12,000	<8>	12,000	12,000	24,000	-	-	(12,000)
Total Expenditures	**940,771**		**940,771**	**1,080,585**	**1,118,997**	**-**	**(139,814)**	**(38,412)**
Excess (Deficit)	**6,578**		**185,606**	**-**	**(0)**	**(179,028)**	**185,606**	**0**

Assumptions and Notes

<1> User fees are estimated based on 2016 actual user fees and consideration of 2017 marketing efforts.

<2> Reimbursable costs are allocated based on the allocation percentages defined in the Interlocal Agreement.

<3> Labor costs represent 2.5 FTE loaned in from the City of Seattle. The total costs include salaries, fringe benefits, related payroll taxes and other allocated overhead costs.

<4> Professional fees include accounting, insurance, and bank charges. They are budgeted based on the existing contracts or estimate of what cost will be using CPI.

<5> Overhead includes legal, supplies, printing, memberships and allocated information technology costs. They are budgeted based on the existing contracts or estimate of what cost will be using CPI.

<6> Technology costs include fixed annual hosting and licensing fees, services based on the usage, other associated fees and new contract with Leviathan for security monitoring, ADA planning and performance testing every other year. Transaction fees are estimated based on the numbers of actual 2012 transaction count. Technology costs increased based on Ramware contract Payment Schedule.

<7> The operating reserve is estimated based on 15% of the total expenditure budget.

<8> Capital cost recovery is budgeted based on the Interlocal Agreement.

Washington Cities Business License and Tax Portal Agency
Projected User Fees, Transaction Fees, and Payment Processing Fees
January 28, 2017

	Seattle	Bellevue	Tacoma	Everett	Total	Proposed 2017
User Fees ($4 per filing)	$ 48,405	$ 20,380	$ 19,280	$ 8,690	$ 96,755	56,000 <2>
2017 Transaction Fees Charged by E-Gov ($1.40 per count) <1>					$ 86,177	19,600 <3>
2018 Transaction Fees Charged by E-Gov ($1.5 per count) <1>					$ 138,499	
2019 Transaction Fees Charged by E-Gov ($1.5 per count) <1>					$ 184,666	
2020 Transaction Fees Charged by E-Gov ($1.6 per count) <1>					$ 246,221	

<1> Estimated based on current fee schedule between Kubra and the City of Seattle. FileLocal Operating Committee will need to make final decision on Kubra fees.

<2> Based on the formula and assumptions herein, we initially projected user fees to be $96K. By reviewing the actual 2016 user fees and considering the marketing efforts in 2017, $56K user fees are projected for 2017 to be conservative.

<3> In response to the reduced user fees, we estimate a lower transaction fees for 2017 to be $19,600.

Transaction Counts

	Seattle	Bellevue	Tacoma	Everett	Total
2012 Actual Transaction Counts *	212,457	30,927	50,000	14,392	307,776
% Allocation *	69%	10%	16%	5%	100%

** Per the Interlocal Agreement, 2012 actual transaction counts are used to estimate transaction fees and to determine cost allocation percentages among participating cities.*

Numbers of Filings

	Seattle	Bellevue	Tacoma	Everett	Total
2012 Actual Filings **	60,506	25,475	24,100	10,863	120,944

*** The 2012 Actual Filings represents the adjusted 2012 actual transaction counts by zero filers and estimated multiple transactions happening for one city. The numbers of filings are used to estimate user fees and payment processing fees.*

Adoption Rate (Five Years)

	2014	2015	2016	2017	2018	2019	2020
Adoption Rate Recommended by E-Gov	15%	40%	50%	60%	70%	80%	90%
Adjusted Adoption Rate ***	0%	10%	10%	20%	30%	40%	50%

**** The adjusted adoption rate reflects the adjustments made to the recommended adoption rate as a result of the expected live operation in the second quarter of 2015.*

Washington Cities Business License and Tax Portal Agency
Expenditure Budget Details
January 28, 2017

		(Jan 2017 Revised) 2017 Budget	(Dec 2016) Final 2017 Budget	(May 2016) 2017 Adopted Budget	2016 Final	(Jan 2017 Revised) vs. (Dec 2016) 2017 Budget	Dec 2016 Final Budget vs. May 2016 Adopted Buget vs.	May 2016 Adopted Budget vs. 2016 Final
Personnel costs assumes max rate, 35% burden and 3% cola each year	**FTE**							
Portal Manager (assumes existing position salary)	1	157,641	157,641	172,641	157,890	0	-15,000	14,751
Administrative Specialist (assume mid range)	0.5	48,608	48,608	48,608	37,469	0	0	11,139
Project Manager/Business Analyst (assume mid range)	1	127,703	127,703	142,703	128,823	0	-15,000	13,880
Labor Total	**2.5**	**333,952**	**333,952**	**363,952**	**324,182**	**0**	**-30,000**	**39,770**
Consultants and Service Fees								
Outside Accounting Services		26,506	26,506	26,506	25,890	0	0	616
State Auditor		10,693	10,693	10,693	10,445	0	0	249
Insurance and WCIA Fee		5,882	5,882	5,882	5,745	0	0	137
Bank Fees		1,474	1,474	1,474	1,440	0	0	34
Consultants and Service Fees, Total		**44,556**	**44,556**	**44,556**	**43,520**	**0**	**0**	**1,036**
Overhead								
Legal		31,852	31,852	31,852	31,112	0	0	740
City of Seattle Technology Fees		2,139	2,139	2,139	2,089	0	0	50
Office and Operating Supplies		5,347	5,347	5,347	5,222	0	0	124
Printing		5,347	5,347	5,347	5,222	0	0	124
Licenses/Memberships		5,347	5,347	5,347	5,222	0	0	124
Marketing		5,000	5,000	5,000		0	0	5,000
Intergovernmental				25,000		0	-25,000	25,000
Overhead Total		**55,031**	**55,031**	**80,031**	**48,868**	**0**	**-25,000**	**31,163**
Info. Technology								
ASP Hosting fees		55,000	55,000	55,000	24,000	0	0	31,000
SAAS per Year		150,000	150,000	150,000	150,000	0	0	0
FileLocal.org Hosting Fees		5,400	5400	5,400		0	0	5,400
Portal Improvements (agreed to as part of budget process each year)				150,000		0	-150,000	150,000
USPS Address Validation (assumes 50,000 new address validations at .04 cents to be trued up after one full year of operation)		2,000	2,000	2,000	2,000	0	0	0
Transaction Fees (cost per transaction is $1.4 for 2017 and goes up subsequent years per agreed upon payment schedule; uses the same adoption rate as user fees as well as the baseline budget allocation transaction count of 307,776 from updated 2012 #'s)		19,600	19,600	86,177	43,089	0	-66,577	43,089
Contract with Leviathan for security monitoring and auditing (Note 1)		50,000	50,000	50,000	50,000	0	0	0
ADA Planning (Complete ADA requirements to make FileLocal ADA compliant 508 VPAT certified)		25,000	25000	25,000		0	0	25,000
Performance Testing						0	0	0
Software Development		150,000	150,000			0	150,000	0
Info. Technology, Total		**457,000**	**457,000**	**523,577**	**269,089**	**0**	**-66,577**	**254,489**
Total Operating Expenditures		**890,539**	**890,539**	**1,012,116**	**685,659**	**0**	**-121,577**	**326,457**
Reserves								
Operating Reserve - 15%		133,581	133,581	151,817	95,349	0	-18,237	56,469
Prior Year(s) Reserve		95,349	95,349	95,349	93,768	0	0	1,581
Current Year Reserve Need		**38,232**	**38,232**	**56,469**	**1,581**	**0**	**-18,237**	**54,888**
Total Budget		**928,771**	**928,771**	**1,068,585**	**687,240**	**0**	**-139,814**	**381,345**
Unspent/committted fund balance					407,757			-407,757
Capital recovery payment		12,000	12,000	12,000	24,000	0	0	-12,000
Total		940,771	940,771	1,080,585	1,118,997	0	-139,814	-38,412

Washington Cities Business License and Tax Portal Agency
Projected Reimbursable Costs and Capital Recovery Fees
January 28, 2017

1. Reimbursable Costs	
Total Expenditures	940,771
Fund carryover	157,000
User fees	56,000
Costs to be allocated	727,771
- Seattle	502,378
- Bellevue	73,130
- Tacoma	118,231
- Everett	34,032
Total estimated reimbusable costs (revenue)	727,771
2. Capital Recovery Fees	
Bellevue	4,000
Tacoma	6,000
Everett	2,000
Total Capital Recovery Fees	12,000

Washington Cities Business License and Tax Portal Agency
CPI
January 28, 2017

	2015	2016	2017	2018	2019	2020
CPI-U-Sea-Tac-Bell MSA	0.74%	2.42%	2.38%	2.41%	2.35%	2.35%

Washington Cities Business License and Tax Portal Agency
Fund Balance Projection
January 28, 2017

	2016 Actual	2016 Budget	Delta
Revenue			
Fund Carryover	465,898	457,757	8,141
User Fees	31,796	48,378	(16,582)
Reimbursable Costs			-
- City of Seattle	406,490	406,490	(0)
- City of Bellevue	59,172	59,172	(0)
- City of Tacoma	95,664	95,664	(0)
- City of Everett	27,536	27,536	0
Total Reimbursable Costs	588,862	588,862	(0)
Capital Cost Recovery Charges			
- City of Bellevue	8,000	8,000	-
- City of Tacoma	12,000	12,000	-
- City of Everett	4,000	4,000	-
Total Capital Cost Recovery Charges	24,000	24,000	-
Total Revenue	**1,110,556**	**1,118,996**	**(8,440)**
Expenditures			
Labor	277,413	324,182	(46,769)
Contracts	31,267	43,520	(12,253)
Overhead	40,203	48,868	(8,665)
Technology costs	429,095	269,089	160,006
Capital cost recovery payments	24,000	409,338	(385,338)
Operating reserve		24,000	(24,000)
Total Expenditures	**801,978**	**1,118,997**	**(317,019)**
Ending Fund Balance at 12/31/2016	308,578		
Less: Carryover to be reduced reimbursable costs	(157,000)		
Carryover for 2017 Budget	151,578		