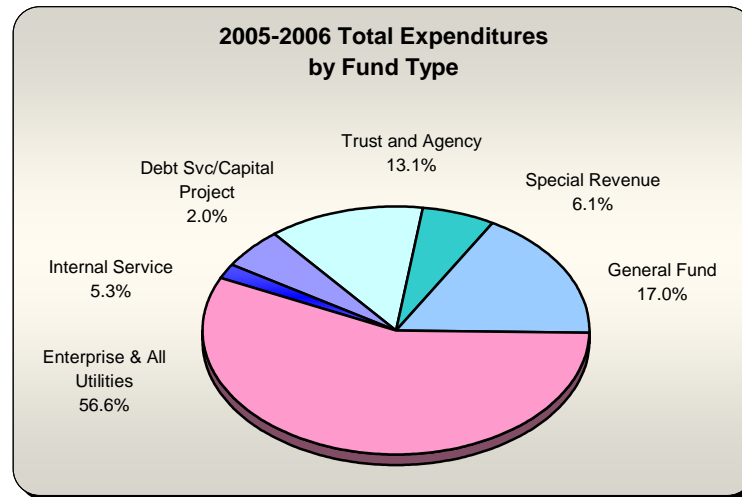


CITY OF TACOMA BUDGET SUMMARY

2005-2006 Total City Budget \$ 2,097,665,815

The City of Tacoma adopts a budget for a two year period. The budget is reviewed with the City Council midway through the biennium and necessary adjustments are made at that time. The chart below shows the breakdown of the various fund types. A more detailed discussion of the various fund types are described following this chart.



The Future----Breakthrough Change Initiative

In many of the City's operations we are experiencing long term structural deficits. The resources available to provide services are not keeping pace with the cost of the service. We must find ways to constrain our growing expenses to match the new reality of slower revenue growth due to tax initiatives and general economic conditions. To begin changing the growth of expenses, four areas have been identified where we believe we can identify long-term structural changes in the way we do business resulting in savings and efficiencies for the future. The areas under study are:

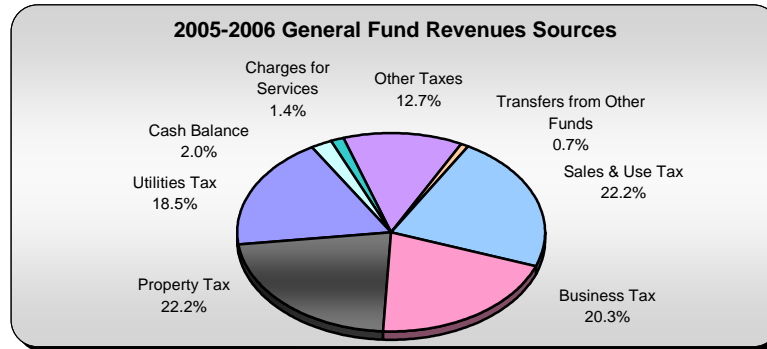
- Employee compensation and benefits
- Organizational restructuring and consolidation
- Vehicles and equipment
- Risk Management

General Fund

\$ 356,106,650

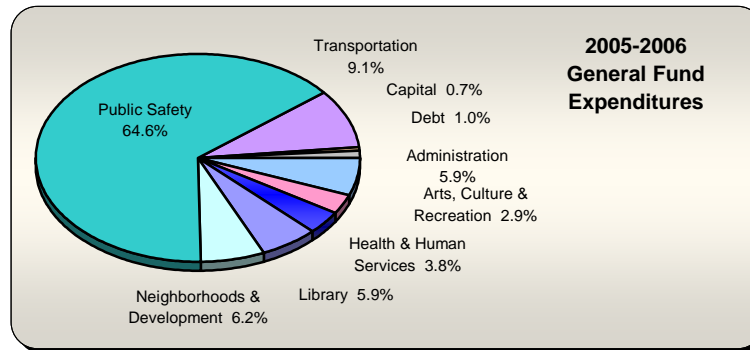
Revenue – Where the Money Comes From

The General Fund supports the general operation of City services and constitutes 17.0% of the total City budget.



The General Fund has a number of revenue sources; the most notable are sales, property, business & occupation, and utility taxes. Additional sources include charges for services, fines and forfeitures, licenses and permits, inter-governmental, and miscellaneous revenue.

Expenditures – Where the Money Goes



General Fund

The 2005-2006 General Fund budget continues to be dramatically affected by voter initiatives and the Legislature's response to them, creating a projected starting deficit of over \$29 million for the General Fund. In response to the initial deficit, a year-long series of Council workshops and study sessions were held to address the shortfall and options for balancing the budget as required by state law.

A number of options were used to balance the budget including increasing revenues and other resources and significant departmental reductions. The more significant areas are discussed below.

Use of Cash/Carryover Funding:

Cash balance of nearly \$1.9 million is being used to balance the budget. Additionally over \$7 million from departmental savings in 2003-2004 is used as additional resources.

Sales of Real Property:

The City is considering selling a number of surplus properties. While the sales are not yet finalized, the sales are sufficiently certain to include \$1.5 million as budgeted revenues.

Increase in Various Fees:

The City is evaluating selected fees to more fully recover the full cost of the activity requiring less of a General Fund subsidy to that activity. Increasing fees to more fully recover the cost of the services will produce approximately \$2.9 million in new revenues.

Department Efficiency Savings:

Each department reviewed their day to day activities to determine how the daily cost of doing business could be reduced without impacting service levels. Departments were able to identify \$1.3 million in efficiency savings that was used to reduce the structural deficit.

Department Reductions:

Each department in the General Fund reduced service levels in order to balance the budget. The total amount of the reductions was over \$13.5 million.

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds **\$ 127,318,029**

The Special Revenue Funds represent 6.1% of the total City budget. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specific purposes. A major portion of the special revenue budget is grant funded arterial street projects of \$52,705,895.

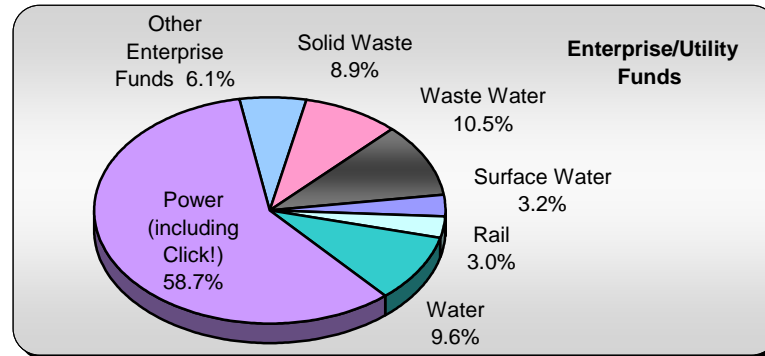
Debt Service/Capital Funds **\$ 42,164,853**

The Debt Service/Capital Funds represent 2.0% of the total City budget. Debt Service Funds are used to account for the accumulation of resources for and the payment of interest and principal on general long-term debt. In addition, they are used to account for the payment of debt on special assessment projects. Total debt service planned expenditure for this coming biennium is \$16,510,094 and the capital projects funded primarily by Real Estate Excise taxes; some federal and state grants, anticipate expenditures of \$25,654,759.

Enterprise & Utility Funds **\$ 1,186,239,579**

Enterprise and Utility Funds represent 56.6% of the total City budget. They are used to account for activities that are financed and operated in a manner similar to private business enterprises, where the intent is that costs (including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Utility Funds represent the majority of the budget for this area. The Tacoma Power budget is \$696,583,040 and Tacoma Water budget is \$113,806,413. The Solid Waste Management budget for the next biennium totals \$105,094,849, and the budget for the next biennium for the Wastewater Management totals \$124,630,077. Surface Water Management will continue its efforts in storm water, flood, and erosion control to comply with federal storm water requirements as well as the Foss Waterway cleanup and Natural Resource Damage projects, the budget totals \$38,385,300. The Tacoma Rail operations have increased significantly over last biennium and are reflected in their budget of \$35,473,604.



Rates

- ✦ **Tacoma Power** continues to offer some of the lowest energy rates in the region. **Tacoma Power** assumes a rate increase of approximately 5.21% in 2005.
- ✦ **Tacoma Water** assumes a rate increase of approximately 8.0 % per year and will remain among the lowest in the region.
- ✦ The **Solid Waste Utility** assumes a rate increase of 1.8% in 2005 and 1.9% in 2006.
- ✦ The **Wastewater Utility** assumes a rate increase of 1.7% for 2005 and 1.9% for 2006.
- ✦ The **Surface Water Utility** assumes a rate increase of 7.5% in 2005 and 7.6% in 2006 which will fund clean up of the Foss Waterway and required water quality programs.
- ✦ The **Tacoma Rail** does not assume a rate increase in 2005 or 2006.

Internal Service Funds **\$ 110,447,746**

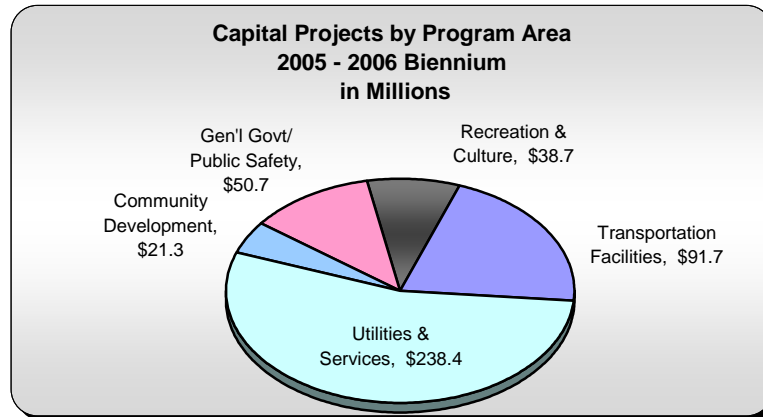
Internal Service Funds represent 5.3% of the total City budget. Internal Service Funds are used to account for the financing of goods or services provided by one department to the other departments of the City or to other governmental units on a cost-

reimbursement basis. These include such services as computer support, fleet services, graphic services and others.

Trust & Agency Funds **\$ 275,388,958**

Trust and Agency Funds represent 13.1% of the total City budget. Trust and Agency Funds account for the assets that are held by the City as trustee or agent for individuals, private organizations, and other governmental units or funds. The biennial budget includes additional funding for police and fire pensions, general employee retirement as well as retirement staff and operating costs.

2005-2006 CAPITAL IMPROVEMENT PROGRAM

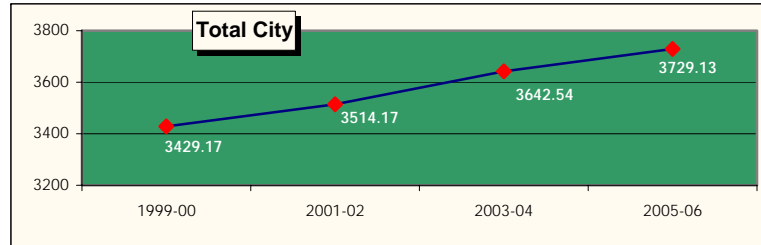


6 Year Capital Facilities Program Highlights

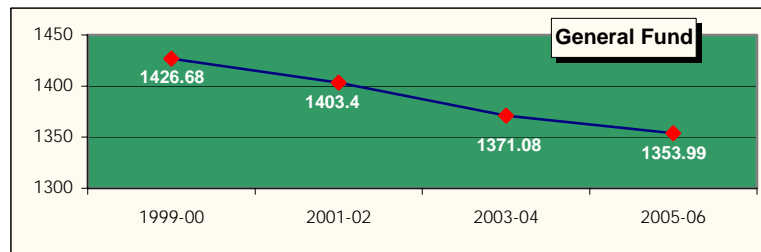
- ✓ A six year plan that identifies proposed capital facilities with anticipated funding resources.
- ✓ 2005-2010 Capital Facilities Program total \$2,307,924,059.
- ✓ Contains an inventory of existing capital facilities owned by public entities.
- ✓ Other public entities capital programs account for 61% of total program budget.

CITY STAFFING

Comparison of Full Time Employee Growth
Total City and General Fund 1999 - 2005



Total Growth for the City from 1999 to 2005 was 299.96 Full Time Employee's. This is a 9.20% increase over the 1999 personnel level.



Total decrease in General Fund Full Time Equivalent employee's from 1999 to 2005 was 63.52 FTE's. This is a 5.36 % decrease against the 1999 personnel level. With the change in 2004 to a new accounting system, the City has reorganized and brought several areas that were previously housed in the Special Revenue Funds into the General Fund. The numbers in these charts now reflect that change for comparison.