RESOLUTION NO. FL2019-05

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board Adopting a Draft Budget for 2020-2024.

Whereas, the Washington Multi-City Business License and Tax Portal Agency ("Portal Agency") Interlocal Agreement, Section 13.b., requires the Executive Board to adopt a draft Portal Agency budget for the years 2020-2024 by June 15, 2019; and

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; and

Whereas, the Portal Agency Manager developed a draft 2020-2024 budget; and

Whereas, the Operations Committee reviewed and recommended a draft 2020-2024 budget on March 13, 2019, and transmitted the draft budget to the Executive Board on March 28, 2019; and

Whereas, the draft budget must be approved by a supermajority vote by June 15, 2019, and forwarded to the Principal Cities by no later than July 1, 2019;

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 draft 2020-2024 budget for the Portal Agency as set forth in Exhibit A to this Resolution.

SECTION 2. The Executive Board directs the Portal Agency Program Manager to forward the approved draft budget to the Principals by July 1, 2019.

ADOPTED this 30th day of May, 2019.

ATTEST:

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

Julie Panick
Board Secretary

Board Chair

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Budget FY2020-FY2024

May, 2019

Washington Cities Business License and Tax Portal Agency
Key Assumptions for Budget
FY2020-FY2024
4/22/2019

Assumptions and Notes

Revenue

Fund Carryover	T4	Fund Carryover is the process by which unobligated funds remaining at the end of the budget period may be carried over to the next budget period. This is typically approved during the December Board Meeting
User Fees	T1	User Fees are fees charged to the business user for each city specific transaction net of zero dollar returns. The allocation methodology is based on projected transaction amounts.
Reimbursable Costs	T3	Costs to be reimbursed by participating cities.
Capital Cost Recovery Charges	T2/T4.6	Capital Cost Recovery Charge is an annual fee charged to all participating cities other than Seattle, for the purposes of reimbursing Seattle for a portion of the funding provided to pay for the start up of the Portal Agency. See Section 13.j in the Interlocal Agreement for further information.

Expense

Labor	T4.1	Labor is broken into two primary categories. Agency employees which are budgeted based on City of Seattle estimates and Incremental Labor which is based on new city additions with the calculation determined in the Interlocal Agreement.
Contracts	T4.2	Consulting and Service Fees - is comprised of Outside Accounting, State Auditor, Insurance and Bank Fees.
Overhead	T4.3	Overhead is comprised of Legal, City of Seattle Technology Fees, Office and Operating Supplies, Printing, Licenses, Travel, Marketing, Incremental Overhead and Other.
Technology Costs	T4.4	Technology Costs are outside IT Costs and comprised of ASP Hosting, Software as a Service, USPS Address Lists, Transaction Fees, IT and Security Audit, Misc. Technology, Software Development and Incremental IT.
Operating Reserve	T4.5	Operating Reserve is an unrestricted fund balance set aside to provide a cushion against unexpected events. The current operating reserve is 15% of total operating expenditures.
Incremental Labor	T4.1	Incremental Labor, Overhead and Technology Costs are amounts calculated with each new city to determine the maximum amount which costs can increase as new cities are added.
Incremental Overhead	T4.3	Incremental Labor, Overhead and Technology Costs are amounts calculated with each new city to determine the maximum amount which costs can increase as new cities are added.
Incremental Technology Cost	T4.4	Incremental Labor, Overhead and Technology Costs are amounts calculated with each new city to determine the maximum amount which costs can increase as new cities are added.

Washington Cities Business License and Tax Portal Agency
Summary of Budget
FY2020-FY2024
4/22/2019

		Actual (A), Projection (P), Budget (B)								B/(W)						
		2018 (A)	2019 (B)	2019 (P)	2020 (B)	2021 (B)	2022 (B)	2023 (B)	2024 (B)	2019 (B) vs. 2018 (A)	2019 (P) vs. 2019 (B)	2020 (B) vs. 2019 (P)	2021 (B) vs. 2020 (B)	2022 (B) vs. 2021 (B)	2023 (B) vs. 2022 (B)	2024 (B) vs. 2023 (B)
Revenue:																
Fund Carryover	T4	-	50,000	50,000	-	-	-	-	-	50,000	-	(50,000)	-	-	-	-
User Fees	T1	212,329	328,001	319,800	395,010	488,825	610,629	637,901	668,672	115,672	(8,201)	75,210	93,815	121,804	27,273	30,771
Reimbursable Costs	T3	832,818	793,217	816,611	809,343	782,631	742,499	736,228	736,560	(39,601)	23,394	(7,268)	(26,712)	(40,132)	(6,271)	332
Capital Cost Recovery Charges	T2	21,000	18,000	20,000	20,000	20,000	20,000	20,000	20,000	(3,000)	2,000	-	-	-	-	-
Total Revenue B/(W)		1,066,147	1,189,218	1,206,411	1,224,353	1,291,456	1,373,128	1,394,130	1,425,232	123,071	17,193	17,942	67,103	81,672	21,001	31,102
Expenditures																
Regular Expenditures:																
Labor	T4.1	334,603	351,489	351,489	345,479	345,479	345,479	345,479	345,479	(16,886)	-	6,010	-	-	-	-
Contracts	T4.2	42,098	59,788	59,788	61,044	62,387	63,759	65,098	66,465	(17,690)	-	(1,256)	(1,343)	(1,373)	(1,339)	(1,367)
Overhead	T4.3	26,809	46,787	46,787	47,770	48,820	49,895	50,942	52,012	(19,978)	-	(983)	(1,051)	(1,074)	(1,048)	(1,070)
Technology Costs	T4.4	566,857	621,035	636,228	677,003	737,297	812,744	837,518	864,372	(54,178)	(15,193)	(40,775)	(60,294)	(75,447)	(24,774)	(26,854)
Operating Reserve	T4.5	-	27,094	27,094	6,668	9,622	11,908	4,293	4,617	(27,094)	-	20,426	(2,954)	(2,286)	7,615	(324)
Capital Cost Recovery Payments	T4.6	21,000	18,000	20,000	20,000	20,000	20,000	20,000	20,000	3,000	(2,000)	-	-	-	-	-
Total Regular Expenditures		991,367	1,124,193	1,141,386	1,157,963	1,223,605	1,303,784	1,323,330	1,352,945	(132,826)	(17,193)	(16,577)	(65,642)	(80,180)	(19,545)	(29,615)
Incremental Expenses from The New Partners:																
Incremental Labor	T4.1	-	46,768	46,768	47,750	48,801	49,874	50,922	51,991	(46,768)	-	(982)	(1,051)	(1,074)	(1,047)	(1,069)
Incremental Overhead	T4.3	-	7,609	7,609	7,769	7,940	8,114	8,285	8,459	(7,609)	-	(160)	(171)	(175)	(170)	(174)
Incremental Technology Cost	T4.4	-	10,648	10,648	10,872	11,111	11,355	11,594	11,837	(10,648)	-	(224)	(239)	(244)	(238)	(243)
Total Incremental Expenditures		-	65,025	65,025	66,391	67,851	69,344	70,800	72,287	(65,025)	-	(1,366)	(1,461)	(1,493)	(1,456)	(1,487)
Total Expenditures B/(W)		991,367	1,189,218	1,206,411	1,224,353	1,291,456	1,373,128	1,394,130	1,425,232	(197,851)	(17,193)	(17,942)	(67,103)	(81,672)	(21,001)	(31,102)
Excess (Deficit)		74,780	-	-	-	-	-	-	-	(74,780)	-	-	0	-	(0)	(0)

Revenue

T4 FY19 Fund Carryover is $50k. This is primarily related to ADA Compliance work that originated out of the ADA Audit. No fund carryover is projected for FY20.

T1 User Fees in FY20 are up BY $75K comparing to FY19(P). This is due to an increase in transaction count by approximately 25K.

T3 FY20 Reimbursable Costs is approximately $8K higher than FY19(P). This is primarily related to the increase in user fees that are offset against fund carryover.

Expense

T4.1 **FY20 Labor is favorable by $6.0k compared to FY19. This is primarily due to a cola provision not included in the estimates from Seattle. This will be updated prior to the final budget in December.**

T4.2 FY20 Contracts slightly increase due to the estimated inflation adjustments.

T4.3 No additional participating cities are projected for FY20. FY20 Overhead slightly increase due to the stimated inflation adjustments.

T4.4 FY20 Technology costs are up $41K. This is primarily due to the increase in transaction count, approximately 25K more counts.
Please note there is a reclass ADA compliance costs from Software Development to Misc. Technology Expense for the breakdown of technology costs at [Expense] tab.
As a result, $50K is removed out of Software Development while $30K is added to Misc. Technology Expense in FY20.

T4.1/ No additional participating cities are projected for FY20 and thus, there are slight increase in incremental labor, overhead and techonology costs.

T4.5 Operating Reserve in FY20 decrease by approximately $18K, primarily due to the accumulated operating reserves in previous years.

	Reimbursable Costs							Actual (A), Projection (P), Budget (B)						
	2018 (A)	2019 (B)	2019 (P)	2020 (B)	2021 (B)	2022 (B)	2023 (B)	2024 (B)	2019 (B) vs. 2018 (A)	2019 (P) vs. 2019 (B)	2020 (B) vs. 2019 (P)	2021 (B) vs. 2020 (B)	2022 (B) vs. 2021 (B)	2023 (B) vs. 2022 (B)	2024 (B) vs. 2023 (B)
T3. Reimbursement	$ 832,818	$ 793,217	$ 816,611	$ 809,343	$ 782,631	$ 742,499	$ 736,228	$ 736,560							
Bellevue	$ 79,125	$ 70,517	$ 72,597	$ 71,951	$ 69,576	$ 66,008	$ 65,451	$ 65,480	8,608	(2,080)	646	2,375	3,568	558	(29)
Bremerton	$ 11,854	$ 36,091	$ 37,156	$ 36,825	$ 35,610	$ 33,784	$ 33,498	$ 33,513	(24,237)	(1,064)	331	1,215	1,826	285	(15)
Everett	$ 36,821	$ 32,760	$ 33,726	$ 33,426	$ 32,323	$ 30,665	$ 30,406	$ 30,420	4,061	(966)	300	1,103	1,657	259	(14)
Lake Forest Park	$ 8,955	$ 7,932	$ 8,166	$ 8,093	$ 7,826	$ 7,425	$ 7,362	$ 7,366	1,023	(234)	73	267	401	63	(3)
Renton	$ 19,117	$ 35,060	$ 36,094	$ 35,773	$ 34,592	$ 32,818	$ 32,541	$ 32,556	(15,943)	(1,034)	321	1,181	1,774	277	(15)
Seattle	$ 543,559	$ 483,703	$ 497,969	$ 493,538	$ 477,249	$ 452,776	$ 448,952	$ 449,154	59,856	(14,266)	4,432	16,289	24,472	3,824	(202)
Shoreline	$ 5,465	$ 13,326	$ 13,719	$ 13,597	$ 13,148	$ 12,474	$ 12,369	$ 12,374	(7,861)	(393)	122	449	674	105	(6)
Tacoma	$ 127,922	$ 113,827	$ 117,184	$ 116,141	$ 112,308	$ 106,549	$ 105,649	$ 105,696	14,095	(3,357)	1,043	3,833	5,759	900	(48)
Total	$ 832,818	$ 793,217	$ 816,611	$ 809,343	$ 782,631	$ 742,499	$ 736,228	$ 736,560	39,601	(23,394)	7,268	26,712	40,132	6,271	(332)

	Transaction Count								Actual (A), Projection (P), Budget (B) - B/(W)						
	2018 (A)	2019 (B)	2019 (P)	2020 (B)	2021 (B)	2022 (B)	2023 (B)	2024 (B)	2019 (B) vs. 2018 (A)	2019 (P) vs. 2019 (B)	2020 (B) vs. 2019 (P)	2021 (B) vs. 2020 (B)	2022 (B) vs. 2021 (B)	2023 (B) vs. 2022 (B)	2024 (B) vs. 2023 (B)
T1. Transaction Count															
Bellevue	16,118	22,800	21,000	23,100	25,410	27,951	30,746	33,821	6,682	(1,800)	2,100	2,310	2,541	2,795	3,075
Bremerton	571	1,568	500	600	720	864	1,037	1,244	997	(1,068)	100	120	144	173	207
Everett	5,062	6,937	8,000	8,800	9,680	10,648	11,713	12,884	1,875	1,063	800	880	968	1,065	1,171
Lake Forest Park	426	1,260	650	780	936	1,123	1,348	1,617	834	(610)	130	156	187	225	270
Renton	-	1,541	5,000	7,000	8,400	10,080	12,096	14,515	1,541	3,459	2,000	1,400	1,680	2,016	2,419
Seattle	29,932	40,475	51,000	68,850	92,948	125,479	125,479	125,479	10,543	10,525	17,850	24,098	32,532	-	-
Shoreline	1	1,890	450	540	648	778	933	1,120	1,889	(1,440)	90	108	130	156	187
Tacoma	13,649	20,000	20,000	22,000	24,200	26,620	29,282	32,210	6,351	-	2,000	2,200	2,420	2,662	2,928
Total	65,759	96,471	106,600	131,670	162,942	203,543	212,634	222,891	30,712	10,129	25,070	31,272	40,601	9,091	10,257

	All Years	User & Transaction Fees								Actual (A), Projection (P), Budget (B)						
	% of $0 Filers	2018 (A)	2019 (B)	2019 (P)	2020 (B)	2021 (B)	2022 (B)	2023 (B)	2024 (B)	2019 (B) vs. 2018 (A)	2019 (P) vs. 2019 (B)	2020 (B) vs. 2019 (P)	2021 (B) vs. 2020 (B)	2022 (B) vs. 2021 (B)	2023 (B) vs. 2022 (B)	2024 (B) vs. 2023 (B)
T1. User Fee Revenue																
Bellevue	25%	$ 52,043	$ 77,520	$ 63,000	$ 69,300	$ 76,230	$ 83,853	$ 92,238	$ 101,462	$ 25,477	$ (14,520)	$ 6,300	$ 6,930	$ 7,623	$ 8,385	$ 9,224
Bremerton	25%	$ -	$ 5,331	$ 1,500	$ 1,800	$ 2,160	$ 2,592	$ 3,110	$ 3,732	$ 5,331	$ (3,831)	$ 300	$ 360	$ 432	$ 518	$ 622
Everett	25%	$ 16,345	$ 23,586	$ 24,000	$ 26,400	$ 29,040	$ 31,944	$ 35,138	$ 38,652	$ 7,241	$ 414	$ 2,400	$ 2,640	$ 2,904	$ 3,194	$ 3,514
Lake Forest Park	25%	$ 1,376	$ 4,284	$ 1,950	$ 2,340	$ 2,808	$ 3,370	$ 4,044	$ 4,852	$ 2,908	$ (2,334)	$ 390	$ 468	$ 562	$ 674	$ 809
Renton	25%	$ 1,844	$ 5,239	$ 15,000	$ 21,000	$ 25,200	$ 30,240	$ 36,288	$ 43,546	$ 3,396	$ 9,761	$ 6,000	$ 4,200	$ 5,040	$ 6,048	$ 7,258
Seattle	25%	$ 96,647	$ 137,615	$ 153,000	$ 206,550	$ 278,843	$ 376,437	$ 376,437	$ 376,437	$ 40,968	$ 15,385	$ 53,550	$ 72,293	$ 97,595	$ -	$ -
Shoreline	25%	$ 3	$ 6,426	$ 1,350	$ 1,620	$ 1,944	$ 2,333	$ 2,799	$ 3,359	$ 6,423	$ (5,076)	$ 270	$ 324	$ 389	$ 467	$ 560
Tacoma	25%	$ 44,071	$ 68,000	$ 60,000	$ 66,000	$ 72,600	$ 79,860	$ 87,846	$ 96,631	$ 23,929	$ (8,000)	$ 6,000	$ 6,600	$ 7,260	$ 7,986	$ 8,785
Total		$ 212,329	$ 328,001	$ 319,800	$ 395,010	$ 488,825	$ 610,629	$ 637,901	$ 668,672	$ 115,672	$ (8,201)	$ 75,210	$ 93,815	$ 121,804	$ 27,273	$ 30,771
User Fee Expenses																
Bellevue	0%	$ 23,123	$ 34,200	$ 31,500	$ 36,960	$ 40,656	$ 44,722	$ 49,194	$ 54,113	$ (11,077)	$ 2,700	$ (5,460)	$ (3,696)	$ (4,066)	$ (4,472)	$ (4,919)
Bremerton	0%	$ -	$ 2,352	$ 750	$ 960	$ 1,152	$ 1,382	$ 1,659	$ 1,991	$ (2,352)	$ 1,602	$ (210)	$ (192)	$ (230)	$ (276)	$ (332)
Everett	0%	$ 7,262	$ 10,406	$ 12,000	$ 14,080	$ 15,488	$ 17,037	$ 18,740	$ 20,615	$ (3,143)	$ (1,595)	$ (2,080)	$ (1,408)	$ (1,549)	$ (1,704)	$ (1,874)
Lake Forest Park	0%	$ 611	$ 1,890	$ 975	$ 1,248	$ 1,498	$ 1,797	$ 2,157	$ 2,588	$ (1,279)	$ 915	$ (273)	$ (250)	$ (300)	$ (359)	$ (431)
Renton	0%	$ 819	$ 2,312	$ 7,500	$ 11,200	$ 13,440	$ 16,128	$ 19,354	$ 23,224	$ (1,492)	$ (5,189)	$ (3,700)	$ (2,240)	$ (2,688)	$ (3,226)	$ (3,871)
Seattle	0%	$ 42,941	$ 60,713	$ 76,500	$ 110,160	$ 148,716	$ 200,767	$ 200,767	$ 200,767	$ (17,771)	$ (15,788)	$ (33,660)	$ (38,556)	$ (52,051)	$ -	$ -
Shoreline	0%	$ 1	$ 2,835	$ 675	$ 864	$ 1,037	$ 1,244	$ 1,493	$ 1,792	$ (2,834)	$ 2,160	$ (189)	$ (173)	$ (207)	$ (249)	$ (299)
Tacoma	0%	$ 19,581	$ 30,000	$ 30,000	$ 35,200	$ 38,720	$ 42,592	$ 46,851	$ 51,536	$ (10,419)	$ -	$ (5,200)	$ (3,520)	$ (3,872)	$ (4,259)	$ (4,685)
Total		$ 94,340	$ 144,707	$ 159,900	$ 210,672	$ 260,706	$ 325,669	$ 340,214	$ 356,625	$ (50,367)	$ (15,194)	$ (50,772)	$ (50,034)	$ (64,962)	$ (14,545)	$ (16,411)