

ATTACHMENT A: TO ORDINANCE 1857 2019-2020 BIENNIAL BUDGET

**To:** Mayor Severns and City Council

**From:** Patricia Soule, Finance Director

**Date:** December 4, 2018

**Subject:** RCW 82.46.015 Real Estate Excise Tax 1 & 2 Funding Report

**Background:**

The purpose of this report is to account for the Real Estate Excise Tax (REET) usage in the City's operating and capital budgets. Per RCW 82.46.015, it requires that this report be adopted with the operating budget as part of our regular public budget process in order to qualify the City to utilize REET 1 and 2 for limited uses. Those limited uses include the use of REET funds for maintenance or REET 2 for REET 1 defined capital projects not included in the REET 2 definition for our 2019-2020 Biennial Budget.

**Requirements:**

This report must satisfy and include four requirements. The requirements and relevant data to meet each requirement for the City of Oak Harbor are included below:

1. Demonstrate that a city has or will have adequate funding from all sources of public funding to pay for all capital projects, as defined in RCW 82.46.010, identified in its capital facilities plan for the succeeding two-year period:

2019-2020 Capital Budget (Current Draft CIP)			
Fund	2019	2020	Two year total
General Government	140,000.00	25,000.00	165,000.00
Parks and Recreation	6,383,904.00	642,917.00	7,026,821.00
Streets	2,009,917.00	746,518.00	2,756,435.00
Water	2,713,200.00	755,000.00	3,468,200.00
Wastewater	7,337,636.00	585,000.00	7,922,636.00
Stormwater	675,000.00	850,000.00	1,525,000.00
Marina	184,000.00	3,407,000.00	3,591,000.00
<b>Total:</b>	<b>19,443,657.00</b>	<b>7,011,435.00</b>	<b>26,455,092.00</b>

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2019-2020 CIP Preliminary Revenue Sources			
Dedicated Revenue	2019	2020	Two year total
<b>General Government</b>			
General Fund Revenues	20,000 00	5,000 00	25,000 00
REET 1	25,000 00	20,000.00	45,000 00
REET 2	95,000 00	-	95,000 00
<b>Subtotal:</b>	<b>140,000.00</b>	<b>25,000.00</b>	<b>165,000.00</b>
<b>Parks and Recreation</b>			
Neigh Park Impact Fees (Fund 125)	76,181.00	-	76,181.00
Combined Parks Impact Fees (Fund 127)	-	197,417.00	197,417 00
Windjammer Park (Fund 325)	4,014,356.00	-	4,014,356.00
General Fund (Fund 001)	55,000 00	5,000 00	60,000 00
Dock Project (Fund 320)	144,265 00		144,265 00
REET 1	868,819 00	-	868,819 00
REET 2	156,463.00	440,500 00	596,963 00
Donations	20,000.00	-	20,000 00
Grants	1,048,820.00	-	1,048,820.00
<b>Subtotal:</b>	<b>6,383,904.00</b>	<b>642,917.00</b>	<b>7,026,821.00</b>
<b>Streets</b>			
Streets Revenues	546,719.00	325,000.00	871,719.00
Transportation Impact Fees (Fund 105)	576,081 00	57,918 00	633,999.00
REET 1	175,000 00	50,000 00	225,000.00
REET 2	175,000 00	50,000 00	225,000 00
Grants	462,117 00	188,600 00	650,717 00
Water	25,000 00	25,000 00	50,000 00
Sewer	25,000 00	25,000 00	50,000 00
Storm Drain	25,000.00	25,000.00	50,000 00
<b>Subtotal:</b>	<b>2,009,917.00</b>	<b>746,518.00</b>	<b>2,756,435.00</b>
<b>Water</b>			
Water Revenues	2,169,600 00	729,400.00	2,899,000 00
Water Cumulative Reserve	43,600.00	25,600 00	69,200 00
Navy Contributions	500,000 00	-	500,000 00
<b>Subtotal:</b>	<b>2,713,200.00</b>	<b>755,000.00</b>	<b>3,468,200.00</b>
<b>Wastewater</b>			
Sewer (Fund 402)	5,171,904.00	585,000.00	5,756,904.00
Clean Water Facility (Fund 422)	1,465,732 00	-	1,465,732 00
REET 1	75,000.00	-	75,000.00
REET 2	100,000.00	-	100,000 00
Water	225,000.00	-	225,000.00
Storm Drain	225,000.00	-	225,000 00
Solid Waste	75,000 00	-	75,000.00
<b>Subtotal:</b>	<b>7,337,636.00</b>	<b>585,000.00</b>	<b>7,922,636.00</b>
<b>Stormwater</b>			
Stormwater Revenues	675,000 00	850,000 00	1,525,000 00
<b>Subtotal:</b>	<b>675,000.00</b>	<b>850,000.00</b>	<b>1,525,000.00</b>
<b>Marina</b>			
Marina Revenues	109,000.00	32,000 00	141,000 00
Unsecured Grant	75,000 00	3,375,000.00	3,450,000 00
<b>Subtotal:</b>	<b>184,000.00</b>	<b>3,407,000.00</b>	<b>3,591,000.00</b>
<b>Total Revenue Sources:</b>	<b>19,443,657.00</b>	<b>7,011,435.00</b>	<b>26,455,092.00</b>

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2. Identify how REET revenues were used by the city or county during the prior two-year period:

REET 1 Uses			
Fund/Project	2017 Actual	2018 Projected	Two year total
<b>Parks and Recreation</b>			
Windjammer Park Phase 1	-	1,526,929.00	1,526,929.00
<b>Total REET 1 Uses:</b>	-	1,526,929.00	1,526,929.00

REET 2 Uses			
Fund/Project	2017 Actual	2018 Projected	Two year total
<b>Parks and Recreation</b>			
Windjammer ParkPhase 1	-	348,107.00	348,107.00
<b>Total REET 2 Uses:</b>	-	348,107.00	348,107.00

3. Identify how REET 1 and REET 2 revenues will be used and how authorized funds for allowed limited circumstances will be used during the succeeding two-year period:

Fund	Project Title	2019		2020	
		REET 1	REET 2	REET 1	REET 2
Parks	Harbor Heights Park Land & Improvements	868,819	-	-	225,000
Parks	WJP Phase 1, 2, 3	-	34,963	-	140,000
Parks	Neil Tower Renovation	-	45,000	-	-
Parks	Neil Pickleball Courts	-	-	-	-
Parks	Shadow Glen & Lueck Park Equip.	-	76,500	-	-
Parks	Tyhuis & Koetje Park Equip.	-	-	-	75,500
Sewer	The Water Center	75,000	100,000	-	-
Streets	Asphalt Street Overlays	175,000	175,000	50,000	50,000
Fire	Vehicle Exhaust System - Apparatus Bay	25,000	75,000	-	-
Fire	HVAC Replacement	-	20,000	20,000	-
	<b>Totals</b>	<b>1,143,819</b>	<b>526,463</b>	<b>70,000</b>	<b>490,500</b>

- For the 2019-2020 Biennial Budget, the only project approved for maintenance is the following:

REET 2 Funded Projects for Maintenance		2019	2020
Parks	Neil Tower Renovation	45,000	-

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- For the 2019-2020 Biennial Budget, the following will use REET 2 funds as a REET 1 defined capital project not included in the REET 2 definition:

<u>REET 2 Funded Projects that Qualify as a REET 1 Project</u>		<u>2019</u>	<u>2020</u>
Sewer	The Water Center	100,000	-
Fire	Vehicle Exhaust System - Apparatus Bay	75,000	-
Fire	HVAC Replacement	20,000	-
		<u>195,000</u>	<u>-</u>

4. Identify what percentage of funding for capital projects within the city or county is attributable to REET compared to all other sources of capital project funding:

- The 2019-2020 Capital Budget is \$26,455,092. Of this amount, \$2,230,782 or 8% will be used as funding from REET revenues either collected in 2017-2018 or in prior years.